

**NEIGHBOURHOODS  
SCRUTINY AND PERFORMANCE PANEL**

**Agenda Item  
No. 8**

**DATE: 13 OCTOBER 2014**

**QUARTER 1 FINANCIAL MONITORING POSITION FOR 2014/15**

**Ward(s)** All

**Portfolio:**

Councillor Hussain – Community, Leisure and Culture  
Councillor Jeavons – Engineering and Transportation

**Summary of report**

This report summarises the predicted revenue and capital position for 2014/15, based on the performance for quarter 1 (1 April to 30 June 2014), for services within the remit of the Neighbourhoods Scrutiny and Performance Panel.

The 2014/15 forecasted year-end financial position for services under the remit of the Neighbourhoods Scrutiny and Performance Panel is a net revenue underspend of **£37k**, after the use of approved reserves, carry forwards, transfer of windfall income and implementation of a corrective action plan. The capital forecast is an in year variance of **-£1.249m** which will be requested to be carried forward into 2015/16.

**Recommendation**

To note the forecast year-end financial position for services under the remit of the Neighbourhoods Scrutiny and Performance Panel.

**Background papers**

Various financial working papers.  
2014/15 Budget Books on Council's Internet and Intranet.

**Reason for scrutiny**

To inform the panel of the forecasted financial position for 2014/15 for services within the remit of this panel.

**Signed:**



**Chief Finance Officer:** James T Walsh  
**Date:** 5 September 2014



**Executive Director:** Jamie Morris  
**Date:** 25 September 2014

### **Resource and legal considerations**

Services are required to manage their services within budget. Overspends may arise for a number of reasons, including national economic and local factors. Further detail is provided within this report.

### **Citizen impact**

The budget is aligned with service activity within service plans within the directorate. Investment has been targeted at service improvement, stability and user demand.

### **Environmental impact**

Services within the remit of this panel have a direct influence and impact on the environment.

### **Performance management**

Financial performance is considered alongside service targets. Managers are required to deliver their service targets within budget, wherever possible. Corrective action plans are in place to mitigate overspends within service. Variances against budget are identified in the report.

### **Equality Implications**

Services consider equality issues in setting budgets and delivering services. Irrespective of budgetary pressures the council must fulfil equal opportunities obligations.

### **Consultation**

Senior managers within the services have been consulted and have signed off the forecast as accurate.

### **Contact Officers:**

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## 1 Forecast Revenue Outturn 2014/15

- 1.1 The forecast revenue outturn for 2014/15 for the services under the remit of the Neighbourhoods Scrutiny and Performance Panel (based on the position as at the end of June 2014) is an underspend against budget of **£37k** (net of the use of earmarked reserves, transfer of windfall income, and implementation of a corrective action plan). The outturn shown is based on actual information from the Oracle system, and discussions with managers regarding year-end forecasts and achievement of approved savings.
- 1.2 The forecast outturn only includes areas where there is a high degree of certainty about predicted under/overspends. Where overspends are predicted, managers are tasked to identify remedial action that can be made and to report on these as part of a directorate action plan. All options will continue to be explored throughout the financial year so as to minimise any forecast overspends within service and to manage additional risks as they arise.
- 1.3 The predicted outturn includes use of reserves of **£2.351m** (where approval has been given by Cabinet for additional funds for specific services) and approved carry forwards from previous years and a year-end transfer to reserves of **£1.982m**. A summary of the reserves is attached as **Appendix 1**
- 1.4 **Table 1** shows the forecast outturn for each service, with **Appendix 2** giving detailed reasons for the forecast overspend. The main variance at this present time is due to underachievement of car parking income.
- 1.5 Within the services associated with the panel there are a number of potential risks totalling **£0.903m**. At this stage the risks are not certainties and as such are not included in the monitoring as under or overspends. If the risks become certainties then alternative action will need to be identified or included in the position as overspends. A summary of the risk assessment is attached as **Appendix 3**.
- 1.6 Included within the budget are new savings as approved by Cabinet on 27 February totalling **£3.696m**. A full breakdown of these can be found in the 2014/15 Corporate budget book. Any savings that are not able to be achieved in year are required to have alternative savings identified and to be managed closely through the services divisional management teams and in liaison with the relevant portfolio holder.

**Table 1 – Forecast Revenue Outturn 2014/15**

<b>Service Area</b>	<b>Annual Budget £</b>	<b>Profiled Budget £</b>	<b>Year To Date £</b>	<b>Variance £</b>	<b>Year End Forecast £</b>	<b>Year End Variance £</b>	<b>Use of reserves £</b>	<b>Transfer to reserves £</b>	<b>Windfall income £</b>	<b>Variance after Reserves £</b>
Clean & Green Services	18,854,578	4,793,700	4,939,896	146,196	19,056,824	202,246	(202,674)			(428)
Communities & Partnership	2,101,547	525,402	565,813	40,411	3,410,194	1,308,647	(1,325,848)			(17,201)
Engineering & Transportation	11,185,696	2,733,644	1,809,769	(923,875)	10,254,450	(931,246)	(272,521)	1,204,158		391
Leisure & Community Health	505,045	190,873	282,288	91,415	506,210	1,165	(319,714)	95,981	212,635	(9,933)
Libraries Heritage & Arts	6,254,687	1,495,896	1,444,877	(51,019)	6,359,657	104,970	(121,353)	11,158		(5,225)
Regulatory Services	1,984,954	496,266	445,528	(50,738)	2,089,198	104,244	(108,678)			(4,434)
WACC & WLLA	149,233	37,287	(40,436)	(77,723)	(521,212)	(670,445)		670,445		0
Strategic Transportation										
<b>Total</b>	<b>41,035,740</b>	<b>10,273,068</b>	<b>9,447,735</b>	<b>(825,333)</b>	<b>41,155,320</b>	<b>119,580</b>	<b>(2,350,788)</b>	<b>1,981,742</b>	<b>212,635</b>	<b>(36,831)</b>

## 2 Forecast Capital Outturn 2014/15

- 2.1 The forecast capital outturn for 2014/15 for the schemes under the remit of this panel (as at the end of June 2014) is a predicted variance against budget of **-£1.249m** as the costs of these long term projects will now fall in future financial years. **Table 2** shows a summary per service with more detailed analysis by scheme at **Appendix 4**.

<b>Table 2 – Summary of Capital Programme - Forecast 2014/15</b>				
<b>Service Area</b>	<b>Annual Budget £</b>	<b>Year To Date £</b>	<b>Year End Forecast £</b>	<b>Year End Variance £</b>
<b>Mainstream</b>				
Engineering & Transportation	3,087,557	94,959	3,087,557	0
Clean and Green Services	527,605	(69,807)	497,605	(30,000)
Communities & Partnership	4,225	(1,986)	4,225	0
Leisure & Community Health	155,000	5,400	155,000	0
Libraries Heritage & Arts	1,636,840	0	1,636,840	0
WACC	85,000	54,550	85,000	0
<b>Total Mainstream</b>	<b>5,496,227</b>	<b>83,116</b>	<b>5,466,227</b>	<b>(30,000)</b>
<b>Non Mainstream</b>				
Engineering & Transportation	3,304,773	116,849	3,304,773	0
Clean and Green Services	3,717,752	748,019	2,498,887	(1,218,865)
Libraries Heritage & Arts	144,064	0	144,064	0
Strategic Transportation				
<b>Total Non Mainstream</b>	<b>7,166,589</b>	<b>864,868</b>	<b>5,947,724</b>	<b>(1,218,865)</b>
<b>Total Capital</b>	<b>12,662,816</b>	<b>947,984</b>	<b>11,413,951</b>	<b>(1,248,865)</b>

## Appendix 1 – Breakdown of Reserve Utilisation 2014/15

Type of Reserve	Reserve details	Reserve expected to be used £	To be transferred to reserves £
IFRS	Forestry Commission	14,513	
IFRS	Section 106	159,317	
IFRS	NHS projects	4,294	
IFRS	Bookstart	5,000	
IFRS	Early Years 13/14	5,000	
IFRS	Sport England	40,659	
IFRS	Sportivate	1,056	
IFRS	Specialised Conditions	3,389	
IFRS	Sports Development - Active England	15,277	
IFRS	Sports Development - Doorstep Sports Clubs	2,325	
IFRS	Sports Development - Extend	5,419	
IFRS	Sports Development - Walk on	39,835	
IFRS	Sports Development - Way Forward	9,320	
IFRS	Transition funding	15,000	
IFRS	Health retailer	17,628	
IFRS	Tobacco funding	15,000	
IFRS	Tobacco control	2,293	
IFRS	Sniffer Dog Grant	2,107	
IFRS	No Cold Calling Zones	2,000	
Central	Area partnerships	66,402	
Central	Performance reward grant	114,310	
Central	Six area partnership funding	240,000	
Central	Hub Funding – Moxley	186,733	
Central	Hub Funding – Ryecroft	165,250	
Central	Local Area Co-ordinator	114,420	
Central	Working Neighbourhood Fund	380,772	
Central	Willenhall Lawn Cemetery feasibility	87,659	
Central	Contingency for catenaries	8,400	
Central	Redundancies and pension	116,797	
Central	Commutated sum Shannons Mill	6,000	
Central	Highways Insurance Liabilities	130,000	
Central	Bus Lane enforcement	126,521	
Central	Legal fees	56,643	
Central	Superannuation auto enrolment	18,132	
Carry forward	Preventing violent extremism	197	
Carry forward	Delay in area partnership becoming operational	30,321	
Carry forward	Trading Standards Shared Services Pilot	69,650	
Carry forward	Domestic Abuse – Community Safety Grant	23,149	
Carry forward	Sports Development	20,000	
Carry forward	Rights of Way	10,000	
IFRS	Environmental Levy & Exclusive Burial Rights	20,000	(107,139)
Central	Skills funding agency	0	(670,445)
Central	Street lighting PFI	0	(1,204,158)
	<b>Total Reserves</b>	<b>2,350,788</b>	<b>(1,981,742)</b>

IFRS stands for International financial reporting standard – this was the standard that determined that some funds had to be treated as reserves as opposed to receipts in advance as previously allowed.

## Appendix 2 – Breakdown of Revenue Variances 2014/15

Service Area	Detail	£
<b>Clean and green</b>		
Operational	Staffing underspend and reduced cost of leasing	(180,400)
Strategic	Shortfall in recyclable waste income, increase in waste, premises costs and increase in staffing costs	180,296
	Other small variances	(324)
<b>Communities &amp; partnership</b>		
Community Safety	Posts held vacant to fund overspend below	(109,562)
Voluntary & community	Walsall Voluntary Action funding	91,498
	Other small variances	863
<b>Engineering &amp; transportation</b>		
	Small variances	391
<b>Leisure &amp; community health</b>		
Bereavement services	Police providing coroner's service	(44,340)
Catering	Income shortfall	42,031
	Other small variances	(7,625)
<b>Libraries, Heritage &amp; Arts</b>		
Creative Development Team	Income shortfall of £57k partly offset by action plan of £40k	14,426
Libraries	Underspend on salaries of £90k partly offset by additional supplies £30k	(60,814)
New Art Gallery	Shortfall on income and investments	28,371
Heritage	Salary overspend	12,617
	Other small variances	175
<b>Regulatory Services</b>		
	Small variances	(4,434)
		<b>(36,831)</b>

### Appendix 3 – Potential Risks 2014/15

Potential risk	Risk value £'000	Assessment of likelihood
Clean & Green - impact of Bloxwich toilets remaining open	20	Low
Regulatory Services - Unknown court costs arising from prosecutions	115	Low
Regulatory Services - Unknown court costs arising from licensing act appeals	150	Low
Regulatory Services - Unknown court costs arising from taxi/private hire appeals	20	Low
Regulatory Services - Increase in the number of stray dogs due to the economic down turn	25	Low
Creative Development Team - Reduction in the number of external commissions resulting in lower income	10	Low
Engineering - Impact of a severe winter, additional gritting required	150	Low
Subtotal low risk	490	
Regulatory Services - Incursion of additional unauthorised encampments	50	Medium
Regulatory Services - Increase in the cost of kennelling stray dogs.	10	Medium
Bereavement Services - Impact of pandemic flu	30	Medium
Engineering - Legal & technical support costs in dealing with former Willenhall Town Gas Works	100	Medium
Engineering - Implications of the Markinson decision relating to charges for information - it may be necessary to repay charges with interest that have been claimed from 2011.	28	Medium
Subtotal medium risk	218	
Regulatory Services - Burial costs where there is no known family	5	High
Regulatory Services - Incident(s) of infectious disease either in animal health or human e.g. e-coli, legionnaires	75	High
Regulatory Services - Unknown court costs relating to employment tribunal	40	High
Clean & Green - Greenspaces - possible action against horses on Council land at £1,500 each	25	High
Engineering - Reduction in usage of car parks or loss of car parks resulting in less income & Xmas implications. Growth in 2013/14 £250k, under recovery 12/13 was £500k	50	High
Subtotal high risk	195	
<b>TOTAL</b>	<b>903</b>	



## Appendix 4 – Capital Programme 2014/15

Scheme	Annual Budget	Year To Date	Year End Forecast	Year End Variance	Requested Carry Forward to 2015/16	Estimated Underspend
	£	£	£	£	£	£
<b>Mainstream</b>						
<b>Engineering and Transportation</b>						
Walsall TCTP ring road acquisition	100,000	0	100,000	0	0	0
Highways maintenance	1,700,000	0	1,700,000	0	0	0
LTP including bridge strengthening 2010/11	508,058	16,751	508,058	0	0	0
Retained Housing Land	119,489	21,297	119,489	0	0	0
Lighting to save initiatives	11,986	8,688	11,986	0	0	0
Public Lighting Invest to Save for replacement LED lighting	250,000	0	250,000	0	0	0
Footpath Highfield Road, Pelsall	15,607	0	15,607	0	0	0
New car park provision - Lucknow Road	168,000	351	168,000	0	0	0
New Invention car park	23,436	976	23,436	0	0	0
Pelsall Road flood alleviation scheme	11,270	924	11,270	0	0	0
Traffic signals infrastructure conversion LED signal operation	45,000	0	45,000	0	0	0
Verge Parking	134,711	45,972	134,711	0	0	0
<b>Clean and Green</b>				0	0	0
Allotment and community garden strategy - Borneo Street	46,537	195	46,537	0	0	0
Allotments	6,027	(4,132)	6,027	0	0	0
Arboretum Play Area	4,477	0	4,477	0	0	0
George Rose Park	31,243	546	31,243	0	0	0
Greenspace improvement plan	8,064	8,064	8,064	0	0	0
Kendrick Place	19,250	0	19,250	0	0	0
Restoration and Renovation of Broadway West Playing Fields	75,000	0	75,000	0	0	0
Walsall Arboretum Restoration Programme - illuminated Park proposals	270,000	0	270,000	0	0	0
Willenhall Memorial Park	67,007	(25,238)	67,007	0	0	0

Scheme	Annual Budget	Year To Date	Year End Forecast	Year End Variance	Requested Carry Forward to 2015/16	Estimated Underspend
Depot relocation	0	(30,000)	(30,000)	(30,000)	(30,000)	0
Vehicles purchased	0	(64,495)	0	0	0	0
<b>Communities and Partnership</b>						
Improving security in local neighbourhoods	4,225	(1,986)	4,225	0	0	0
<b>Leisure and Community Health</b>						
Headstone safety in Cemeteries	80,000	5,400	80,000	0	0	0
Willenhall EACT Academy Swimming Pool Changing Provision	75,000	0	75,000	0	0	0
<b>Libraries and Heritage</b>						
Forest Arts Centre (renovation of sports hall)	198,800	0	198,800	0	0	0
Bentley Community Facility	1,370,500	0	1,370,500	0	0	0
Libraries Universal Digital Offer	67,540	0	67,540	0	0	0
<b>WACC</b>						
Refurbishment & upgrade of college facilities & premises	85,000	54,550	85,000	0	0	0
<b>Total Mainstream</b>	<b>5,496,227</b>	<b>37,863</b>	<b>5,466,227</b>	<b>(30,000)</b>	<b>(30,000)</b>	<b>0</b>
<b>Non Mainstream</b>						
<b>Engineering and Transportation</b>						
Development of Highways Asset Management Plan (HAMPS)	110,856	499	110,856	0	0	0
Local Highways Maintenance Funding	184,000	0	184,000	0	0	0
LTP Highway Maintenance - Bridges	1,673,492	9,371	1,673,492	0	0	0
Low emission Strategy	1,990	415	1,990	0	0	0
Land North of Leamore Lane	2,435	0	2,435	0	0	0
LTP Highway Maintenance	1,332,000	106,563	1,332,000	0	0	0
<b>Clean and Green</b>						
King George v playing fields S106	150,522	23,513	150,522	0	0	0
Walsall arboretum restoration programme (PRU)	3,241,986	723,133	2,061,120	(1,180,866)	(1,180,866)	0

<b>Scheme</b>	<b>Annual Budget</b>	<b>Year To Date</b>	<b>Year End Forecast</b>	<b>Year End Variance</b>	<b>Requested Carry Forward to 2015/16</b>	<b>Estimated Underspend</b>
Palfrey Park	6,994	0	6,994	0	0	0
Pleck Park synthetic cricket wickets	0	(7,300)	0	0	0	0
Reedwood Park	52,914	0	27,914	(25,000)	(25,000)	0
Waste infrastructure capital grant	265,336	6,354	252,336	(13,000)	(13,000)	0
<b>Libraries and Heritage</b>						
Pelsall library, childrens centre and health centre	144,064	0	144,064	0	0	0
<b>Total Non Mainstream</b>	<b>7,166,589</b>	<b>862,548</b>	<b>7,947,723</b>	<b>(1,218,866)</b>	<b>(1,218,866)</b>	<b>0</b>
<b>Overall total</b>	<b>12,662,816</b>	<b>900,411</b>	<b>11,413,949</b>	<b>(1,248,866)</b>	<b>(1,248,866)</b>	<b>0</b>

#### **Comments on variances**

- The Depot relocation carry forward related to retention (holding back of the final payment in case there are any issues from the new building) from the depot move.
- Walsall arboretum restoration programme is a multi-year programme due to be completed next financial year.
- Reedwood Park: there is a delay to the start of the project; the consultation period on the project has just begun.
- The Waste infrastructure capital grant carry forward is the retention payment on the programme which will not be due until 2015/16.