

19 January 2009

Revenue Monitoring – 2008/09 Third 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 9 months of the financial calendar, April to December 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 services within the remit of the Regeneration Scrutiny & Performance Panel (as at the end of December 2008) is an overspend of **£1,460,135** after the use of earmarked reserves and **£1,941,216** prior to the use of earmarked reserves. The Regeneration directorate overspend reduces to £1,175,557 when Strategic Transformation and Knowledge & Performance are included (these services report to the Corporate Scrutiny & Performance Panel).

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

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 financial risk assessment is attached at **Appendix 1** which summarises further potential risks that could worsen the financial position in year.

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	730,093	642,207	1,358,272	716,065	892,452	162,359	(162,359)	0	G
Markets	(103,127)	(55,737)	12,063	67,800	(83,127)	20,000	0	20,000	R
Delivery & Development	840,170	662,072	960,095	298,023	715,170	(125,000)	0	(125,000)	G
Town Centre Management	117,697	73,252	135,755	62,503	270,434	152,737	(152,737)	0	G
Regeneration Management	302,362	383,603	287,934	(95,669)	394,564	92,202	(92,202)	(0)	G
Administrative Services	(70,768)	(43,790)	163,937	207,727	(70,768)	0	0	0	G
Planning	99,564	117,332	490,122	372,790	500,554	400,990	(32,000)	368,990	R
Building Control	156,923	144,209	72,786	(71,423)	236,923	80,000	(80,000)	0	G
Land Charges	(410,545)	(287,301)	(44,511)	242,790	(72,108)	338,437	0	338,437	R
Property Services:									
Building Services	862,536	348,656	1,807,708	1,459,052	1,220,820	358,284	0	358,284	R
Building Design	(349,269)	(272,287)	386,268	658,555	(105,159)	244,110	0	244,110	R
Contract Procurement	65,793	48,542	23,155	(25,387)	83,991	18,198	0	18,198	R
Facilities Management	2,497,640	1,591,289	2,568,237	976,948	2,996,089	498,449	(211,783)	286,666	R
Estates Management	(336,249)	(252,648)	(254,426)	(1,778)	(683,931)	(347,682)	250,000	(97,682)	G
TOTAL REGENERATION	4,402,820	3,099,399	7,967,394	4,867,996	6,295,903	1,893,083	(481,081)	1,412,002	
<u>COMMUNICATIONS</u>	412,164	(175,841)	(95,292)	80,549	460,297	48,133	0	48,133	R
Regeneration 2008-09 Cash Limit	4,814,984	2,923,558	7,872,102	4,948,545	6,756,200	1,941,216	(481,081)	1,460,135	

Services reporting to Corporate Scrutiny panel

Strategic Transformation	-173,473
Knowledge & Performance	-111,105
Regeneration Directorate Year End Forecast	<u>1,175,557</u>

TABLE 2 - FORECAST VARIANCE 2008/09 - REGENERATION - DECEMBER 2008

Service Area	2ND QTR TO SCRUTINY 06/11/08	3RD QUARTER POSITION			Explanation of Variance	Proposed Action
		Amount £	Reserves £	Actual £		
Strategic Regeneration	0	162,359	(162,359)	0	Relates to Economic Development spend funded from LABGI	
Markets	20,000	20,000		20,000	Shortfall in markets income - Relates to net effect of 2006/07 investment to reduce income targets being only for two years partially reinstated in 08/09	Given that 07/08 final figures were around £20,000 better than expected, this shortfall should be able to be met from current budgets
Town Centre Management Development & Delivery	0	152,737	(152,737)	0	Use of LABGI to fund staffing costs	
Regeneration Management Planning	0	(125,000)	0	(125,000)	Restraint of expenditure to help the directorate overall financial position - mainly through the non filling of vacancies.	
Building Control	0	92,202	(92,202)	0	Contribution to BCC and aborted depot move costs are to be part funded from LABGI	
Land Charges	299,635	400,990	(32,000)	368,990	Relates to unachievable Planning Application income £382,990, offset by identified savings of £14,000	Ongoing review of service income projections.
Property Services	81,344	80,000	(80,000)	0	Relates to partial use of earmarked reserve carried forward from 07/08	
	22,509	338,437	0	338,437	Unachievable saving relating to Information support Services officer (£16,173), projected unachievable income (£344,264) partly offset by identified savings of £22,000	Ongoing review of service income projections.
	(21,882)	358,284	0	358,284	Building Services - combination of external legal costs incurred for which there is no budget and projected overspend on salary costs, together with irrecoverable income £155k. In addition, £85,027 has been moved from revenue to capital to help minimise the projected overspend.	Pending review of fee recovery from revenue / capital schemes.
	148,893	244,110	0	244,110	Building Design - position previously reported related to overspend on premises costs and supplies and services. A risk was also shown on fee recovery, which is now thought to create a pressure of £200k in year - a full review of fee income expected in year is currently being undertaken.	
	0	18,198	0	18,198	Procurement – underspend on staffing of £41k, offset by unachievable income target £59k. Earmarked reserve of £100k previously shown for Asset Management System now expected to be utilised in 2009/10 as per discussions with IT.	
	49,063	466,666	(180,000)	286,666	Facilities Management - Relates in the main to Tameway Tower costs of restatement, identified 2007/08 debtor which is irrecoverable, agency staff costs and overspends against gas and electricity budgets, and extra Town Hall security costs. The earmarked reserve relates to HSE (£120k) and Tameway Tower (£60k). In addition, £282k has been moved from revenue to capital to help minimise the projected overspend.	
	3,500	31,783	(31,783)	0	Cleaning - equal pay claim costs	
		(347,682)	250,000	(97,682)	Estates Mgt – c/f of overspend from 07/08 will be achieved and additional £97k savings will be achieved from an expected increase in rent income and savings in supplies and services.	
Communications	3,500	48,133	0	48,133	Relates to the payment of agency staff and increases in design, print and distribution costs	
Regn forecast variance	961,444	1,941,217	(481,081)	1,460,136		

2 Capital Programme

- 2.1 The forecast capital programme outturn for the Regeneration directorate (as at the end of December 2008), is predicted to underspend by £376,696 – it is expected that these schemes will be slipped into 2009/10. **Table 3** provides a detailed financial analysis of the capital position by service.

Table 3 – Forecast Capital Outturn 2008/09					
Programme	Annual Budget £	Year To Date £	Year End Forecast £	Slippage/ Underspend to 2009/10 £	Risk H/M/L
Mainstream					
Delivery/Development	3,559,161	1,154,483	3,182,465	(376,696)	G
Strategic Regen	1,348,000	565,159	1,348,000	0	G
Property Services	2,820,442	1,396,073	2,820,442	0	G
Sub-total	7,727,603	3,115,715	7,350,907	(376,696)	
Prudential					
Property Services	1,000,000	798,432	1,000,000	0	G
Sub-total	1,000,000	798,432	1,000,000	0	
Non-mainstream					
Delivery/Development	623,683	108,346	623,683	0	G
Strategic Regen	6,724,301	2,049,199	6,724,301	0	G
New Deal	2,400,000	355,705	2,400,000	0	G
Sub-total	9,747,984	2,513,250	9,747,984	0	
Total	18,475,587	6,427,397	18,098,891	(376,696)	

- 2.2 It is currently assumed that all resources will be adequately programmed and spent by year end apart from £376k mainstream resources expected to be underspent as indicated in **Table 4**.

Table 4 – Analysis of variances within Capital Programme	
	£000
Mainstream	
Environmental Regeneration – contractual commitments that will slip	(157)
Regenerating Walsall – contractual commitments that will slip	(90)
Strategic corridors and gateways – contractual commitments that will slip	(25)
Town, district and local centres – contractual commitments that will slip	(105)
TOTAL	(377)

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 falls within the Regeneration directorate's responsibility is New Deal for Communities.

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	3,985,775	3,985,775	0	6,400,000	0	G
Total	6,400,000	3,985,775	3,985,775	0	6,400,000	0	