

Scrutiny Overview Committee

11 DECEMBER 2023

Forecast Revenue and Capital Outturn for 2023/24 – 6 month position ended 30 September 2023

Ward(s) All

Portfolios: All - specifically in relation to services within the remit of this Committee -
Cllr M Bird – Leader of the Council
Cllr A Andrew – Deputy Leader and Regeneration (Housing Standards)
Cllr G Perry – Deputy Leader and Resilient Communities (Partnerships)
Cllr G Ali – Customer
Cllr K Ferguson – Internal Services

1. Aim

1.1 To inform the Committee of the forecast financial position for 2023/24, 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 and comment on the forecast 2023/24 year-end financial position for the council as a whole – a predicted net revenue overspend of c£3.72m after identified mitigation, and net capital underspend of c£710k after re-phasing of £23.82m into 2024/25. Work is in hand to identify further actions to bring the revenue position in line with budget by the year end. Officers are reasonably 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 2023/24 year-end financial position for services within the remit of this committee – a predicted net revenue overspend of £680k and net capital (£280k) underspend position after re-phasing of £7.14m into 2024/25, subject to ongoing review.

3. Report detail - Know

3.1 This report summarises the forecast revenue and capital financial position for 2023/24, based on the position to September 2023, both for the council as a whole, and for services within the remit of the Scrutiny Overview Committee, as reported to Cabinet on 18 October 2023. The full Cabinet report can be accessed by the following link:

[Corporate Financial Performance 2023/24 - Cabinet 18 October 2023](#)

Council wide position

- 3.2 A number of significant risks and pressures have emerged during 2023/24 that has required action to be taken to limit the council's exposure, mainly demand pressures within Adult Social Care and Children's Services, and the ongoing impact of cost of living on contracts/third party spend in particular, and where known and quantifiable, the financial impact of these are included within the forecast position. These are being further assessed in terms of impact and actions that may be required to manage these, including services taking action to address them, use of appropriate earmarked reserves, etc.
- 3.3 The current council wide forecast shows a number of pressures which would lead to a potential overspend of c£18.35m against budget, as detailed at Appendix 1. Total mitigating actions have been identified of £14.63m reducing the forecast overspend to £3.72m. The overall position has reduced by £10.07m on the June position of £13.80m reported to Cabinet on 19 July 2023. This includes additional Market Sustainability and Improvement Fund grant of £2.18m announced in July 2023, one off windfall income from business rates of £2.62m and a further underspend on capital financing of £2.08m. Work is in hand to identify further actions to bring the revenue position in line with budget by the year end.
- 3.4 In relation to the capital programme, the forecast for 2023/24 is a predicted underspend of £710k, after the expected carry forward of £23.82m into 2024/25, as at September 2023. The Cabinet report includes a number of in year amendment to the approved capital programme, mainly as a result of confirmed external funding allocations, including the request to increase highways maintenance by £700k in 2023/24, which are detailed at Appendix 1. Further requests for approval are made for the release of £2.89m from the development pool for the continuation of the Enabling Technology Programme, and the approval for borrowing of up to £6.50m to fund part of the Phoenix 10 funding package which is reimbursed from retained business rates.

Position for services within the remit of this committee

- 3.5 The forecast revenue outturn for 2023/24 for services within the remit of this committee as at the end of September 2023, is a net overspend of £680k against budget, net of the use of earmarked reserves. Further details are shown in Appendix 2.
- 3.6 The forecast capital outturn for 2023/24 for services within the remit of this committee as at the end of September 2023, is expected to be (£280k) underspent after re-phasing of £7.14m into 2024/25. Further details of schemes are shown in Appendix 2.

Resource and legal considerations:

- 3.7 This report represents the forecast revenue and capital outturn as reported to Cabinet on 18 October 2023.

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 and comment on the forecast revenue and capital forecast for 2023/24 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 Budget Plan 2023/24 to 2026/27, incorporating the Capital Strategy; and the Treasury Management and Investment Strategy 2023/24, as reported to Council on 23 February 2023.
- Corporate Financial Performance 2023/24, as reported to Cabinet on 18 October 2023.

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Forecast September position 2023/24 – Walsall Council

Revenue

The current council wide forecast shows a number of pressures which would lead to a potential overspend of c£18.35m against budget as summarised by directorate in Table 1, as at September 2023. Total mitigating actions have been identified of £14.63m (see table 2) reducing the forecast overspend to £3.72m.

Table 1: Forecast revenue analysis 2023/24 by Directorate - September 2023

Directorate	Net Budget	Year-end forecast prior to transfer to / (from) earmarked reserves	Year-end variance to budget prior to transfer / (From) earmarked reserves	Use of earmarked reserves	Transfer to earmarked reserves	Year-end forecast prior to mitigating actions	Mitigating Actions	Year-end forecast including all mitigating actions	Movement since reported to Cabinet 19.7.2023
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Adult Social Care and Public Health	73.67	91.92	18.25	(6.83)	2.74	14.16	(1.76)	12.40	4.95
Children's Services									
- Children's and Education	75.46	82.87	7.41	(4.01)	0.24	3.65	(0.37)	3.28	1.35
- Customer Engagement	3.17	5.52	2.35	(1.16)	0.00	1.19	0.00	1.19	0.00
Economy, Environment & Communities	36.70	44.38	7.68	(6.50)	0.69	1.88	(1.68)	0.20	(0.35)
Resources & Transformation	36.49	39.63	3.14	(5.55)	1.94	(0.46)	0.00	(0.46)	(0.21)
Capital Financing	24.66	17.45	(7.21)	(0.59)	5.72	(2.08)	0.00	(2.08)	(2.08)
Services & CF Position	250.14	281.80	31.65	(24.62)	11.34	18.33	(3.81)	14.52	3.66
Central budgets	(105.98)	(98.80)	7.18	(12.45)	5.28	0.02	(10.82)	(10.80)	(13.73)
Total council tax requirement	144.16	182.96	38.80	(37.07)	16.62	18.35	(14.63)	3.72	(10.07)

The overall position has reduced by £10.07m on the June position of £13.80m reported to Cabinet on 19 July 2023. This includes additional Market Sustainability and Improvement Fund grant of £2.18m announced in July 2023, one off windfall income from business rates of £2.62m and a further underspend on capital financing of £2.08m.

The following sections provide more detail on directorate pressures and actions being taken to address these.

Adults Social Care (£14.16m prior to mitigating actions, after use of and transfers to reserves)

The potential forecast position after planned net use of reserves is £14.16m above budget prior to any mitigating actions. Mitigating actions of £1.76m have been identified reducing the overspend to £12.40m.

The main reasons for this £14.16m can be split into 'Business as usual' (BAU) of £10.90m and 'Impact of Service Transformation Plan' (STP) of £3.27m.

The reasons for the STP position of £3.27m are as follows:

- £2.21m - £1.76m carried forward from 2022/23 for cohorts 1 to 3 above the S75 amount, and £460k shortfall in new 2023/24 saving for cohort 4 under the Learning Disability Joint Funding arrangements. On-going discussions with the Integrated Care Board regarding the joint funding arrangement from 2020/21 remain in progress;
- £820k – delay in the 2022/23 saving relating to Better Care Finance due to futureproofing and integration with other systems;
- £240k - due to the STP relating to developing and delivering additional support to carers to be aligned to locality reviews.

The reasons for the BAU position of £10.90m are as follows:

- £3.55m – Reviews - net increase due to the impact of 'business as usual' reviews of client packages undertaken during the period of February to August 2023. Compared to last year, there has been a significant increase in the number of reviews carried out, with more of these reviews resulting in an increase in package costs;
- £3.77m – Inflow / Attrition / Backdating- increase due to net inflow of new, deceased and ended clients within the first five months of this financial year. This increase is a combined impact of new clients being placed at a higher average cost than originally budgeted and the number of expected deaths and ended placements being significantly lower than the budgeted trends. It should be noted the full year impact of any changes to client numbers and associated costs at the beginning of the financial year have a greater impact on the position;
- £3.97m – continuation of trends - based on 5 months of data and more informed intelligence, future projections now reflect current trends relating to 'business as usual' reviews and net inflow and outflow of service users continuing for the remainder of the financial year;
- (£2.18m) – Market Sustainability and Improvement Fund (MSIF) funding - Government have recently announced a further £570m of MSIF across financial years 2023/24 and 2024/25. This is to address issues such as discharge delays, social care waiting times, low fee rates, and workforce pressures. This is in addition to the £400m included in the February 2022 Cabinet report and equates to an additional £2.18m for Walsall in 2023/24 which will be used to support demand led services across Adult Social care in line with grant conditions;

- £1.84m – Overspend on intermediate care services. This is based on current demand and future projections. This position takes into account the use of Hospital Discharge Grant funding as announced by government and the use of uncommitted Better Care Fund inflation for 2023/24. Further detailed work is currently taking place on the cost modelling and discussions with health partners on funding allocations, alongside work to identify options to mitigate any remaining pressure. This also includes the impact of a recent £400k reduction in the ICB's Better Care fund inflation contribution to the position.
- £230k - increase in the general bad debt provision to reflect a 50% provision for current outstanding client debt of £8.45m as at the end of August 2023. Improvements in the financial assessment data capture processes and procedures should see a reduced number of credits/write offs.
- £580k - Contractual inflation on the Housing 21 unitary charge is higher than originally included in the budget for 2023/24 as based on February RPIx prior to the charge year. This is partially offset by use of the remaining Housing 21 reserve and additional client contribution income;
- (£560k) – additional client contribution and health income relating to care packages partly offset by a shortfall in the income budget associated with the Learning Disabilities joint funding arrangements when compared to the Section 75 agreement with Walsall ICB;
- (£310k) – due to a delay in recruiting to vacant posts across the directorate.

Mitigating actions of £1.76m have been identified to reduce the overall forecast and these are detailed in table 2.

Risks - there are also high risks of £7.80m which could impact the forecast position should they materialise, and these are detailed in Appendix 2 of the Cabinet report.

Performance data relating to Adult Social Care demand is attached at Appendix 10 of the Cabinet report.

Public Health on budget after planned use of and transfer to reserves)

The current net forecast position prior to the net use of/transfer to reserves is an overspend of £2.13m. After net use of reserves the service is forecast to be on budget. The £2.13m overspend covered by reserves relates to the following:

- (£120k) – underspend on staffing due to vacancies;
- £1.99m - projects planned to be funded from reserves including investment into mental health and young adults wellbeing service and sexual health;
- £0.26m - Partial delay in achieving the STP proposal relating to the 'review of existing transformation fund' (total saving £0.30m of which £0.04m has been delivered). This is mitigated on a one-off basis for 2023/24, plans to be identified for 2024/25 onwards.

Communications, Branding & Marketing (on budget after planned use of and transfer to reserves)

The current net forecast position after the net use of reserves is on budget. This includes one-off mitigation from underspends within the service to cover the delay in a £30k saving relating to the generation of additional income. A plan is being identified to achieve this in full for 2024/25 onwards.

Children's (£3.65m prior to mitigating actions, after planned use of and transfers to reserves)

The potential forecast position after planned net use of reserves is £3.65m above budget prior to any mitigating actions, however mitigating actions of £370k have been identified reducing the overspend to £3.28m.

The main reasons for the currently reported position are:

- £2.08m due to increased demand and costs for children in care relating broken down as follows:
 - £311k full year impact for the increased demand over and above budget for the multiple sibling groups who entered care during January/ February;
 - £680k increased demand for remand placements following an extraordinary intake in January / February 2023;
 - £890k pressure relating to placement moves expected during 2023/24. This is fully offset by reserves;
 - £1.10m pressure if net inflow / outflow trends to date continue for the remainder of the financial year. This is fully offset by reserves;
 - £1.70m increased reliance on Independent Fostering Agency, external residential and mother and baby placements for those children and young people entering care this financial year, in comparison to budget and to the prior three year trend;
 - (£310k) additional government income to support the costs of unaccompanied asylum seeking children through the increased number of hotel transfer and national transfer scheme claims and the use of lower cost placements such as supported accommodation;
 - (£320k) underspend within internal residential services, primarily due to vacancies, as the two new homes are set to open part way through the financial year;

Performance data on children in care is attached at Appendix 11 of the Cabinet report.

- £690k use of agency within the Educational Psychologists team. This team currently has a large number of vacant posts therefore agency workers will be used in order to meet the authority's statutory requirement. Estimated agency costs forecast for the year are £1.19m offset by an underspend on vacant posts of (£0.50m). A business case has been completed to request investment into the service from 2024/25 to fund the costs associated with increasing the resources available within the team on an ongoing basis;
- £100k legal fees due to ongoing pressures linked to increases in demand on legal services and complexity of the cases involved. This is mitigated by reserves;
- £118k recruitment and retention unachieved benefit. A £634k saving for recruitment & retention of social workers was unachieved in 2022/23 and was carried forward to 2023/24. Based on current agency and staffing information, £118k of this is not expected to be achieved in this financial year. The service continue to work to embed plans to ensure this can be fully achieved in 2024/25.
- £130k additional costs linked to the introduction of Senior Social Worker posts. Investment was approved in 2022/23 to support the cost of changing a number of current Social Worker posts to Senior Social Worker posts in order to support the Recruitment and Retention (R&R) strategy. The cost impact of this to date has exceeded the approved investment following the conversion of a number of agency staff to permanent Senior Social Worker posts in the last 3 months of 2022/23 and in May 2023;

- £330k Home to School Transport overspend relating to the following:
 - Special Educational Needs home to school transport - demand growth for 2023/24 was previously expected to reduce to 10%. However, based on national statistics and actual growth seen to date, growth is now expected to be 14%. Costs are also based on current average costs including expected inflationary increases on routes due to be retendered in September 2023. These costs and growth increases have resulted in a shortfall in achievable savings of £130k;
 - Children in care transport £200k - although the number of pupils transported in 2023/24 has remained similar to that seen in 2021/22 and 2022/23, the average cost per child has increased due to more out of borough placements being made linked to the ongoing placement sufficiency issues.

There are also a number of small overspends across the directorate of c£200k relating to shortfalls in traded income within performance and information services £40k, agency costs within Therapeutic Family Time £90k and other minor movements within the directorate of £70k.

Mitigating actions of £370k have been identified to cover the pressures relating to placement moves as detailed at table 2.

Risks - there are also high risks of £2.35m which could impact the forecast position should they materialise, and these are detailed in Appendix 2 of the Cabinet report.

Customer Engagement (overspend of £1.19m after use of and transfers to reserves)

The forecast position is a £1.19m overspend after the net transfer of planned transfers of £1.16m. Work is on-going to identify mitigating actions to reduce the overspend. The main reasons for the variance are:

- £1.29m due to delayed delivery of saving of council wide efficiencies relating to Customer Access Management. The total saving is £4.47m of which £1.54m relates to CXC within Customer Engagement. The remainder of the saving is currently held centrally and included elsewhere within the report. Of the £1.54m relating to CXC £250k is expected to be achieved in 2023/24 with the remainder to be achieved in 2024/25 due to delays in moving posts to CXC and implementation of new technology;
- £110k due to reduction in housing benefit related central government grants;
- £110k due to increased volume of bank charges for online payments;
- £580k relating to increased demand for bed and breakfast services;
- (£230k) receipt of homelessness top up government grant;
- (£670k) underspend on salaries due to vacancies and maximising grant funding against existing spend.

Risks - there are risks of £2.53m which could impact the forecast position should they materialise, and these are detailed in Appendix 2 of the Cabinet report.

Economy, Environment and Communities (£1.88m prior to mitigating actions, after use of and transfers to reserves)

The forecast position is a potential overspend of £1.88m after planned transfers to and from reserves. Mitigating actions have been identified of £1.68m reducing the overspend to £200k.

The main variances are:

- Environment, Leisure and Commercial (£74k) – Over recovery of income from Active Living Centres (£275k) and registrars (£72k) due to increased demand, additional HAF income (£200k) and (£76k) due to vacant posts, offset by under recovery of markets income arising from reduced number of operating days and market stall erection contract increases £204k, under recovery of cremation and burial income due to increased competition and a fall in demand resulting in £177k not achieved, increased contract costs due to increased demand on the service £94k, consultancy costs for the Parks Strategy £20k and £67k of unachieved savings due to delayed delivery;
- Highways Transport & Operations £1.31m – Unachieved savings of £953k due to delayed delivery, HWRC contract pressure due to increased CPI inflation rates £244k, W2R contract pressure due to inflation increases £519k, additional costs of clothing, materials, vehicle hire and maintenance £121k, increased electricity costs of unmetered traffic signals £62k, increase in staffing costs £744k, part offset by a reduction in waste disposal costs (£767k), over recovery of trade income (£200k), Tarmac/Fleet income (£107k), additional Section 38 Income (£87k) and a reduction in fuel costs (£201k);
- Planning Services & Building Control - £607k pressure arising from additional staff and agency costs to support back log of cases and income reduction fully mitigated via an action plan;
- Regeneration & Development £260k – due to a delay in implementation of the restructure partly mitigated via use of EGP reserve as part of the action plan;
- Cultural Services (£161k) - Staffing underspends due to vacant posts and additional income from the Arena;
- Regulatory Services £72k – an overspend on legal fees for unauthorised encampments, under recovery of enforcement income part offset by staffing underspend due to delay in restructure;
- Library Services (£156k) – unachieved savings with no delivery plan £61k offset by underspend on staffing costs due to vacant posts;
- Communities and Partnerships (£48k) – arising from delay in project now to commence September 2023;
- Economy & Environment Management £111k - staffing pressure due to the cost of an interim Director post filled externally via agency partly offset by internal savings due to appointing to the Interim Executive Director and Director of Place posts internally.

Mitigating actions of £1.68m have been identified to reduce the overall forecast which are detailed at table 2.

Risks - there are also risks of £650k which could impact the forecast position should they materialise and these are detailed in Appendix 2 of the Cabinet report.

Resources and Transformation (£460k underspend after use of and transfers to reserves)

The forecast position after the net use of reserves of £3.61m is an underspend of £460k. The main areas of variance to budget are:

- Payroll (£43k) - (£85k) underspend on salaries and agency (£84k) partly offset by under recovery of traded income 48k;
- Finance (£222k) - due to vacant posts partly offset by agency and training costs;
- Democratic services £52k - overspend mainly due to under recovery of traded income £41k;

- Corporate assurance (£59k) - due to vacant posts (£76k) partly offset by increased contract costs;
- Human Resources (£106k) - underspend on salaries due to vacant posts (£308k) partly offset by agency costs £129k, a settlement payment £30k and £43k savings not achieved;
- Corporate Management Team (£80k) – increased staff costs / agency including recruitment costs offset by additional income;
- Information Governance £60k - £210k overspend due to under recovery of traded income partly offset by underspend on salaries (£72k) and computer equipment and licence fees of (£77k);
- DaTS (£271k) – (£378k) due to vacant posts, (£100k) additional grant income partly offset by agency costs of £214k;
- Corporate Procurement £191k - due to additional interim management and agency costs.

There are also high risks of £2.31m which could impact the forecast position should they materialise and these are detailed in Appendix 2 of the Cabinet report.

Capital Financing on budget after use of and transfer to reserves)

Prior to any transfer to reserves the position is an underspend of £7.80m. £5.70m of the underspend is in line with expectations when the budget was set due to a reduction in borrowing costs and an additional saving on new borrowing of £1.42m is forecast in year. An additional underspend of £680k is also forecasted due to higher investment returns than expected. From these savings £5.72m will be transferred to reserves to be used to smooth known increases in borrowing costs from 2025/26 onwards and to the CCLA property fund valuation reserve which has been set up to mitigate risk arising from the removal of the statutory override in relation to property fund valuations. The reserve was set up to smooth the impact of valuation changes on revenue. £2.08m is therefore shown as an underspend within this report.

Central (£0.02m overspend after use of and transfer to reserves)

There is currently a £2.93m overspend relating to a saving that is currently not expected to be achieved in year in relation to the CAM workstream due to delays in implementation of the enabling technology. This is being held centrally and will be allocated to services when actions have been identified as to how this will be achieved. This has been offset by a one-off windfall income from business rates following the Valuation Office amendment to the rateable value of the art gallery and a further £250k underspend against the in-year budget as this is no longer required.

Mitigating action

Total mitigating actions have been identified of £14.63m reducing the forecast overspend down from £18.35m to £3.72m, as shown in table 1 above. Table 2 details the mitigation planned of £14.63m.

Table 2 : Mitigating action identified to reduce the overspend		
Directorate	Detail of mitigating actions	£m
Adult Social Care, Public Health & Hubs	Over achievement and full year impact of the 2022/23 savings predominantly relating to review of existing client placements.	1.14
	Release of one-off grant relating to the streamline of Adult Social Care assessments.	0.14
	Use of remaining Housing 21 reserve to partially mitigate the contractual inflation pressure.	0.48
Total Mitigation included for Adult Social Care, Public Health and Hubs		1.76
Children's Services - Children's and Education	One off reallocation of funding and reserves to support Children's pressures.	0.37
Total Mitigation included for Children's Services and Education		0.37
Economy, Environment & Communities	Use of legacy section 106 income held in reserve.	0.36
	Holding of vacant head of service post.	0.07
	Economic Growth Programme funding held in reserves.	0.46
	Use of corporate reserve to support planning.	0.25
	Use of parking reserve.	0.03
	Use of legacy commuted sums.	0.03
	Capitalisation of Velocity Patcher.	0.20
	Capitalisation of book fund.	0.15
Reduction of non-essential operational costs within Highways & Transport.	0.13	
Total Mitigation included for Economy, Environment & Communities		1.68
Central	Use of Risk Reserve.	6.82
	Use of Cost of Living Reserve.	0.19
	Use of Mediation Reserve.	0.10
	Use of Social Care Demand / contingency reserve.	3.71
Total Mitigation included for Central		10.82
Total Mitigation included in forecast outturn		14.63

Approved savings in 2023/24

The 2023/24 budget approved by Council on 23 February 2023 includes £15.71m of benefits realisation (savings) against Proud activity plus a further £7.55m of 2022/23 benefits approved to be carried forward for delivery in 2023/24, giving a total benefit figure of £23.26m to be achieved. Directors are required to ensure that service delivery plans are robustly implemented to fully deliver these in year.

There are currently £9.58m of benefits assessed as Red for delivery (at high risk of non-delivery), detailed at Appendix 5 of the Cabinet report, along with the reason and identified service mitigating actions to date totalling £2.77m. The remaining £6.82m are proposed to be mitigated from use of the corporate risk reserve as shown in Table 2 above.

Adult Social Care have reviewed the Red savings and propose to achieve the carers support saving of £240,934 by amalgamating it with saving OP90 which is currently overachieving. The two savings are linked to expenditure in the same area, therefore changes to carers support is likely to be one of the reasons for the overachievement. The

amendments would mean the saving is fully achieved on an on-going basis and would reduce the value of high-risk savings by £241k to that reported in this report. This is an operational change and does not require any consultation or a further quality impact assessment completing.

Capital

The capital programme for 2023/24, as reported to Cabinet on 19 July 2023 was £134.75m. Table 3 summarises amendments made to date, resulting in a revised programme of £138.38m.

Table 3: Amendments to Capital Programme 2023/24	
Project	£m
Capital Programme 2023/24 per Cabinet 19 July 2023	134.75
Council Funded Resources	
Highways maintenance – funded from Pipeline Development *	0.70
Oak Park Active Living Centre conversion of small office space for commercial reasons – funded from Pipeline Development	0.35
Old Square public realm – funded from Pipeline Development	0.22
Pipeline Development	(1.27)
Replacement street bins – funded from contingency	0.09
Christmas trees – funded from contingency	0.03
CCTV – funded from contingency	0.09
Darlaston Pool energy – funded from contingency	0.03
Use of contingency	(0.24)
Externally Funded	
A41 Moxley Transforming Cities Fund – new grant	0.23
Renovation Park tennis courts – new grant	0.33
One Palfrey Big Local – new grant	0.16
Larksmill Pelsall Wood flood alleviation – new grant	0.04
Additional Highways Maintenance pothole funding	0.54
Black Country Local Enterprise Partnership reinvestment digital fund realignment	2.23
Social Housing Decarbonisation Scheme reduction	(0.61)
Towns Deal realignment	0.82
Devolved Formula Capital – reduced grant allocation	(0.12)
Revised capital programme 2023/24	138.38

*As Highway Authority, the Council has a statutory duty to maintain its highway network in a safe condition for road users. At a meeting of the council's Strategic Investment Board on 14th June 2023, a decision was taken, subject to approval from Cabinet, to increase capital investment for the maintenance of Walsall's highway network by £700,000. For 2023/2024 Walsall Council has allocated £2.8m of capital funding to maintain its highway network of 525 miles. The £2.8m annual budget has remained unchanged since 2017, whereas in contrast, the construction indices for inflation over this period have increased by 21.5%. This correlates closely with the published Bank of England inflation figure of 22.5% for the same period. On that basis the council would need to increase spend on highway maintenance by £700k to £3.5m during 2023/24 to resurface the same amount of its highway network that it was treating in 2017.

Table 4 summarises the 2023/24 capital programme and forecast outturn after the forecast re-phasing of £23.82m into 2024/25, with the forecast summary of the net £710k underspend shown at Table 5.

Table 4: Forecast capital analysis 2023/24					
Directorate	Budget £m	Predicted year end forecast £m	Variance before Carry forward £m	Carry Forward £m	Variance Over / (Under) £m
Council funded	57.94	41.31	(16.63)	15.92	(0.71)
Externally funded	80.44	72.54	(7.90)	7.90	0.00
Total	138.38	113.85	(24.53)	23.82	(0.71)

Table 5: Summary of Forecast Underspend 2023/24	
Project	£m
Workshop breakdown vehicle – project completed	(0.01)
Walsall Town Centre Public Realm Improvements – allocation not required	(0.36)
Social Housing Decarbonisation – allocation not required	(0.28)
Nottingham Drive Car Park – project completed	(0.06)
Total	(0.71)

The capital programme currently shows predicted re-phasing of £23.82m from 2023/24 to 2024/25 as shown in table 6. Re-phasing occurs for a number of reasons such as late confirmation of grant approvals, timing of projects that may fall over more than one financial year, contract delays out of our control due to waiting for funding confirmation or Government approval.

Table 6 : Predicted re-phasing of capital funded schemes 2023/24 to 2024/25	
Project	£m
<i>Council Funded</i>	
Capital Investment Earmarked Reserve	4.47
Capital Contingency	0.32
Looked After Children Out of Borough Placements	0.15
Council House Smoke & Heat Detection Fire Alarm	0.30
Operation Repair & Maintenance of Council Buildings	0.21
Walsall Council House-Modern Secure Reception	0.03
Council House Internal Decoration	0.03
Council House Plumbing	0.07
Council House Windows	0.99
Computer Aided Facilities Management System	0.05
New Homes Bonus	0.08
Regenerating Walsall	0.22
Enterprise Zones	0.67
Willenhall Masterplan	2.55
MyCMIS – asset management tracking system	0.01
ICT – Safe and Secure Environment	1.11

Project	£m
Enabling Technology	2.31
Maintaining a Safe and Secure Environment	0.28
Telephony Cloud Based System	0.46
Proud Card Payments Digital Website	0.83
Ways Of Working	0.25
Konica Multi-functional device re-tender	0.02
Archiving systems moving to customer access management retired	0.06
Changing Places toilets	0.12
Development Team capitalisation of posts	0.33
External Funded	
Bloxwich Town Deal	0.12
Walsall Town Deal	0.83
Land And Property Investment Fund	0.67
Growing Places Fund	0.66
Future High Street Fund	3.21
West Midlands Strategic Transport Plan (STP) 'Movement for Growth'	0.39
Limestone surveys	0.11
Family Hub Life Programme	0.01
Willenhall Masterplan	1.90
Total	23.82

The report to Cabinet on 18 October 2023 also asks Cabinet to –

- Approve the release of £2.89m from the development pool for the continuation of the Enabling Technology Programme.
- Agree to borrow up to £6.5m to fund part of the Phoenix 10 funding package on the basis this sum will be reimbursed via retained business rates as approved by the Black Country Joint Committee at its meeting on 24 June 2020.

Forecast September position 2023/24
Services within the remit of the Scrutiny Overview Committee

Revenue

The forecast revenue outturn for 2023/24 for the services under the remit of the Scrutiny Overview Committee is an overspend of £680k, net of the use of earmarked reserves, as shown in Table 7. The forecast revenue outturn shown is based on actual information from the financial system as at the end of September 2023, and discussions with managers regarding year end forecast and achievement of approved savings:

Table 7: Forecast revenue analysis 2023/24 by Service			
Service	Annual Budget	Draft Outturn after use of and transfer to Earmarked Reserves	Variance to Budget
	£m	£m	£m
Economy, Environment & Communities			
Communities and Partnerships	2.59	2.54	(0.05)
Children Services			
Money Home Job / Housing Standards	3.17	4.36	1.19
Adult Social Care			
Communication, Marketing and Brand	1.31	1.31	(0.00)
Procurement	0.83	1.02	0.19
Resources and Transformation			
Democratic Services	1.78	1.84	0.06
Legal	2.49	2.49	(0.01)
Electoral Services	0.82	0.82	0.00
Finance	4.76	4.54	(0.22)
Corporate Assurance	0.57	0.51	(0.06)
Human Resources	7.35	7.25	(0.11)
Corporate Landlord	7.15	7.09	(0.06)
Payroll & Pensions	0.27	0.22	(0.04)
Transformation & Digital	11.12	10.91	(0.21)
Total Services within remit of Committee	44.22	44.90	0.68

Total earmarked reserves of £9.78m are available for use in 2023/24 (where approval has been given by Cabinet for additional funds for specific services). Within the reported outturn position a total of £6.79m of earmarked reserves are forecast to be used.

The main variances are summarised in Table 8 below.

Table 8 – Reasons for revenue outturn variance		
Service	Variance £m	Explanation of Year End Forecast Outturn
Communities & Partnership	(0.05)	Underspend due to delay in project commencement
Money Home Job / Housing Standards	1.19	£1.29m due to delay in delivery of CAM STP, £0.58m Bed and Breakfast and (£0.67m) salaries
Communication, Marketing and Brand	0	
Procurement	0.19	Due to interim management and agency costs
Democratic Services	0.06	Under recovery of income due to reduction in school admission appeals and internal recharges for services
Legal	(0.01)	Salary underspend offset by supplies
Electoral Services	0	
Finance	(0.22)	Salary underspend
Corporate Assurance	(0.06)	Salary underspend offset by supplies
Human Resources	(0.11)	Salary underspend
Corporate Landlord	(0.06)	Additional income from capital projects offset by staffing overspend
Payroll & Pensions	(0.04)	Salary underspend offset by income under recovery
Transformation & Digital	(0.21)	Salary underspend offset by income under recovery
Total Services within remit of this Committee	0.68	

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 in the directorate as a whole.

Included within the budget for 2023/24 for services within the remit of this Committee are £7.86m of approved savings. Table 9 gives an update on progress towards implementing these benefits:

Table 9: Delivery of 2023/24 approved savings – services within the remit of this Committee					
Saving	Total savings £m	Delivered (Blue) £m	To be delivered by 31/03/24 (Green) £m	Not fully guaranteed (Amber) £m	At High risk of non delivery (Red) £m
Economy, Environment and Communities					
OP25 - Further efficiencies relating to Customer Access Management	(0.09)	(0.09)			
Children's Serv – Customer Engagement					
P2 - Expand the training and materials for the Walsall Connected network, so that digital assistance can be given to residents who need help to access on-line holistic advice tools and offer a reduced grant allocation of £156,800 per annum to Citizen's Advice Sandwell and Walsall, to deliver a face-to-face advice for residents in need of complex welfare benefits advice and tribunal support	(0.09)	(0.09)			
OP6 - Temporary Accommodation Rent Levels & Service Charges	(0.06)			(0.06)	
OP7 - Increased external contributions for key initiatives in Money Home Job	(0.05)	(0.05)			
OP8 - Housing benefits realignment of income	(0.20)	(0.20)			
OP9a - Income generation review of grants - Afghan Citizens grant	(0.05)	(0.05)			
OP9b - Income generation review of grants - Household Support grant	(0.28)	(0.28)			
Resources and Transformation					
OP26 - Council wide efficiencies relating to Customer Access Management	(4.47)			(0.25)	(4.22)
OP28 - Investment in strategic / higher level Financial Transactions management capacity - To be funded through increased recharges to external income	(0.07)		(0.07)		
OP30 - Rationalise corporate estate to generate capital receipts and reduce maintenance and utility bills on our under utilised assets to create opportunities for redevelopment of sites or repurposing of assets to support frontline delivery	(0.50)	(0.23)		(0.27)	
OP31 - Increase traded services within Cleaning, Caretaking and Catering	(0.10)		(0.10)		
OP32 - Renting out Civic Centre floor space to partners	(0.10)	(0.04)	(0.06)		
OP34 - Platinum Secure Storage	(0.01)			(0.01)	
OP35 - Restore Offsite Storage (hard copy documents)	(0.00)				

Saving	Total savings £m	Delivered (Blue) £m	To be delivered by 31/03/24 (Green) £m	Not fully guaranteed (Amber) £m	At High risk of non delivery (Red) £m
OP36 - Promotion of One Source system to Schools for sickness absence data entry	(0.03)				(0.03)
OP37 - Facilities Management staffing	(0.20)	(0.20)			
OP38 - Rental income review of assets	(0.17)		(0.17)		
OP39 - School crossing patrols - review of provision	(0.10)	(0.10)			
OP40 - Redundant buildings provision	(0.25)		(0.25)		
OP41 - Challenge buildings costs	(0.14)	(0.14)			
OP42 – Borrowing rescheduling	(0.90)		(0.90)		
Total approved savings for services within remit of Committee	(7.86)	(1.47)	(1.55)	(0.59)	(4.25)

Each benefit is “BRAG” categorised as follows:

- Blue (delivered);
- Green (on track to be delivered with no issues at year end of 2023/24);
- 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 WPP resource plan has been agreed to provide additional support towards delivery.

Capital

The capital programme for services within the remit of this Committee, as at the end of September 2023, is £34.48m. It is currently expected to be (£280k) underspent after re-phasing of £7.14m into 2024/25. A list of schemes within the remit of this committee is shown in Table 10.

Table 10 – Forecast Capital Outturn 2023/24 – Services within the remit of this Committee

Scheme	2023/24 Budget £m	Estimated Outturn £m	Variance before carry fwd £m	Carry Forward £m	Variance Over / (Under) £m
Council Funded schemes					
Economies, Environment and Communities					
Single Library Management System	0.01	0.01	0.00	0.00	0.00
Darlaston Library Integration	0.06	0.06	0.00	0.00	0.00
Expansion of Park Hall	0.58	0.58	0.00	0.00	0.00
Replacement PC's	0.03	0.03	0.00	0.00	0.00
Radio Frequency Identification Self-Issue	0.09	0.09	0.00	0.00	0.00
Fly-tipping CCTV	0.03	0.03	0.00	0.00	0.00
Resources and Transformation					
Rushall Olympic Football Club	0.01	0.01	0.00	0.00	0.00
Bosty Lane Farm	0.30	0.30	0.00	0.00	0.00
Saddlers Centre Shopping Centre	0.46	0.46	0.00	0.00	0.00
Challenge Block	0.03	0.03	0.00	0.00	0.00
Town Centre Strategic Acquisition for Third Sector Hub	0.00	0.00	0.00	0.00	0.00
Procurement System for Human Resources and Finance	0.09	0.09	0.00	0.00	0.00
Finance Oracle Archive	0.03	0.03	0.00	0.00	0.00
Enabling Support Services/One Source System	1.13	1.13	0.00	0.00	0.00
Asbestos Removal	0.07	0.07	0.00	0.00	0.00
Planned Property Maintenance	0.26	0.26	0.00	0.00	0.00
Safe Water Supplies	0.15	0.15	0.00	0.00	0.00
Statutory Testing	0.23	0.23	0.00	0.00	0.00
Civic Centre Heating	0.00	0.00	0.00	0.00	0.00
Council House Rewiring	0.00	0.00	0.00	0.00	0.00
Council House Smoke & Heat Detection Fire Alarm	0.33	0.03	(0.30)	0.30	0.00
Ways of Working	0.65	0.40	(0.25)	0.25	0.00
Changing Places Toilets	0.25	0.13	(0.12)	0.12	0.00
Operation Repair & Maintenance of Council Buildings	0.23	0.03	(0.20)	0.20	0.00

Scheme	2023/24 Budget £m	Estimated Outturn £m	Variance before carry fwd £m	Carry Forward £m	Variance Over / (Under) £m
Fire Risk Assessment	0.30	0.30	0.00	0.00	0.00
Schools Project	0.02	0.02	0.00	0.00	0.00
Walsall Council House-Modern Secure Reception	0.03	0.00	(0.03)	0.03	0.00
Council House Internal Decoration	0.03	0.00	(0.03)	0.03	0.00
Willenhall Lane Travellers Site Pumping Station	0.02	0.02	0.00	0.00	0.00
Security Arrangements for Corporate Buildings	0.03	0.03	0.00	0.00	0.00
Civic Centre Plumbing	0.07	0.00	(0.07)	0.07	0.00
Council House Windows	1.29	0.30	(0.99)	0.99	0.00
Council House Roof Repairs	1.49	1.49	0.00	0.00	0.00
Computer Aided Facilities Management System	0.35	0.30	(0.05)	0.05	0.00
Council Chamber Refurbishment	0.02	0.02	0.00	0.00	0.00
MyCMIS – asset management tracking system	0.02	0.00	(0.02)	0.02	0.00
Webcasting And Hybrid Council Meetings	0.02	0.02	0.00	0.00	0.00
Essential Microsoft Upgrades & Foundation for Office 365	0.00	0.00	0.00	0.00	0.00
ICT-Safe and Secure Environment	2.61	1.50	(1.11)	1.11	0.00
Proud – ICT	0.10	0.10	0.00	0.00	0.00
Enabling Technology	4.70	2.38	(2.32)	2.32	0.00
Maintaining A Safe and Secure Environment	0.33	0.05	(0.28)	0.28	0.00
Telephony Cloud Based System	0.48	0.02	(0.46)	0.46	0.00
Proud Card Payments Digital Website	1.03	0.20	(0.83)	0.83	0.00
Konica Multi-Functional Device Re-Tender	0.05	0.03	(0.02)	0.02	0.00
Archiving Systems Moving to Customer Access Mngt Retired	0.10	0.04	(0.06)	0.06	0.00
Information Governance Service Improvements	0.03	0.03	0.00	0.00	0.00
Digital & Technology Service (Dats) Staffing Capitalisation	0.25	0.25	0.00	0.00	0.00
Smartphones	0.28	0.28	0.00	0.00	0.00
Customer Engagement					
Aids And Adaptations (Statutory Element)	0.55	0.55	0.00	0.00	0.00
Health Through Warmth and Related Retro Fit Schemes	0.18	0.18	0.00	0.00	0.00
Social Housing Decarbonisation	0.28	0.00	(0.28)	0.00	(0.28)

Scheme	2023/24 Budget £m	Estimated Outturn £m	Variance before carry fwd £m	Carry Forward £m	Variance Over / (Under) £m
Externally Funded schemes					
Economies, Environment and Communities					
Library Improvements Fund	0.20	0.20	0.00	0.00	0.00
Resources and Transformation					
Civic/Council House Decarbonisation	0.40	0.40	0.00	0.00	0.00
Changing Places Toilets	0.24	0.24	0.00	0.00	0.00
Customer Engagement					
Local Authority Housing Fund	0.19	0.19	0.00	0.00	0.00
Purchase of Dispersed Temporary Accommodation	0.87	0.87	0.00	0.00	0.00
Disabled Facilities Grant	3.31	3.31	0.00	0.00	0.00
Off Gas Scheme	0.10	0.10	0.00	0.00	0.00
Social Housing Decarbonisation	2.36	2.36	0.00	0.00	0.00
Business Energy & Industrial Strategy – Local Authority Delivery Scheme / Home Upgrade Grant	5.66	5.66	0.00	0.00	0.00
Midland Energy Hub - Local Authority Delivery Scheme / Home Upgrade Grant	1.47	1.47	0.00	0.00	0.00
Total Capital – Services within the remit of this Committee	34.48	27.06	(7.42)	7.14	(0.28)