

**Economy and Environment
Overview and Scrutiny Committee**

02 FEBRUARY 2023

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

Ward(s) All

Portfolios: Cllr A Andrew – Deputy Leader and Regeneration
Cllr G Perry – Deputy Leader and Resilient Communities
Cllr K Murphy – Clean and Green

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 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 under spend of (£1.133m) and net capital break even position after re-phasing of £32.658m 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 services within the remit of the Economy and Environment Overview and Scrutiny 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 24 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 (£1.133m) against budget, net of the use of earmarked reserves. This represents an increase of (£0.701m) since the position reported to this Committee on 24 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 rephrasing of £32.658m 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 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.

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Forecast Revenue position 2022/23
Services within the remit of the Economy and Environment Overview
and Scrutiny Committee

Revenue Forecast

The forecast revenue outturn for 2022/23 for the services under the remit of the Economy and Environment Overview and Scrutiny Committee is an under spend of (£1.133m), net of the use of earmarked reserves of £6.332m, 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 24 November 2022 was an underspend of (£0.432m) net of the use of reserves, therefore a net increase of (£0.701m) underspend 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 & Action plan	Variance to Budget
	£m	£m	£m	£m	£m	£m
Cultural Service	1.198	1.213	(0.145)	(0.049)	1.019	(0.179)
Planning Services & Building Control	0.798	1.475	(0.486)	(0.019)	0.970	0.172
Regeneration & Development	0.516	0.949	(0.433)	(0.158)	0.358	(0.158)
Programme Management	0.136	0.471	(0.336)	0.000	0.136	0.000
Clean & Green Services	19.316	18.612	(0.255)	(0.028)	18.329	(0.987)
Leisure & Bereavement	(0.645)	(0.691)	(0.060)	(0.011)	(0.762)	(0.117)
Highways & Transportation	9.335	14.084	(4.441)	(0.139)	9.504	0.169
Emergency Planning	0.210	0.169	(0.001)	(0.003)	0.165	(0.045)
Library Services	2.350	2.226	(0.028)	0.000	2.198	(0.152)
Regulatory Services	1.120	1.504	(0.146)	(0.097)	1.261	0.141
EE Management	0.437	0.461	(0.001)	0.000	0.460	0.023
Total Services within remit of Committee	34.771	40.473	(6.332)	(0.504)	33.638	(1.133)

Total earmarked reserves of £30.679m 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 £6.332m of earmarked reserves are forecast to be used.

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

Table 2 – Reasons for revenue outturn variance		
Service	Variance £m	Explanation of Year End Outturn
Cultural Service	(0.179)	(£130k) one off staffing underspends due to vacant posts and (£49k) one off action plan.
Planning Services & Building Control	0.172	£191k under recovery of planning applications income and overspend on agency staff and fixed term staff to support demand and (£19k) one off action plan.
Regeneration & Development	(0.158)	(£158k) one off action plan.
Clean & Green Services	(0.987)	(£959k) reduced waste disposals costs partly offset by vehicle fuel overspend (due to cost of living) and (£28k) one off action plan.
Leisure & Bereavement	(0.117)	(£106k) underspend on staffing due to vacant posts one off and casuals and over recovery of bereavement income and (£11k) one off action plan.
Highways & Transportation	0.169	£308k overspend due to contractual inflation and traffic lights electricity costs due to cost of living and (£139k) one off action plan.
Emergency Planning	(0.045)	(£42k) staff underspend due to delay in recruitment and (£3k) one off action plan.
Library Services	(0.152)	(£152k) one off staffing underspends due to vacant posts.
Regulatory Services	0.141	£238k overspend on legal fees for unauthorised Encampments and under recovery of Kingdom enforcement income and (£97k) one off action plan.
EE Management	0.023	Overspend on staffing.
Total Services within remit of this Committee	(1.133)	

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 one-off action plan of £0.504m 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:

- £49k Art Council grant reserve.
- £19k Building control reserve.
- £158k Economic growth programme reserve.
- £97k Resilient Communities reserve.

- £39k Clean and Green and Leisure release of underspends on supplies and services.
- £139k Release of underspends & savings from delay in appointing to vacant posts and additional use of reserves.
- £3k Release underspends in service.

Risk

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.

For the services under the remit of this committee, there are a number of risks totalling £0.304m 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 position. High risks of £0.204m are included in the corporate monitoring report to CMT. If the risks become certainties, they will need to be included in the forecast position as overspends unless alternative action can be identified to mitigate these costs. A summary of the risk assessment is included in Table 3 below.

Risk	Value £k	Ongoing £k	One Off £k	Actions to manage risk
High	204	0	204	Economy and Environment continue to identify possible in year mitigations and review budgets as part of Council's MTFO plan.
Medium	120	0	120	
Low	(20)	0	(20)	
Total	304	0	304	

The main high risk (Red risk) that could negatively impact the current forecast position should it occur is detailed further in Table 4 below.

Service	Reason / explanation of risk	£k
Highways & Transportation	Gully thefts and safety barriers	204
Total High Risks		204

Service Transformation Plan Benefits

Included within the budget for 2022/23 for services within the remit of this Committee are £1.99m of approved savings. **Table 5** gives an update on progress towards implementing these benefits:

Table 5: Delivery of 2022/23 approved savings – services within the remit of this Committee

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
OP66 - reset of the Street Cleansing	(0.05)	(0.05)	0.00	0.00	0.00
OP78 - Cost effective procurement of new fitness equipment	(0.04)	0.00	(0.04)	0.00	0.00
OP79 - Bloxwich Active Living Centre landing development	(0.08)	0.00	(0.08)	0.00	0.00
OP103 - Review of existing fees and charges within Place & Environment	(0.03)	0.00	(0.03)	0.00	0.00
P9 - Charge developers for travel plans– alternate savings to be identified	0.00	0.00	0.00	0.00	0.00
OP62/65 - Clean, Green & Leisure restructure and delivery model review	(0.60)	(0.14)	0.00	0.00	(0.46)
OP109/113 PART - 2% increase in bereavement fees and charges.	(0.06)	0.00	(0.06)	0.00	0.00
NEW - Premium bulky waste collection service	(0.02)		0.00	0.00	(0.02)
NEW - Capitalisation of staff working on waste contracts	(0.09)	(0.09)	0.00	0.00	0.00
NEW - Reallocation of highways and transport capital grant to capitalise street furniture and car park resurfacing costs	(0.20)	(0.20)	0.00	0.00	0.00
ALT6 - Capitalisation of wheeled bin stock.	(0.17)	(0.17)	0.00	0.00	0.00
NEW - Use of unallocated bus lane and parking income reserve.	(0.06)	(0.06)	0.00	0.00	0.00
NEW - Holding of posts - Resilience Unit	(0.02)	(0.02)	0.00	0.00	0.00
NEW - Additional vacancy management to freeze non essential post in restructure (OP62 & OP65) and build in 3 month recruitment lag to posts outside restructure.	(0.02)	0.00	(0.02)	0.00	0.00
NEW - Further efficiencies relating to Customer Access Management	0.00	0.00	0.00	0.00	0.00
NEW - Bookable Gyms	(0.03)	0.00	0.00	0.00	(0.03)
NEW - One off use of Section 38 income	(0.03)	(0.03)	0.00	0.00	0.00
NEW - Street lighting savings	0.00	0.00	0.00	0.00	0.00
NEW - Offer residential gardening service	(0.03)	0.00	0.00	0.00	(0.03)
OP21 - Capitalisation of posts - maximise external funding	(0.03)	0.00	(0.03)	0.00	0.00
OP74 - Heritage and culture / Arts and events - increase fees and charges	(0.01)	0.00	0.00	0.00	(0.01)
OP113 - Regeneration & Economy holding of vacancies and one off efficiencies	(0.15)	0.00	(0.15)	0.00	0.00
OP109 - Regeneration & Economy holding of vacancies and one off efficiencies	(0.11)	0.00	(0.11)	0.00	0.00
OP113 - Efficiencies relating to Customer Access Management - Resilient Communities	(0.08)	0.00	(0.08)	0.00	0.00
OP103/104 - Reduction in operational costs within resilient communities	(0.02)	0.00	(0.02)	0.00	0.00
NEW - Review of Libraries management	(0.06)	0.00	(0.01)	0.00	(0.05)
Total approved savings for services within remit of Committee	(1.99)	(0.76)	(0.63)	(0.00)	(0.60)

Each benefit is “BRAG” categorised as follows:

- Blue (delivered);
- Green (on track to be delivered with no issues at year end of 2022/23);
- 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 Economy and Environment Overview
and Scrutiny Committee

Capital Summary

The total capital programme budget for the services under the remit of the committee is £78.746m with the current forecast position projected to £46.088m for Period 7 (October) as detailed in Table 6 below. The proposed £32.658m carry forward is split across a number of service areas with the largest carry forward being £9.554m for Middlemore Lane HWRC, which is currently going through the tendering process with construction due to commence in July 2023.

Table 6 – Capital Outturn 2022/23 – Services within the remit of this Committee						
Service	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
Council Funded						
Clean and Green Services	1.265	0.105	0.745	(0.520)	(0.520)	0.000
Leisure, Culture & Operations	0.647	0.344	0.647	0.000	0.000	0.000
Engineering & Transportation	12.479	1.820	7.505	(4.974)	(4.974)	0.000
Regeneration & Development	11.509	1.373	4.452	(7.057)	(7.057)	0.000
Libraries	0.228	0.033	0.228	0.000	0.000	0.000
Programme Management	2.024	0.000	0.000	(2.024)	(2.024)	0.000
Total Council Funded	28.152	3.675	13.577	(14.575)	(14.575)	0.000
Prudential Borrowing						
Clean and Green	16.079	4.131	6.404	(9.675)	(9.675)	0.000
Total Prudential Borrowing	16.079	4.131	6.404	(9.675)	(9.675)	0.000
Externally Funded						
Clean and Green Services	0.473	0.064	0.412	(0.061)	(0.061)	0.000
Leisure, Culture & Operations	2.601	0.591	2.601	0.000	0.000	0.000
Engineering & Transportation	9.999	2.710	6.683	(3.316)	(3.316)	0.000
Regeneration & Development	10.800	6.751	9.379	(1.421)	(1.421)	0.000
Programme Management	10.642	0.438	7.032	(3.610)	(3.610)	0.000
Total External Funded	34.515	10.554	26.107	(8.408)	(8.408)	0.000
Total Capital – Services within the remit of this Committee	78.746	18.360	46.088	(32.658)	(32.658)	0.000

A list of schemes within the remit of this committee is shown in Table 7.

<u>Table 7 – List of Schemes</u>	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
<u>Council Funded Schemes</u>						
Clean And Green Services Capital						
Open Water	0.002	0.002	0.002	0.000	0.000	0.000
St Peter Church Repairs To Surrounding Wall	0.033	0.000	0.033	0.000	0.000	0.000
Willenhall Memorial Park	0.003	0.000	0.003	0.000	0.000	0.000
Workshop Breakdown Vehicle	0.067	0.065	0.067	0.000	0.000	0.000
Allotment Boundary Improvement Works	0.260	0.000	0.130	(0.130)	(0.130)	0.000
Walsall Arboretum Extension	0.190	0.000	0.190	0.000	0.000	0.000
Barr Beacon Infrastructure Works	0.040	0.000	0.040	0.000	0.000	0.000
Capitalisation Wheeled Bin Stock	0.180	0.038	0.180	0.000	0.000	0.000
Children's Play Equipment	0.490	0.000	0.100	(0.390)	(0.390)	0.000
Total Clean and Green Services	1.265	0.105	0.745	(0.520)	(0.520)	0.000
Leisure Culture & Operations Capital						
Headstone Safety In Cemeteries	0.020	0.020	0.020	0.000	0.000	0.000
Replacement Cemeteries Administration System	0.075	0.000	0.075	0.000	0.000	0.000
Streety Cemetery Extension	0.405	0.227	0.405	0.000	0.000	0.000
North Walsall Cemetery Flooding	0.105	0.097	0.105	0.000	0.000	0.000
Darlaston Pool Energy Efficiency	0.042	0.000	0.042	0.000	0.000	0.000
Total Leisure, Culture & Operations	0.647	0.344	0.647	0.000	0.000	0.000
Engineering & Transportation Capital						
Community Dropped Crossings	0.020	0.000	0.020	0.000	0.000	0.000
District Town Centre's Public Realm Improvements	0.000	0.006	0.000	0.000	0.000	0.000
Highways Maintenance	2.710	0.888	2.710	0.000	0.000	0.000
Street Furniture	0.197	0.081	0.197	0.000	0.000	0.000
Hatherton Road Car Park	0.211	0.000	0.000	(0.211)	(0.211)	0.000

Promotion Of Community Health & Safety	0.131	(0.028)	0.065	(0.066)	(0.066)	0.000
Replacement Of Obsolete Traffic Signal Control Equipment	0.200	0.013	0.200	0.000	0.000	0.000
Hatherton Road MSCP Structural Maintenance	0.200	0.012	0.150	(0.050)	(0.050)	0.000
Darlaston Strategic Development Area (DSDA)	0.010	0.000	0.000	(0.010)	(0.010)	0.000
M6 Junction 10 Resilience Packages (NPIF)	0.362	0.000	0.362	0.000	0.000	0.000
Transit Site	0.063	0.050	0.063	0.000	0.000	0.000
Lighting Invest To Save	6.975	0.819	3.738	(3.237)	(3.237)	0.000
Yorks Bridge	0.750	0.000	0.000	(0.750)	(0.750)	0.000
Replacement Of Obsolete Analogue Weather Stations	0.000	(0.021)	0.000	0.000	0.000	0.000
M6 Junction 10 Widening Of Bridges	0.650	0.000	0.000	(0.650)	(0.650)	0.000
Total Engineering & Transportation	12.479	1.820	7.505	(4.974)	(4.974)	0.000
Regeneration & Development Capital						
New Homes Bonus	0.077	0.000	0.000	(0.077)	(0.077)	0.000
Regenerating Walsall	0.223	0.000	0.000	(0.223)	(0.223)	0.000
Future High Street Fund	1.416	0.000	0.000	(1.416)	(1.416)	0.000
Enterprise Zones	6.557	1.373	3.452	(3.105)	(3.105)	0.000
Willenhall Masterplan	3.236	0.000	1.000	(2.236)	(2.236)	0.000
Total Regeneration & Development	11.509	1.373	4.452	(7.057)	(7.057)	0.000
Libraries						
Single Library Management System	0.040	0.033	0.040	0.000	0.000	0.000
Darlaston Library Integration	0.061	0.000	0.061	0.000	0.000	0.000
Replacement PC's	0.034	0.000	0.034	0.000	0.000	0.000
RFID Self-Issue	0.093	0.000	0.093	0.000	0.000	0.000
Total Libraries	0.228	0.033	0.228	0.000	0.000	0.000
Programme Management						
Bloxwich Town Deal	1.025	0.000	0.000	(1.025)	(1.025)	0.000
Walsall Town deal	0.999	0.000	0.000	(0.999)	(0.999)	0.000
Total Programme Management	2.024	0.000	0.000	(2.024)	(2.024)	0.000
Total Council Funded Schemes	28.152	3.675	13.577	(14.575)	(14.575)	0.00

<u>Externally Funded schemes</u>						
Clean And Green Services Capital						
Fibbersley Lnr-Enovert	0.001	0.000	0.001	0.000	0.000	0.000
Black Country Blue Network-ERDF	0.054	0.001	0.054	0.000	0.000	0.000
Black Country Blue Network-S106	0.021	0.001	0.021	0.000	0.000	0.000
Barr Beacon Infrastructure Works	0.061	0.000	0.000	(0.061)	(0.061)	0.000
Urban Tree Challenge Fund	0.111	0.062	0.111	0.000	0.000	0.000
Nature Recovery Canal And River Trust	0.211	0.000	0.211	0.000	0.000	0.000
Nature Recovery Canal And River Trust	0.014	0.000	0.014	0.000	0.000	0.000
Total Clean and Green Services	0.473	0.064	0.412	(0.061)	(0.061)	0.000
Leisure Culture & Operations Capital						
Darlaston Pool Energy Efficiency	2.601	0.591	2.601	0.000	0.000	0.000
Total Leisure, Culture & Operations	2.601	0.591	2.601	0.000	0.000	0.000
Engineering & Transportation Capital						
Additional Highway Maintenance Pothole Funding	1.598	1.339	1.598	0.000	0.000	0.000
LTP Including Bridge Strengthening 2010/11	0.393	0.000	0.393	0.000	0.000	0.000
Capital Block Dft Fund	1.732	0.624	1.732	0.000	0.000	0.000
M6 Junction 10 Highway Improvements	2.233	0.094	0.200	(2.033)	(2.033)	0.000
Zebra Crossing	0.005	0.000	0.005	0.000	0.000	0.000
West Midlands Strategic Transport Plan (Stp) 'Movement For Growth'	2.896	0.553	1.744	(1.152)	(1.152)	0.000
Active Travel (Tranche 2)	0.006	0.000	0.006	0.000	0.000	0.000
Flood Alleviation - Bloxwich Road	0.090	0.000	0.090	0.000	0.000	0.000
Ncn5 Veolia Trust	0.003	0.004	0.003	0.000	0.000	0.000
Better Streets - Ncn5 Cycle Route Improvement	0.004	0.000	0.004	0.000	0.000	0.000
Better Street - Hawes Rd Improvement	0.005	0.000	0.005	0.000	0.000	0.000
Electric Vehicle Charging Point Installation	0.254	0.000	0.254	0.000	0.000	0.000
Wolverhampton Street S106	0.073	0.000	0.073	0.000	0.000	0.000

NCN5 Canal & River Trust	0.007	0.000	0.007	0.000	0.000	0.000
Yorks Bridge	0.700	0.096	0.569	(0.131)	(0.131)	0.000
Total Engineering & Transportation	9.999	2.710	6.683	(3.316)	(3.316)	0.000
Regeneration & Development Capital						
Future High Street Fund	3.388	0.265	1.967	(1.421)	(1.421)	0.000
Phoenix 10 Eec Costs	0.000	4.920	0.000	0.000	0.000	0.000
Phoenix 10 Homes England	7.412	1.566	7.412	0.000	0.000	0.000
Total Regeneration & Development	10.800	6.751	9.379	(1.421)	(1.421)	0.000
Programme Management						
Bloxwich Town Deal	1.262	0.230	1.092	(0.170)	(0.170)	0.000
Walsall Town Deal	9.380	0.208	5.940	(3.440)	(3.440)	0.000
Total Programme Management	10.642	0.438	7.032	(3.610)	(3.610)	0.000
Total External Funded Schemes	34.515	10.554	26.107	(8.408)	(8.408)	0.000
<u>Prudential Borrowing</u>						
Clean and Green Capital						
Regional Materials Recycling Facility	5.775	4.061	5.654	(0.121)	(0.121)	0.000
Middlemore Lane HWRC	10.304	0.070	0.750	(9.554)	(9.554)	0.000
Total Clean and Green	16.079	4.131	6.404	(9.675)	(9.675)	0.000
Total Prudential Borrowing	16.079	4.131	6.404	(9.675)	(9.675)	0.000
Total Capital – Services within the remit of this Committee	78.746	18.360	46.088	(32.658)	(32.658)	0.000