

31 July 2008

Revenue Monitoring – 2008/09 First 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 3 months of the financial calendar, April to June 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 AP03 – June 08) is an overspend of **£269,967** after the use of earmarked reserves and **£725,063** 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 2** shows the Forecast Outturn for each service area within the directorate. **Table 3** provides an analysis of the reasons for the forecast material variances.

1.2 Risks to the Forecast

At this early 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. **Table 1** below outlines additional and potentially material significant risks which have not been included in the forecast.

Table 1 - DETAIL OF RISK	
	Worse case impact £
Filling of staff vacancies	TBA
Maximisation of grant income	TBA
Historical income budget around PDG that is unachievable	52,939
Under-achievement of income – Planning Fees	153,860
Achievement of savings targets with Strategic Transformation	TBA
TOTAL	206,799

Table 2 - Forecast Revenue Outturn 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	749,157	191,922	496,442	304,520	911,516	162,359	(162,359)	0	H
Markets	(140,659)	72,630	(21,652)	(94,282)	(120,659)	20,000	0	20,000	H
Delivery & Development	878,145	212,059	512,468	300,409	878,145	0	0	0	H
Town Centre Management	118,252	29,563	47,003	17,440	270,989	152,743	(152,743)	0	H
Regeneration Management	344,348	85,987	(303,474)	(389,461)	434,348	90,000	(90,000)	0	H
Administrative Services	(78,633)	(18,677)	45,217	63,894	(78,633)	0	0	0	H
Planning	128,358	31,066	73,986	42,920	128,358	0	0	0	H
Building Control	165,342	32,049	(45,298)	(77,347)	165,342	0	0	0	H
Land Charges	(395,619)	(94,269)	(38,161)	56,108	(145,446)	250,173	0	250,173	H
TOTAL REGENERATION	1,768,691	542,330	766,532	224,202	2,443,960	675,269	(405,096)	270,173	
<u>WALSALL BOROUGH STRATEGIC PNSHIP</u>									
	159,939	114,528	193,969	79,441	209,733	49,794	(50,000)	(206)	H
<u>COMMUNICATIONS</u>									
	409,093	111,897	102,644	(9,253)	409,093	0	0	0	H
Regeneration 2008-09 Cash Limit	2,337,723	768,755	1,063,145	294,390	3,062,786	725,063	(455,096)	269,967	

TABLE 3 - 2008/09 ACTION PLANNING SCHEDULE - REGENERATION - JUNE 2008

Service Area	MAY	JUNE			Explanation of Variance	Proposed Action
		Amount £	Reserves £	Actual £		
Markets	20,000	20,000		20,000	<p>In 2006/07 an investment to reduce income targets was only for two years. In 2008/09 this is therefore reinstated but current trends indicate it to be unachievable - £40k was allocated from central contingency to offset the £60k shortfall</p> <p>Unachievable saving relating to Information Support Services officer (£16,173) and projected unachievable income</p> <p>Relates to Economic Development spend funded from LABGI</p> <p>Contribution to BCC is to be part funded from LABGI</p> <p>Use of LABGI to fund staffing costs</p> <p>Expenditure on a Robotic project funded by LABGI</p>	<p>As the 07/08 outturn was approx £20,000 better than expected, this shortfall should be able to be met from current budgets</p>
Land Charges	16,173	250,173		250,173		
Strategic Regeneration	0	162,359	-162,359	0		
Regeneration Management	0	90,000	-90,000	0		
Town Centre Management	0	152,737	-152,737	0		
WBSP	0	49,794	-50,000	-206		
Regn forecast variance	36,173	725,063	(455,096)	269,967		

2 Capital Programme

- 2.1 The forecast capital programme outturn for the Regeneration directorate (as at the end June 2008), is predicted to be £659,161 underspent – this underspend will need to be slipped into 2009/10. **Table 4** provides a detailed financial analysis of the capital position by service.

Table 4 – 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	3,234,161	148,500	2,575,000	(659,161)	
Strategic Regen	1,498,000	201,884	1,498,000	0	
	4,732,161	350,384	4,073,000	(659,161)	
Non-mainstream					
Delivery/Development	533,549	19,228	533,549	0	
Strategic Regen	6,724,301	602,400	6,724,301	0	
New Deal	1,300,000	71,468	1,300,000	0	
Sub-total	8,557,850	693,097	8,557,850	0	
Total	13,290,011	1,043,481	12,630,850	(659,161)	

- 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 5** below.

Table 5 – Analysis of variances within Capital Programme	
	£000
Mainstream	
Town, District & Local Centres – to be slipped into 2009/10	(513)
Environmental Regeneration – to be slipped into 2009/10	(48)
Strategic Corridors & Gateways – to be slipped into 2009/10	(81)
Regenerating Walsall – to be slipped into 2009/10	(17)
TOTAL	(659)

3 External Funding

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

- Working Neighbourhoods Fund – detailed below
- 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 6– 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)
WNF	5,462,858	333,299	333,299	0	5,462,238	0	
NDC	6,400,000	1,164,505	1,164,505	0	6,400,000	0	
Total	11,862,858	1,497,803	1,497,804	0	11,862,858	0	