

6 November 2008

Revenue Monitoring – 2008/09 Second Quarter Forecast

Ward(s) All

Portfolios: Cllr Adrian Andrews, Cllr Anthony Harris, Cllr John O'Hare

Summary of report:

This report gives a breakdown of the Directorate's revenue outturn forecast for 2008/09 including explanations of overspends and risks to the achievement of the forecast, based on the first 6 months of the financial calendar, April to September 2008.

Background papers:

Various financial working papers.

Reason for scrutiny:

To provide an update on the 2008/09 financial performance of the Directorate's Services.

Resource and legal considerations:

The budgets were set as part of the council's budget setting process in line with the Medium Term Financial Strategy.

Citizen impact:

None directly associated with this report.

Environmental impact:

None directly associated with this report.

Performance management:

Financial performance is considered alongside service targets.

Equality Implications:

None directly associated with this report.

Consultation:

Consultation was undertaken as part of the budget setting process.

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1 Forecast Revenue Outturn 2008-09 - Regeneration

1.1 The forecast revenue outturn for the Regeneration directorate (as at the end of AP06 – September 08) is an overspend of **£961,444** after the use of earmarked reserves and **£1,420,085** prior to the use of earmarked reserves. The outturn shown is based upon actual information from the Oracle system and discussions with managers regarding year end forecast and achievement of savings. **Table 1** shows the Forecast Outturn for each service area within the directorate. **Table 2** provides an analysis of the reasons for the forecast material variances.

1.2 Risks to the Forecast

At this stage of the year, the forecast outturn only includes areas where there is a high degree of certainty about overspends and where there is limited scope for remedial action to offset these costs. Clearly all options will continue to be explored throughout the financial year so as to minimise the potential overspend. A new style financial risk assessment is now required to be completed for each directorate – attached as **Appendix 1**.

Table 1 - Forecast Revenue Out-turn 2008-09

Service Area	Annual Budget £	Profiled Budget £	Year To Date £	Variance £	Year End Forecast £	Year End Variance £	Use of Reserves £	Variance Net of Reserves £	Risk (H/M/L)
<u>REGENERATION</u>									
Strategic Regeneration	731,548	358,568	825,728	467,160	893,907	162,359	(162,359)	0	G
Markets	(101,860)	(846)	37,536	38,382	(81,860)	20,000	0	20,000	R
Delivery & Development	858,244	425,465	702,568	277,103	858,244	0	0	0	G
Town Centre Management	118,246	59,127	169,802	110,675	270,983	152,737	(152,737)	0	G
Regeneration Management	306,997	153,294	171,369	18,075	396,997	90,000	(90,000)	0	G
Administrative Services	(61,247)	(31,179)	(162,441)	(131,262)	(61,247)	0	0	0	G
Planning	104,359	50,133	253,997	203,864	494,741	390,382	(32,000)	358,382	G
Building Control	153,777	75,908	(35,838)	(111,746)	233,777	80,000	(80,000)	0	G
Land Charges	(409,790)	(205,605)	(59,458)	146,147	(110,155)	299,635	0	299,635	R
Property Services:									
Building Services	865,222	244,407	2,252,972	2,008,565	946,566	81,344	0	81,344	G
Building Design	(347,123)	(177,639)	314,684	492,323	(324,614)	22,509	0	22,509	G
Contract Procurement	65,797	32,364	56,043	23,679	143,915	78,118	(100,000)	(21,882)	G
Facilities Management	2,522,299	(1,258,363)	737,154	1,995,517	2,762,737	240,438	(91,545)	148,893	G
Estates Management	(334,255)	(169,367)	(188,099)	(18,732)	(535,192)	(200,937)	250,000	49,063	G
TOTAL REGENERATION	4,472,214	(443,733)	5,076,017	5,519,750	5,888,799	1,416,585	(458,641)	957,944	
<u>COMMUNICATIONS</u>	409,093	(39,198)	250,218	289,416	412,593	3,500	0	3,500	G
-									
Regeneration 2008-09 Cash Limit	4,881,307	(482,931)	5,326,235	5,809,166	6,301,392	1,420,085	(458,641)	961,444	

TABLE 2 - 2008/09 ACTION PLANNING SCHEDULE - REGENERATION - SEPTEMBER 2008

Service Area	AUGUST	SEPTEMBER			Explanation of Variance	Proposed Action
		Amount £	Reserves £	Actual £		
Markets	20,000	20,000		20,000	Relates to nett effect of 2006/07 investment to reduce income targets being only for two years partially reinstated in 08/09 being partially unachievable	Given that 07/08 final figures were around £20,0 better than expected, this shortfall should be able to be met from current budgets
Planning	264,705	390,382	(32,000)	358,382	Relates to unachievable income £372,705 offset by identified savings of £14,000	Ongoing review of service income projection aiming to be offset by released funds from Business Transformation
Land Charges	288,106	299,635		299,635	Unachievable saving relating to Information support Services officer (£16,173), projected unachievable income (£305,462) and identified savings of £22,000	Ongoing review of service income projection aiming to be offset by released funds from Business Transformation
Building Control	0	80,000	(80,000)	0	Relates to partial use of earmarked reserve carried forward from 07/08	
Strategic Regeneration	0	162,359	(162,359)	0	Relates to Economic Development spend funded from LABGI	
Regeneration Management	0	90,000	(90,000)	0	Contribution to BCC is to be part funded from LABGI	
Town Centre Management	0	152,737	(152,737)	0	Use of LABGI to fund staffing costs	
Property Services	0	31,545	(31,545)	0	Cleaning - equal pay claim costs	
	7,164	(200,937)	250,000	49,063	Estates Mgt – c/f of overspend from 07/08 will be achieved in part.	
	144,859	208,893	(60,000)	148,893	Facilities Management - Relates to Tameway Tower costs of restatement	
	54,296	81,344	0	81,344	Building Services - combination of external legal costs incurred for which there is no budget and projected overspend on salary costs	
	-2,417	22,509	0	22,509	Building Design - underspend identified	
	-26,035	78,118	(100,000)	(21,882)	Earmarked reserve utilised for asset Management system. Underspend identified on staffing costs	
Communications	3,500	3,500		3,500	Relates to the payment of a honoraria	
Regn forecast variance	754,178	1,420,085	(458,641)	961,444		

2 Capital Programme

- 2.1 The forecast capital programme outturn for the Regeneration directorate (as at the end June 2008), is predicted to be £792,678 underspent – this underspend will need to be slipped into 2009/10. **Table 3** provides a detailed financial analysis of the capital position by service.

Table 3 – Regeneration Directorate					
Summary of Capital Programme					
Forecast Out-turn 2008/09					
Programme	Annual Budget £	Year To Date £	Year End Forecast £	Slippage/ Underspend to 2009/10 £	Risk H/M/L
Mainstream					
Delivery/Development	3,369,161	334,935	2,640,622	728,540	
Strategic Regen	1,348,000	172,129	1,348,000	0	
Property Services	2,878,442	469,558	2,879,304	-862	
	7,595,603	976,621	6,867,926	727,678	
Prudential					
Property Services	1,000,000	229,136	1,000,000	0	
	1,000,000	229,136	1,000,000	0	
Non-mainstream					
Delivery/Development	533,549	60,373	468,549	65,000	
Strategic Regen	6,758,753	1,012,461	6,758,753	0	
New Deal	2,400,000	146,991	2,400,000	0	
Sub-total	9,692,302	1,219,825	9,627,302	65,000	
Total	18,287,905	2,425,583	17,495,228	792,678	

- 2.2 It is currently assumed that all resources will be adequately programmed and spent by year end apart from £659k mainstream resources expected to be slipped into 2009/10 as indicated in **Table 4** overleaf.

Table 4 – Analysis of variances within Capital Programme	
	£000
Mainstream	
Redundant Buildings – ongoing maintenance and demolition costs	1
Environmental Regeneration – contractual commitments that will slip	(281)
Regenerating Walsall – contractual commitments that will slip	(17)
Strategic corridors and gateways – contractual commitments that will slip	(81)
Town, district and local centres – contractual commitments that will slip	(350)
Non Mainstream	
Willenhall THI – HLF contribution – contractual commitments that will slip	(35)
Willenhall THI – VIEW contribution – contractual commitments that will slip	(30)
TOTAL	(793)

3 External Funding

3.1 The Council acts as Accountable Body for a wide range of external funding programmes. The main programme for 2008-09 which fall within the Regeneration directorate's responsibility are as follows:

- New Deal for Communities – detailed below

3.2 The Environmental Regeneration service area have also proved successful in drawing down external funding to assist in the completion of capital environmental improvement schemes across the borough including:

- Heritage Lottery Fund
- English Heritage
- Advantage West Midlands
- Countryside Agency
- ERDF
- Landfill Tax

These external funding sources form part of the non-mainstream capital programme.

Table 5– Summary of External Funding – Forecast Outturn 2008/09							
Programme	Annual Budget £	Profiled Budget £	Year To Date £	Variance £	Year End Forecast £	Year End Variance £	Risk (H/M/L)
NDC	6,400,000	2,452,584	2,452,584	0	6,400,000	0	G
Total	6,400,000	2,452,584	2,452,584	0	6,400,000	0	

Financial Risk Assessment - Revenue Budget 2008/9

APPENDIX 1

POTENTIAL RISK	LOWEST COST £'000	ASSESSMENT OF RISK	HIGHEST COST £'000	ASSESSMENT OF RISK	TOTAL FINANCIAL EXPOSURE TO RISK £'000	TOTAL ESTIMATED EXPOSURE £'000
REGENERATION						
Property Services - Costs on buildings / sites awaiting sale	0	Low	200	High	200	200
Property Services - Fee income recovery	0	Low	450	Medium	450	450
Property Services - Property maintenance	0	Low	250	Medium	250	250
Property Services - Contractors claims	0	Low	100	Medium	100	100
Property Services - Legal costs	0	Low	25	Low	25	25
Total Regeneration incl. HRD, Transformation and CPM	0		1,025		1,025	1,025