

7 SEPTEMBER 2010

QUARTER 1 FINANCIAL MONITORING POSITION FOR 2010/11

Ward(s) All

Portfolio:

Councillor Harris – Leisure, Culture and Environment
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 1 (April to June 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 underspend of **£7k**, after the use of approved reserves and carry forwards and action planning. The capital forecast is an underspend of **£3.767m**.

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

Executive Director: Jamie Morris

Date: 16 August 2010

Date: 16 August 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 June 2010) is an overspend against budget of **£46k** (net of the use of earmarked reserves), which reduces to an underspend of **£7k** 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 **£5.046m** (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 £53k and is summarised in **Table 1** below and detailed in **Appendix 2**
- 1.6 Within the services associated with the panel there are a number of risks, totalling **£108k** 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 £	Action Plan £	Variance £
<u>Communities & Partnerships Portfolio</u>									
Public Protn Mgmt (Incl. Emerg Plng)	(235,209)	(58,797)	(75,916)	(17,119)	(235,209)	0	0	0	0
Trading Standards (Incl. Licensing)	1,109,773	305,424	242,162	(63,262)	1,146,773	37,000	0	0	37,000
Safer Walsall Partnership	1,410,029	352,521	360,221	7,700	1,414,192	4,163	(4,163)	0	0
First Stop Shop	206,087	51,531	64,987	13,456	230,691	24,604	0	0	24,604
Walsall Partnership	102,292	25,578	27,970	2,392	92,067	(10,225)	0	0	(10,225)
Neighbourhood Partnerships	8,242,163	447,087	473,151	26,064	13,311,400	5,069,237	(5,042,075)	0	27,162
<u>Leisure & Culture Portfolio</u>									
Sports	1,963,963	491,007	510,324	19,317	2,004,963	41,000	0	(37,000)	4,000
Bryntysilio	354,184	88,557	93,948	5,391	354,184	0	0	0	0
Greenspaces	2,327,065	550,167	549,715	(452)	2,263,128	(63,937)	0	(16,000)	(79,937)
Bereavement Services	(599,945)	(168,507)	(213,998)	(45,491)	(603,798)	(3,853)	0	0	(3,853)
Arts & Events	665,339	166,347	172,313	5,966	665,339	0	0	0	0
Walsall Illuminations	69	18	18	0	69	0	0	0	0
Marketing & Box Office	145,159	(17,499)	(15,996)	1,503	145,159	0	0	0	0
Management Services	261,743	5,547	6,533	986	261,743	0	0	0	0
Catering	262,782	72,902	75,763	2,861	262,782	0	0	0	0
Walsall Adult & Community College	161,775	40,467	40,467	0	161,775	0	0	0	0
Creative Development Team	226,470	60,365	13,314	(47,051)	227,972	1,502	0	0	1,502
Libraries & Heritage	5,188,002	1,297,035	1,375,305	78,270	5,185,479	(2,523)	0	0	(2,523)
Art Gallery	1,008,300	252,065	300,806	48,741	1,003,347	(4,953)	0	0	(4,953)
WLLA	(7,613)	(1,905)	(73,950)	(72,045)	(7,613)	0	0	0	0
Total Community Services	22,792,428	3,959,910	3,927,137	(32,773)	27,884,443	5,092,015	(5,046,238)	(53,000)	(7,223)

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 June 2010) is a predicted underspend against budget of **£3.767.m** of which £3.062m is expected 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 1 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	19,595	405,704	-415,785
Green Spaces	600,642	600	332,704	-267,938
First Stop Shop	22,638	4,853	22,638	0
Bereavement Services	267,853	10,598	267,853	0
Neighbourhood Partnerships	300,000	0	0	-300,000
Total Mainstream	2,053,570	40,188	1,069,847	-983,723
Non Mainstream				
Libraries & Heritage	3,496,792	203,783	1,517,625	-1,979,167
Greenspaces	2,472,372	18,691	2,068,038	-404,334
Sports	121,172	0	121,172	0
WBSP	400,000	0	0	-400,000
Total Non Mainstream	6,490,336	222,475	3,706,835	-2,783,501
Total Community Services	8,543,906	262,663	4,776,682	-3,767,224

APPENDIX 1 REASONS FOR REVENUE VARIANCES		
Service Area	Explanation of Year End Forecast	Variance £
Trading Standards	Reduction in income due to less licensing applications £20K, additional prosecution costs £10K and legal fees £7K	37,000
Sports Centres	Shortfall of income £43K, due to temporary closure of Oak Park £4K and anticipated fall in income due to economic downturn. This is partially offset by underspends on employees (£26K) and premises (£13K).	4,000
Greenspaces	There are 9 vacant posts within the Rangers team 6, of which are new this year, and a number of others within Greenspaces (£136K), the recruiting process has taken longer than anticipated taking into account re-deployment issues leading to an underspend.	-79,939
Bereavement Services (incl Registrars & coroners)	Delay to recruitment to a vacant post within service.	-3,853
First Stop Shop	Salary costs will have an adverse variance £35K, agency staff are required to cover posts where employees are on long term sick leave. This is offset partially by small underspends elsewhere.	24,604
Creative Development Team	£5K Black Minority Ethnic Arts funding from neighbourhood partnerships and programmes funding has been reduced and as yet other funding has been sourced. (£3K) underspend on audio visual equipment and resource development	1,502
Libraries & Heritage	(£49K) staff vacancies. £31K premises utility costs (£34K) underspend on school library support service book fund due to schools ordering less books.(£19K) underspend due to ongoing non essential spend. £9K due to Sneyd and Willenhall closure of school libraries	-2,523
Art Gallery	£4k agency staff, £6K telephones, £5K supplies & services, £3K shortfall in donations offset by (£23K) due to vacant post/career break	-4,953
Walsall Partnership	Decrease in salary related costs	-10,225
Neighbourhood Partnerships & Programmes	£79K costs due to outstanding contract payments of which £10K has been offset by reserve, and mitigating underspend on salaries	27,162
TOTAL VARIANCE		-7,223

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 (from DMT risk assessment)	Found within service	0.016	0.016	Will be met in service from underspends from holding posts vacant for additional periods	0.000
Sports Centres	Found within service	0.037	0.037	Seek to manage the underachievement of income by compensatory non essential spend savings.	0.000
SUB TOTAL		0.053	0.053		0.000

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
COMMUNITY SERVICES					
School library support service - school librarian service not renewed	0.000	HIGH	0.010	HIGH	0.010
School library support service - Book purchase scheme- schools not restocking or closing down libraries	0.000	MEDIUM	0.025	MEDIUM	0.025
Libraries fees and charges - diminishing sales and rental	0.000	MEDIUM	0.011	MEDIUM	0.011
Libraries and Heritage utility costs - offset against savings last year may not be able to this year	0.010	HIGH	0.027	HIGH	0.027
Installation of Playbuilders equipment in the Arboretum - previously removed from William Street following complaints from the public	0.000	MEDIUM	0.035	MEDIUM	0.035
Total Community Services	0.010		0.108		0.108

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	0	271,489	0
Libraries & Heritage - Pelsall library, childrens centre and health centre	550,000	19,595	134,215	-415,785
Greenspaces - Allotment Improvement Programme	3,756	0	3,756	0
Greenspaces - DDA for greenspaces	8,948	0	8,948	0
Greenspaces - Palfrey park - HLF	75,000	0	75,000	0
Greenspaces - Sneyd reservoir overflow replacement	45,000	600	45,000	0
Greenspaces - Walsall arboretum restoration programme	467,938	0	200,000	-267,938
First Stop Shop - Contact centre (49 seats)	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	9,883	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
NPP - Redhouse Community Centre	300,000	0	0	-300,000
Total Council Resources	2,053,570	40,188	1,069,847	-983,723
Externally Funded				
Libraries & Heritage - Bloxwich Library project	496,792	203,783	496,792	0
Libraries & Heritage - Pelsall library, childrens centre and health centre	3,000,000	0	1,020,833	-1,979,167
Greenspaces - Bloxwich Fountain Restoration Project	3,411	0	11,277	7,866
Greenspaces - George Rose park lodge landscape	1,788	0	1,788	0

Service Area / Scheme	Annual Budget	Year To Date	Year End Forecast	Year End Variance
Greenspaces improvement	50,000	0	50,000	0
Greenspaces - High Heath improvement project	2,868	0	2,868	0
Greenspaces - Highfield Road North play area	2,347	0	2,347	0
Greenspaces - Holland Park improvement project	849	0	849	0
Greenspaces - Kings Hill park improvement	860	0	660	-200
Greenspaces - Palfrey Park - HLF	296,500	0	296,500	0
Greenspaces - Play builders programme	616,762	12,902	616,762	0
Greenspaces -Reedswood park	0	0	0	0
Greenspaces - Walsall Arboretum restoration project	912,000	0	500,000	-412,000
Greenspaces - Walsall childrens play fund	559,228	5,789	559,228	0
Greenspaces - Willenhall Memorial Park - contribution	25,759	0	25,759	0
Sports - NOF for PE & Sport - Aldridge Airport	46,172	0	46,172	0
Sports - Walsall Gala Baths Dance Studio	75,000	0	75,000	0
WBSP - NRF/LAA	400,000	0	0	-400,000
Total Externally Funded	6,490,336	222,474	3,706,835	-2,783,501
Total Community Services	8,543,906	262,662	4,776,682	-3,767,224