

DATE: 25 NOVEMBER 2010

QUARTER 2 FINANCIAL MONITORING POSITION FOR 2010/11

Ward(s) All

Portfolio:

Councillor Harris – (Leisure and Culture)
Councillor Ali – Communities and Partnerships
Councillor Andrew – Children's Services (Catering)

Summary of report

This report summarises the predicted revenue and capital position for 2010/11, based on the performance for quarter 2 (1 April to 30 September 2010), for services within the remit of the Community Services Scrutiny & Performance Panel.

Recommendation

To note the 2010/11 forecasted year end financial position for services under the remit of the Community Services Panel is net revenue overspend of **£44k**, after the use of approved reserves and carry forwards and action planning. The capital forecast is an underspend of **£4.704m**.

Background papers

Various financial working papers.
Outturn report to Scrutiny Panel 2009/10
2010/11 Budget Books on Council's Internet and Intranet

Reason for scrutiny

To inform the panel of the forecasted financial position for 2010/11 within the remit of this panel.

Signed:



Chief Finance Officer: James T Walsh

Date: 26 October 2010



Executive Director: Jamie Morris

Date: 26 October 2010

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. Corrective action plans are in place to mitigate overspends within service. Any year end corporate overspend will require replenishment in the 2011/12 budget.

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 Officer:

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1 Forecast Revenue Outturn 2010/11 – Community Services

- 1.1 The forecast revenue outturn for 2010/11 for the services under the remit of the Community Services Scrutiny & Performance Panel (based on the position as at the end of September 2010) is an overspend against budget of **£44k**, net of the use of earmarked reserves and following action planning which was put in place to support the portfolio and the Council's overall financial position. The outturn shown is based on actual information from the Oracle system, and discussions with managers regarding year-end forecast 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 within service, and to report 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 £2.145m (where approval has been given by Cabinet for additional funds for specific services) and approved carry forwards from previous years.
- 1.4 **Table 1** shows the forecast outturn for each service, and **Appendix 1** provides an analysis of the reasons for the forecast material variances.
- 1.5 Where an expected overspend is forecast the services need to identify an in year action plan to mitigate this position. At this point in the year the action plan for this service totals £118k and this is detailed in **Appendix 2**
- 1.6 Within the services associated with the panel there are a number of risks, totalling £66k which have not been included within the above forecast. At this stage the risks are not certainties and as such are not included in the monitoring as 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**
- 1.7 Included within the directorate budget are approved 2010/11 new investments and savings, as approved by Cabinet on 22 February 2010, totalling £1.106m and £668k respectively. The full year effect of previous years' investments and savings included in the budget are £42k investments and £461k savings. A full breakdown of these can be found in the 2010/11 Neighbourhood Services budget book. Any savings that are not able to be achieved in year are required to have alternative savings identified and are managed closely through the services divisional management teams and in liaison with the relevant portfolio holder.

Table 1 – Forecast Revenue Outturn 2010-11

Service Area	Annual Budget	Profiled Budget	Year To Date	Variance	Year End Forecast	Year End Variance	Use of reserves	Variance after Reserves
	£	£	£	£	£	£	£	£
<u>Communities & Partnerships Portfolio</u>								
Public Protection Management	(206,119)	(111,566)	(145,100)	(33,534)	(223,916)	(17,797)	0	(17,797)
Trading Standards (Incl. Licensing)	1,000,665	528,324	420,924	(107,400)	1,031,817	31,152	0	31,152
Safer Walsall Partnership	1,609,235	804,654	884,855	80,201	1,707,098	97,863	(4,163)	93,700
First Stop Shop	210,120	105,084	119,219	14,135	234,724	24,604	0	24,604
Walsall Partnership	7,410,733	3,705,162	3,941,324	236,162	9,585,411	2,174,678	(2,140,615)	34,063
<u>Leisure & Culture Portfolio</u>								
Sports	2,002,423	1,020,886	987,664	(33,222)	2,039,548	37,125	0	37,125
Bryntysilio	356,786	178,416	174,219	(4,197)	356,786	0	0	0
Greenspaces	2,326,932	1,136,701	1,062,872	(73,829)	2,250,639	(76,293)	0	(76,293)
Bereavement Services	(594,983)	(231,219)	(332,478)	(101,259)	(600,309)	(5,326)	0	(5,326)
Arts & Events	676,164	338,106	356,711	18,605	676,164	0	0	0
Walsall Illuminations	69	36	36	0	69	0	0	0
Marketing & Box Office	23,548	11,784	18,906	7,122	59,512	35,964	0	35,964
Management Services	395,008	157,584	162,317	4,733	411,253	16,245	0	16,245
Catering	264,078	262,433	247,250	(15,183)	264,078	0	0	0
Walsall Adult & Community College	161,775	80,934	80,934	0	161,775	0	0	0
Creative Development Team	229,065	117,026	124,343	7,317	229,065	0	0	0
Libraries & Heritage	5,114,791	2,557,470	2,654,348	96,878	5,108,687	(6,104)	0	(6,104)
Art Gallery	874,115	473,987	399,190	(74,797)	869,059	(5,056)	0	(5,056)
WLLA	0	3,803	36,908	33,105	0	0	0	0
	21,854,405	11,139,605	11,194,442	54,837	24,161,460	2,307,055	(2,144,778)	162,277
Action plan to reduce overspend								(118,300)
Total Community Services	21,854,405	11,139,605	11,194,442	54,837	24,161,460	2,307,055	(2,144,778)	43,977

2 Forecast Capital Outturn 2010/11 – Community Services

2.1 The forecast capital outturn for 2010/11 for the schemes under the remit of this panel (as at the end of September 2010) is a predicted underspend against budget of **£4.704.m** which is all is expected to be requested to be slipped into 2011/12. **Table 2** shows a summary per service with more detailed analysis by scheme at **Appendix 4**.

Table 2 – Summary of Capital Programme - Quarter 2 2010-11				
Service Area	Annual Budget £	Year To Date £	Year End Forecast £	Year End Variance £
Mainstream				
Public Protection	40,948	4,542	40,948	0
Libraries & Heritage	821,489	43,877	244,922	-576,567
Bereavement Services	267,853	25,486	267,853	0
Green Spaces	609,480	27,780	341,542	-267,938
First Stop Shop	22,638	4,853	22,638	0
Total Mainstream	1,762,408	106,538	917,903	-844,505
Non Mainstream				
Public Protection	53,328	19,997	53,328	0
Libraries & Heritage	3,896,792	591,972	496,792	-3,400,000
Sports	121,172	0	121,172	0
Greenspaces	2,076,615	211,007	1,617,484	-459,131
Total Non Mainstream	6,147,907	822,976	2,288,776	-3,859,131
Total NS Capital	7,910,315	929,514	3,206,679	-4,703,636

APPENDIX 1 MAIN REASONS FOR REVENUE VARIANCES		
Service Area	Explanation of Year end Variance	Variance £
Public Safety		
Public Safety Mgt (incl. Emergency Planning)	Vacancy management and reduction in running expenses savings	(17,797)
Trading Standards	Reduction in income for licensing £20k, prosecution costs £10k and spend greater than budget for legal fees £7k and shortfall in budget for transfer of Business Support staff £8k. Offset by savings on supplies & services (£14k)	31,152
Safer Walsall Partnership	Reduction in CCTV & surveillance income £85k offset by CCTV salary related savings (£30k), compensation payment to former employee £12k and cost of move of staff and demolition of Beechdale Office £26k.	93,700
Public Safety	Additional action plan - seek to make compensatory savings by holding posts vacant	(118,300)
Leisure & Community Health		
Sports Centres	Income pressure on the Grange Golf course.	37,125
Greenspaces	There are 9 vacant posts within the rangers team, 6 of which are new this year, and several others within greenspaces (£119k), the recruiting process has taken longer than anticipated taking into account re-deployment issues leading to an underspend on the salaries at the start of the year. This has been partially offset by £36k income unable to be generated by the improvements and maintenance team due to reduction in maintenance requirements by schools and leisure centres.	(76,293)
Bereavement Services (incl Registrars & coroners)	Vacant post within service due to delays in recruitment process mostly offset by reduction in income due to death rate decreasing.	(5,326)
Marketing & Box office	£6k is a pressure on curator costs for town halls, and £30k is a projected income shortfall on town hall hire.	35,964
Management Services	Transfer of business support staff to leisure which has resulted in a budget pressure	16,245
First Stop Shop	Salary costs will have an adverse variance £30k, as agency staff are required to cover posts where employees are on long term sick leave. This is offset partially by small under spends in repairs & maintenance (£5k).	24,604
Libraries & Heritage	Minor net underspends	(11,160)
Walsall Partnership	£79k costs due to additional payments re. Carers Federation - a one off underspend has been identified to partially mitigate this	34,063
Forecast variance		43,977

Appendix 2 - 2010/11 Budget Action Plan

Service	Action identified	Initial Action Plan £m	Action Plan delivered + included in Outturn £m	2010/11 Comments / Risks	Action plan left to deliver £m
Greenspaces- Poolfitters income	Poolfitters income shortfall to be offset by reduced spend on supplies and services within Greenspaces.	0.020	0.020	Carried over from last year - will be met in service from underspends elsewhere	0.000
Public Safety -	Seek to manage the underachievement of income and the forecast overspend by compensatory savings elsewhere.	0.171	0.053	Seek to manage the underachievement of income & forecast overspend by compensatory savings elsewhere including holding vacant posts when they arise, reduction in expenditure for non essential supplies and services.	0.118
TOTAL		0.191	0.073		0.118

Appendix 3 Financial Risk Assessment - Revenue Budget 2010/11

POTENTIAL RISK	LOWEST COST	ASSESSMENT OF RISK	HIGHEST COST	ASSESSMENT OF RISK	TOTAL FINANCIAL EXPOSURE TO RISK
	£m		£m		£m
School library support service - school librarian service not renewed after July	0.000	HIGH	0.010	HIGH	0.006
School library support service - Book purchase scheme- schools not restocking or closing down libraries	0.000	MEDIUM	0.025	MEDIUM	0.010
Libraries fees and charges - diminishing sales and rental	0.000	MEDIUM	0.011	MEDIUM	0.004
Leather Museum - may be charged for electricity from college. Negotiations ongoing as no charges have been requested for the last 15 years.	0.000	HIGH	0.015	HIGH	0.009
Libraries and Heritage utility costs	0.010	HIGH	0.027	HIGH	0.016
Free Swimming – reduction in take up	0.000	MEDIUM	0.052	MEDIUM	0.021
Total	0.010		0.140		0.066

Appendix 4 - Forecast Capital Outturn 2010/11

Service Area / Scheme	Annual Budget	Year To Date	Year End Forecast	Year End Variance
	£	£	£	£
Council Resources				
Public Protection - Improving Security In Local Neighbourhoods	40,948	4,542	40,948	0
Libraries & Heritage - Library Modernisation	271,489	6,306	244,922	(26,567)
Libraries & Heritage - Pelsall library, childrens centre and health centre	550,000	37,571	0	(550,000)
Greenspaces - Allotment Improvement Programme	3,756	2,717	3,756	0
Greenspaces - Palfrey park	75,000	0	75,000	0
Greenspaces - Sneyd reservoir overflow replacement	45,000	25,063	45,000	0
Greenspaces - Top Hanger Log Boiler contingency	17,786	0	17,786	0
Greenspaces - Walsall arboretum restoration programme	467,938	0	200,000	(267,938)
First Stop Shop - Contact centre	21,458	4,486	21,458	0
First Stop Shop - Local access customer service bus	1,180	367	1,180	0
Bereavement Services - Memorial safety	100,000	24,770	100,000	0
Bereavement Services - Registrar's office upgrade	12,052	0	12,052	0
Bereavement Services - Streetly crematorium mercury abatement	155,801	715	155,801	0
Total Council Resources	1,762,408	106,537	917,903	(844,505)
Externally Funded				
Libraries & Heritage - Bloxwich Library project	496,792	591,972	496,792	0
Libraries & Heritage - Pelsall library, childrens centre and health centre	3,400,000	0	0	(3,400,000)
Public Safety - Safer Stronger Community Fund	53,328	19,997	53,328	0
Greenspaces - Bloxwich Fountain Restoration Project	3,411	21,273	3,411	0
Greenspaces - Bradbury Park Improvements	64,953	0	64,953	0
Greenspaces improvement	50,000	0	50,000	0
Greenspaces - High Heath improvement project	2,868	2,868	2,868	0
Greenspaces - Holland Park improvement project	849	848	849	0

Service Area / Scheme	Annual Budget	Year To Date	Year End Forecast	Year End Variance
Greenspaces - King George V Pathfinder project	58,371	0	58,371	0
Greenspaces - Kings Hill park improvement	660	0	660	0
Greenspaces - Palfrey Park	296,500	0	296,500	0
Greenspaces - Play builders programme	54,231	15,417	54,231	0
Greenspaces - Top Hanger Log Boiler match funding	17,785	0	17,785	0
Greenspaces - Walsall Arboretum restoration project	942,000	0	500,000	(442,000)
Greenspaces - Walsall childrens play fund	559,228	169,243	542,097	(17,131)
Greenspaces - Willenhall Memorial Park - contribution	25,759	1,363	25,759	0
Sports - Aldridge Airport	46,172	0	46,172	0
Sports - Walsall Gala Baths Dance Studio	75,000	0	75,000	0
Total Externally Funded	6,147,907	822,981	2,288,775	(3,859,132)
Total Community Services	7,910,315	929,518	3,206,679	(4,703,636)