

Scrutiny Overview Committee

1 December 2020

Forecast Revenue and Capital Outturn for 2020/21 – 5 month position ended 31 August 2020

Ward(s) All

Portfolios: All - specifically in relation to services within the committee's remit -
Cllr M Bird – Leader of the Council
Cllr A Andrew – Regeneration (Money Home Job)
Cllr G Perry – Resilient Communities
Cllr B Chatta– Personnel and Business Support

1. Aim

- 1.1 To inform the Committee of the forecast financial position for 2020/21, to allow the scrutiny of the financial performance of the council and the services within the Committee's remit.

2. Recommendations:

The Committee are requested to:

- 2.1 Note the forecast 2020/21 year-end financial position for the council as a whole based on the position as at August 2020, is an overspend of £0.42m, excluding the impact of Covid-19. Action continues to be taken to review expenditure to assist in reducing this revenue overspend, with ongoing pressures being addressed as part of the 2021/22 budget process.
- 2.2 Note that the revenue forecast for the council as a whole for Covid-19 pressures after deducting all assumed additional funding is a "reasonable case" overspend of £0.17m with a "worse case" of £9.05m.
- 2.3 Note that the combined revenue forecast for the council as a whole for both Covid-19 and non Covid-19 pressures is an overspend of c£0.59m based on the "reasonable case" and £9.47m in the "worse case".
- 2.4 Note that the capital forecast for the council as a whole after the re-phasing of £16.44m projects from 2020/21 to 2021/22 is an overspend of £0.08m.
- 2.5 Note the forecast 2020/21 year-end financial position for services within the remit of this committee is a predicted net revenue overspend of £0.19m and capital is expected to be on budget after re-phasing of projects of £1.79m from 2020/21 to 2021/22.

3. Report detail - Know

- 3.1 This report summarises the forecast revenue and capital financial position for 2020/21, based on the position to August 2020, both for the council as a whole, and for services within the remit of the Scrutiny Overview Committee as reported to Cabinet on 28 October 2020.

Council wide position

- 3.2 The combined revenue forecast for the council as a whole for both Covid-19 and non Covid-19 pressures is an overspend of c£0.59m based on the “reasonable case” and £9.47m in the “worse case”.
- 3.3 Note that the capital forecast for the council as a whole after the re-phasing of £16.44m projects from 2020/21 to 2021/22 is an overspend of £0.08m.
- 3.4 Full details of the overall council position for both revenue and capital is detailed within the Draft Revenue Budget 2021/22 – 2023/24 and in-year Position 2020/21 report which is also on tonight’s agenda.

Position for services within the remit of this committee

- 3.5 The forecast revenue outturn for services within the remit of this committee is an overspend of £0.19m against budget. This position is net of the use of earmarked reserves. Further details are shown in **Appendix 1**.
- 3.6 The total capital programme is £28.87m. Forecast spend of £27.08m results in an underspend of (£1.79m), which is expected to be phased into 2021/22. Further details are shown in **Appendix 1**.

Financial implications:

- 3.7 This report represents the forecast revenue and capital outturn for 2020/21 as reported to Cabinet on 28 October 2020.

Reducing inequalities:

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

4. Decide

- 4.1 This Committee is asked to note the forecast revenue and capital forecast for 2020/21 and consider the recommendations as set out.

5. Respond

5.1 This report is for noting by the Committee as above, and therefore no formal response is required.

6. Review

6.1 This report is for noting and review by the Committee as above, and therefore no formal response is required.

Background papers:

- Various financial working papers.
- Draft Revenue Budget 2021/22 – 2023/24 and in-year Position 2020/21, as reported to Cabinet on 28 October 2020.

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Forecast year end position 2020/21 – Services within the remit of thisCommittee

Revenue

The forecast revenue outturn for 2020/21 for the services under the remit of the Scrutiny Overview Committee is an overspend of £0.19m, net of the use of earmarked reserves and any action plan, as shown in **Table 1**. This is based on information from the financial systems as at the end of August 2020, and discussions with managers regarding year-end forecast.

Table 1: Forecast revenue analysis 2020/21 by service for those services within remit of the committee			
Service	Annual Net Budget £m	Year-end forecast £m	Net Forecast Variation to Budget (Under) / Over £m
Democratic Services	1.403	1.403	0.000
Electoral Services	0.649	0.649	0.000
Legal	1.925	1.925	0.000
Human Resources	2.741	2.741	0.000
Information, Communication and Technologies	7.079	6.991	(0.088)
Proud PMO	0.953	0.953	0.000
Finance	4.918	4.918	0.000
Payroll & Pensions	0.116	0.116	0.000
Integrated Facilities Management	5.951	6.335	0.384
Procurement	0.748	0.748	0.000
Communities & Partnership	2.576	2.473	(0.103)
Housing Standards & Improvements	0.190	0.190	0.000
Money Home Job	4.603	4.603	0.000
Total	33.852	34.045	0.193

Total earmarked reserves of £6.54m are available for use in 2020/21. Within the reported outturn position a total of £5.52m of earmarked reserves are forecast to be used.

The main variances are summarised in **Table 2** below.

Table 2 – Reasons for revenue forecast variance		
Service	Variance £m	Explanation of Year End Forecast
Information, Communication and Technologies	(0.088)	Underspend on vacant posts as expected to be recruited later in financial year 2020/21.
Integrated Facilities Management	0.384	Under recovery of income across cleaning, caretaking and catering.
Communities & Partnerships	(0.103)	Underspend due to staff being covered by Integrated Communities Programme funding
Total	0.193	

Where overspends are predicted, managers are required to identify remedial action that can be made within the service, and to report this as part of an action plan. Work to identify mitigating actions is in progress. It is expected that the majority of the forecast overspends within services will be mitigated in year through efficiencies.

Included within the budget for 2020/21 are £1.101m of approved savings, as shown in **table 3** below.

Table 3: Delivery of 2020/21 approved savings – services within remit of the committee					
Saving	Total savings	Delivered (Blue)	To be delivered by 31/03/20 (Green)	Not fully guaranteed (Amber)	Not achieved (Red)
Enabling support services (admin)	1.100	0	0	0	1.100
Income generation / cost recovery - review of existing fees and charges	0.001	0	0	0	0.001
Total approved savings	1.101	0	0	0	1.101

Due to Covid-19 the implementation of the above savings has been delayed and are now not expected to be fully delivered in 2021/22. Consultation on the ESS Admin saving has commenced, which provides assurance around that delivery. Covid-19 funding from Government has been identified to cover the pressures arising from these savings not being delivered in year.

Capital

The capital programme for services within the remit of this committee as at the end of August 2020 is forecast to be on budget after re-phasing of projects of £1.79m from 2020/21 to 2021/22. A list of schemes are shown in **Table 4**. All schemes funded from external sources will be maximised where possible in year to minimise any payback.

Table 4 – Capital Outturn 2020/21 – services within the remit of the committee

SCHEME	2020/21 Budget	Estimated Outturn	Variance	Carry forward 2021/22	(Underspend)/ overspend
	£m	£m	£m	£m	£m
Council Funded schemes					
Aids and adaptations (statutory element)	0.277	0.277	-	-	-
CCTV	0.432	0.432	-	-	-
Civic centre heating	1.147	1.147	-	-	-
COTAG replacement	0.002	0.002	-	-	-
Council chamber refurbishment	0.187	0.187	-	-	-
Council house general heating	1.091	1.091	-	-	-
Council house internal decoration	0.056	0.056	-	-	-
Council house rewiring	0.973	0.973	-	-	-
Council house smoke & heat detection fire alarm	0.327	0.327	-	-	-
Data backup system replacement	0.050	0.050	-	-	-
Enabling technology	11.700	11.700	-	-	-
Essential Microsoft upgrades & foundation for Office 365	0.146	0.083	(0.063)	0.063	-
Health through warmth and related retro fit schemes	0.103	0.103	-	-	-
ICT-Safe and secure environment	3.403	2.183	(1.220)	1.220	-
ICT-Safe and secure environment Wyse	0.100	0.100	-	-	-
Improving security in local neighbourhoods	0.003	0.003	-	-	-
Operation repair and maintenance of council buildings	0.376	0.376	-	-	-
Planned property maintenance	0.250	0.250	-	-	-
Procurement system for (HRMS) and Oracle EBS financials	3.106	3.106	-	-	-
Proud - ICT	0.200	0.132	(0.068)	0.068	-
Proud card payments digital website	0.500	0.500	-	-	-
Resource & consultancy to upgrade Win2008 server	0.200	0.200	-	-	-
Schools project	0.159	0.159	-	-	-
Single mobile devices for use within the new in-tune platform	0.035	0.035	-	-	-

Telephone cloud based system	0.500	0.060	(0.440)	0.440	-
SCHEME	2020/21 Budget	Estimated Outturn	Variance	Carry forward 2021/22	(Underspend)/ overspend
	£m	£m	£m	£m	£m
Transformation programme	0.455	0.455	-	-	-
Walsall council house-modern secure reception	0.026	0.026	-	-	-
Willenhall Lane travellers site	0.085	0.085	-	-	-
Willenhall Lane travellers site pumping stations	0.044	0.044	-	-	-
Externally Funded schemes					
Disabled facilities grant	2.396	2.396	-	-	-
Off gas scheme	0.285	0.285	-	-	-
MHJ compulsory purchase order	0.255	0.255	-	-	-
Total Capital	28.869	27.078	(1.791)	1.791	0.000