

Scrutiny Overview Committee

7 FEBRUARY 2023

**Corporate Financial Performance 2022/23 – 7 month position ended 31 October 2022**

**Ward(s)** All

**Portfolios:** All - specifically in relation to services within the remit of this Committee -  
Cllr M Bird – Leader of the Council  
Cllr G Perry – Deputy Leader and Resilient Communities  
Cllr G Ali – Customer  
Cllr K Ferguson – Internal Services

**1. Aim**

1.1 To inform the Committee of the updated forecast financial position for 2022/23 based on the position to October 2022, as reported to Cabinet on 14 December 2022, to allow the scrutiny of the financial performance of the council, and specifically for the services within the committee's remit.

**2. Recommendations:**

The Committee are requested to:

2.1 Note and comment on the forecast 2022/23 year-end financial position for the council as a whole – a predicted net revenue overspend of £11.33m (an increase of £5.21m since last reported to Cabinet in October 2022), and capital break even position after re-phasing of £92.64m into 2023/24. The section 151 Officer requested that all budgets be reviewed and that services identify mitigating actions to address the revenue position. Following this review, £11.28m of mitigating actions have been identified to address this, resulting in a marginal revenue forecast overspend of £0.05m. Any on-going pressures or undelivered savings not addressed in year will need to be considered as part of the 2023/24 budget process, putting pressure on that process. Officers are confident at this stage, based on known assumptions, that actions being taken will address this and outturn on budget.

2.2 Note and comment on the forecast 2022/23 year-end financial position for services within the remit of this committee – a predicted net revenue underspend of £1.27m and net capital break even position after re-phasing of £19.33m into 2023/24, subject to ongoing review.

**3. Report detail - Know**

3.1 This report summarises the forecast revenue and capital financial position for 2022/23, based on the position to October 2022, for the council as a whole, and for services within the remit of the Scrutiny Overview Committee, as reported to Cabinet on 14 December 2022. The full Cabinet report can be accessed by the following link:

## Corporate Financial Performance 2022/23 - Cabinet 14 December 2022

- 3.2 The Quarter 2 financial position was last reported to this Committee on 10 November 2022, with the next Quarter 3 position planned to be circulated to scrutiny members following the report to Cabinet in February 2023. Given the worsening financial position reported to Cabinet on 14 December 2022 based on the October forecast (an increase of £5.21m since last reported to Cabinet in October 2022) and the mitigation to ensure we can outturn within budget by the year end, then it was felt appropriate for each scrutiny to receive this update, along with the impact on services within the remit of their committees.
- 3.3 The forecast revenue outturn for 2022/23 for services within the remit of this committee as at the end of October 2022, is a net underspend of £1.27m against budget, net of the use of earmarked reserves. This represents an increased underspend of £0.47m since the position reported to this Committee on 10 November 2022. Further details are shown in **Appendix 1**.
- 3.4 The forecast capital outturn for 2022/23 for services within the remit of this committee as at the end of October 2022, is expected to be break even after rephasing of £19.33m into 2023/24. Further details of schemes are shown in **Appendix 2**.

### **Resource and legal considerations:**

- 3.5 This report represents the forecast revenue and capital outturn for 2022/23 as reported to Cabinet on 14 December 2022.

### **Reducing inequalities:**

- 3.6 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 and comment on the forecast revenue and capital forecast for 2022/23 and consider the recommendations as set out.

## **5. Respond**

- 5.1 This report is for noting and comment by the Committee as above.

## **6. Review**

- 6.1 This report is for noting and comment by the Committee as above.

### **Background papers:**

- Various financial working papers.
- Corporate Financial Performance 2022/23, as reported to Cabinet on 14 December 2022.

**Contact Officers:**

Deborah Hindson - Executive Director, Resources and Transformation,

☎ 01922 653801, ✉ [deborah.hindson@walsall.gov.uk](mailto:deborah.hindson@walsall.gov.uk)

Vicky Buckley, Head of Finance and Assurance, ☎ 01922 652326 / 07983 604698, ✉

[Vicky.Buckley@walsall.gov.uk](mailto:Vicky.Buckley@walsall.gov.uk)

Ross Hutchinson – Head of Finance – Finance Business Partnering & ESS Projects, ✉

[Ross.Hutchinson@walsall.gov.uk](mailto:Ross.Hutchinson@walsall.gov.uk)

**Forecast Revenue position 2022/23**  
**Services within the remit of the Scrutiny Overview Committee**

***Revenue Forecast***

The forecast revenue outturn for 2022/23 for the services under the remit of the Scrutiny Overview Committee is an underspend of £1.27m, net of the use of earmarked reserves and identified action plans of £9.15m, as shown in **Table 1**. The forecast revenue outturn shown is based on actual information from the financial system as at the end of October 2022, and discussions with managers regarding year end forecast and achievement of approved savings.

The August forecast position reported to this Committee on 10 November 2022 was an underspend of (£0.80m), net of the use of reserves, therefore an increased underspend of £0.47m over the 2 months.

**Table 1: Forecast revenue analysis 2022/23 by Service**

Service	Annual Budget	Year End Forecast	Net Use of Reserves	Action Plan	Draft Outturn after use of and transfer to Earmarked Reserves	Variance to Budget
	£m	£m	£m	£m	£m	£m
<b>Economy, Environment &amp; Communities</b>						
Communities and Partnerships	2.02	2.84	(1.04)	0.00	1.80	(0.22)
<b>Children Services</b>						
Money Home Job / Housing Standards	3.44	4.76	(1.83)	(0.40)	2.52	(0.92)
<b>Adult Social Care</b>						
Communication, Marketing and Brand	0.87	0.86	0.00	0.00	0.86	(0.01)
Procurement	0.77	0.96	0.00	0.00	0.96	0.19
<b>Resources and Transformation</b>						
Democratic Services	1.55	1.60	0.00		1.60	0.05
Legal	1.95	2.07	0.00	0.00	2.07	0.12
Electoral Services	0.53	0.53	0.00	0.00	0.53	0.00
Finance	4.40	4.48	(0.06)	0.00	4.41	0.01
Corporate Assurance	0.52	0.53	0.00	0.00	0.53	0.01
Human Resources	5.90	6.41	(0.40)	0.00	6.01	0.10
Corporate Landlord	8.29	11.43	(3.44)	(0.25)	7.31	(0.54)
Payroll & Pensions	0.16	0.24	(0.06)	0.00	0.17	0.01
Transformation & Digital	9.01	10.59	(1.66)	0.00	8.93	(0.08)
<b>Total Services within remit of Committee</b>	<b>39.43</b>	<b>47.31</b>	<b>(8.50)</b>	<b>(0.65)</b>	<b>38.16</b>	<b>(1.27)</b>

Total earmarked reserves of £14.63m are available for use in 2022/23 (where approval has been given by Cabinet for additional funds for specific services). Within the reported outturn position a total of £9.15m of earmarked reserves are forecast to be used.

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

<b>Table 2 – Reasons for revenue outturn variance</b>		
<b>Service</b>	<b>Variance £m</b>	<b>Explanation of Year End Outturn</b>
Communities & Partnership	(0.22)	Underspend due to delay in RC restructure
Money Home Job / Housing Standards	(0.92)	Mainly due to salary underspend due to grant funding and (£0.40m) reserves mitigation
Communication, Marketing and Brand	(0.01)	Underspend on printing materials
Procurement	0.19	Additional cost of interim management and agency staff
Democratic Services	0.05	Leasing hire of equipment
Legal	0.12	Due to locum costs
Electoral Services	0.00	
Finance	0.01	Additional income offset by supplies and services
Corporate Assurance	0.01	Fees and licenses
Human Resources	0.10	Salary, agency and recruitment overspend offset by additional income
Corporate Landlord	(0.54)	Overspend on Box Office, Caretaking, Corporate Management offset by underspend on Cleaning, Catering, Asset Management, Building Services, Crossings and Post Room
Payroll & Pensions	0.01	Salary overspend
Transformation & Digital	(0.08)	Underspend of salaries and additional income
<b>Total Services within remit of this Committee</b>	<b>(1.27)</b>	

### ***Action Plan***

Where overspends are predicted within the Directorate, 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 in the directorate as a whole.

In view of the current overall corporate position, the section 151 Officer requested that all budgets be reviewed and that services identify mitigating actions to address the revenue position.

The resulting action plan for services within the remit of this Committee includes the following to assist in reducing the in-year pressures and to help with the overall financial position of the council:

- £0.40m – Customer Engagement reserves
- £0.25m – Facilities Management reserves

Any risks identified in year will need to be considered and managed from existing resources to ensure they do not adversely affect the councils forecast outturn position.

## Service Transformation Plan Benefits

Included within the budget for 2022/23 for services within the remit of this Committee are £2.63m of approved savings. **Table 3** gives an update on progress towards implementing these benefits:

<b>Table 3: Delivery of 2022/23 approved savings – services within the remit of this Committee</b>					
<b>Saving</b>	<b>Total savings £m</b>	<b>Delivered (Blue) £m</b>	<b>To be delivered by 31/03/23 (Green) £m</b>	<b>Not fully guaranteed (Amber) £m</b>	<b>At High risk of non delivery (Red) £m</b>
<b>Economy, Environment and Communities</b>					
OP103/104 – reduction in operational costs within resilient communities	(0.02)		(0.02)		
OP113 – efficiencies relating to Customer Access Mgt - Resilient Communities	(0.08)		(0.08)		
New – redundant positions – Resilient Communities	(0.06)		(0.01)		(0.05)
<b>Children’s Services</b>					
OP98 – Restructure within Money Home Job	(0.17)	(0.17)			
OP100 - MHJ Housing Services staff capitalisation	(0.02)		(0.02)		
OP109/113 – MHJ Review of use of Homelessness grant funding	(0.43)	(0.43)			
<b>Adult Social Care</b>					
OP32 – Printing – paperless council meetings	(0.01)		(0.01)		
New – Printing - increase income from external bodies	(0.03)			(0.03)	
<b>Resources and Transformation</b>					
OP34 – Electoral Services – modernisation of canvassing system	(0.01)			(0.01)	
OP35 – Legal efficiencies	(0.03)			(0.03)	
OP38 – Legal – efficiencies from law books	(0.01)			(0.01)	
OP39 - Restructure of Finance Function to strengthen strategic financial planning	(0.02)	(0.02)			
OP41 - Accounts Payable - Use of automated invoice validation process	(0.05)	(0.05)			
OP42 – Finance – impact of connected working on financial transactions	(0.02)		(0.02)		
OP44 - Finance - review and reduction in transactional activity	(0.12)	(0.12)			
OP45 - Finance - Schools Traded Service team cost recovery	(0.02)		(0.02)		
OP46 - Finance - Implementation of Walsall Supplier Early Payment Scheme	(0.09)		(0.09)		
OP49 – DaTS – Centralise all IT costs across the council	(0.27)		(0.18)	(0.09)	
OP50 – DaTS – sell IT services to other councils	(0.02)		(0.01)	(0.01)	
OP52 - Facilities Management - school catering and caretaking traded services review	(0.02)			(0.02)	

Saving	Total savings £m	Delivered (Blue) £m	To be delivered by 31/03/23 (Green) £m	Not fully guaranteed (Amber) £m	At High risk of non delivery (Red) £m
OP53 – Facilities Management – review of process and service standards	(0.06)			(0.06)	
OP54 – Facilities Management – review of ways of working – post room/postage	(0.01)		(0.01)		
OP57 – CPM – review structure	(0.03)	(0.03)			
OP59 – HR restructure	(0.05)		(0.05)		
OP60 – HR ceasing of physio contract	(0.01)	(0.01)			
OP108 – DaTS review of mobile phone contracts	(0.03)		(0.03)		
OP109/113 – Review of Enabling & Support Services	(0.78)	(0.17)	(0.28)	(0.33)	
New – Facilities Management – solar panels on buildings	(0.03)		(0.01)	(0.02)	
P2 – Finance – introduce charge for appointeeship management support	(0.07)		(0.07)		
P3 – Finance – introduce charge for administration of deaths for appointees	(0.01)		(0.01)		
P4 – Facilities Management – organisational redesign – client model	(0.04)	(0.04)			
P5 – HR Occupational Health contract	(0.01)		(0.01)		
<b>Total approved savings for services within remit of Committee</b>	<b>(2.63)</b>	<b>(1.04)</b>	<b>(0.93)</b>	<b>(0.61)</b>	<b>(0.05)</b>

Each benefit is “BRAG” categorised as follows:

- Blue (delivered);
- Green (on track to be delivered with no issues at year end of 2021/22);
- Amber (not guaranteed at this stage but no major issues expected, some management action needed to ensure delivery) or,
- Red - (at high risk of not being achieved either in part or in full and therefore either alternative actions are required or a plan to ensure delivery is put back on track);

A Walsall proud resource plan has been agreed to provide additional support towards delivery.

**Forecast Capital position 2022/23**  
**Services within the remit of the Scrutiny Overview Committee**

***Capital Forecast***

The capital programme for the services under the remit of the Scrutiny Overview Committee, as at the end of October 2022, is £56.48m. It is currently expected to break even after rephasing of £19.33m into 2023/24. A list of schemes within the remit of this committee is shown in **Table 4**.

<b>Table 4 – Capital Outturn 2022/23 – Services within the remit of this Committee</b>						
<b>Scheme</b>	<b>Approved Budget £m</b>	<b>Actual year to date £m</b>	<b>Forecast Outturn £m</b>	<b>Year End Variance £m</b>	<b>Proposed Carry Forward to 2023/24 £m</b>	<b>Variance Over / (Under) £m</b>
<b>Council Funded schemes</b>						
Rolling programme – health and safety schemes (£1.00m below)	0.39	0.00	0.00	(0.39)	0.39	0.00
Flexible use of Capital Receipts - transformation	4.00	0.00	0.00	(4.00)	4.00	0.00
Central contingency	0.08	0.00	0.00	(0.80)	0.80	0.00
Aids and adaptations (statutory element)	0.80	0.12	0.80	0.00	0.00	0.00
Asbestos Removal	0.03	0.00	0.03	0.00	0.00	0.00
Challenge Block	0.03	0.00	0.03	0.00	0.00	0.00
Civic Centre heating	1.15	0.00	0.05	(1.10)	1.10	0.00
Civic Centre plumbing	0.07	0.00	0.07	0.00	0.00	0.00
Computer aided facilities management system	0.35	0.00	0.35	0.00	0.00	0.00
Council Chamber Refurbishment	0.21	0.00	0.21	0.00	0.00	0.00
Council House General Heating	2.17	0.00	0.05	(2.12)	2.12	0.00
Council House internal decoration	0.03	0.00	0.03	0.00	0.00	0.00
Council House rewiring	0.00	0.00	0.00	0.00	0.00	0.00
Council House roof repairs	1.50	0.00	0.80	(0.70)	0.70	0.00
Council House – secure reception	0.03	0.00	0.03	0.00	0.00	0.00
Council House Smoke & Heat Detection Fire Alarm	0.33	0.00	0.00	(0.33)	0.33	0.00
Council House windows	1.31	0.02	1.00	(0.31)	0.31	0.00
Enabling Technology	8.38	2.09	3.73	(4.65)	4.65	0.00
Essential microsoft upgrades & foundation for Office 365	0.04	0.00	0.03	(0.01)	0.01	0.00
Fire Risk Assessment	0.20	0.13	0.20	0.00	0.00	0.00
Health through warmth and related Retro Fit schemes	0.15	0.00	0.15	0.00	0.00	0.00
ICT-Safe and Secure Environment	4.63	0.55	2.10	(2.53)	2.53	0.00
Maintaining a Safe and Secure Environment	0.22	0.00	0.10	(0.12)	0.12	0.00



Scheme	Approved Budget £m	Actual year to date £m	Forecast Outturn £m	Year End Variance £m	Proposed Carry Forward to 2023/24 £m	Variance Over / (Under) £m
MYCMIS	0.02	0.00	0.00	(0.01)	0.01	0.00
Operation repair and maintenance of Council buildings	0.31	0.00	0.16	(0.15)	0.15	0.00
Oracle EBS Archive	0.14	0.10	0.14	0.00	0.00	0.00
Planned property maintenance	0.40	0.03	0.40	0.00	0.00	0.00
Procurement system for (HRMS) and Oracle EBS financials	0.22	0.12	0.22	0.00	0.00	0.00
Proud - ICT	0.10	0.00	0.05	(0.05)	0.05	0.00
Proud card payments digital website	0.74	0.33	0.74	0.00	0.00	0.00
Resource & consultancy to upgrade Win2008 server	0.00	0.00	0.00	0.00	0.00	0.00
Rushall Olympic Football Club	0.01	0.00	0.01	0.00	0.00	0.00
Safe water supplies	0.15	0.04	0.15	0.00	0.00	0.00
Schools Project	0.04	0.02	0.04	0.00	0.00	0.00
Security arrangements for corporate buildings	0.12	0.06	0.12	0.00	0.00	0.00
Smart Phones	0.32	0.00	0.05	(0.27)	0.27	0.00
Statutory testing	0.23	0.09	0.23	0.00	0.00	0.00
Telephone Cloud based system	0.34	0.01	0.06	(0.28)	0.28	0.00
Town Centre Strategic Acquisition for third sector hub & opera	0.08	0.06	0.08	0.00	0.00	0.00
Webcasting and hybrid council meetings	0.02	0.00	0.02	0.00	0.00	0.00
Willenhall Lane Travellers Site Pumping Stations	0.02	0.00	0.02	(0.01)	0.01	0.00
Saddlers Shopping Centre	0.39	0.00	0.39	0.00	0.00	0.00
<b>Total Council Funded Schemes</b>	<b>29.72</b>	<b>4.07</b>	<b>17.08</b>	<b>(17.11)</b>	<b>17.11</b>	<b>0.00</b>
<b>Externally Funded schemes</b>						
Disabled facilities grant	3.31	1.75	3.31	0.00	0.00	0.00
Off Gas Scheme	0.13	0.00	0.06	(0.07)	0.07	0.00
Warm Homes Fund Gas Scheme	0.47	0.19	0.47	0.00	0.00	0.00
BEIS LADS Round 1B	2.06	0.00	2.06	0.00	0.00	0.00
BEIS LADS 2/3	6.45	0.04	6.45	0.00	0.00	0.00
Midland Energy Hub – LADS/HUGs	3.98	0.18	3.98	0.00	0.00	0.00
Social Housing Decarbonisation	8.81	2.58	7.92	(0.89)	0.89	0.00
MHJ Compulsory Purchase Order	1.54	0.15	0.28	(1.26)	1.26	0.00
<b>Total External Funded Schemes</b>	<b>26.76</b>	<b>4.88</b>	<b>24.53</b>	<b>(2.22)</b>	<b>2.22</b>	<b>0.00</b>
<b>Total Capital – Services within the remit of this Committee</b>	<b>56.48</b>	<b>8.66</b>	<b>37.15</b>	<b>(19.33)</b>	<b>19.33</b>	<b>0.00</b>