

DATE: 24 NOVEMBER 2022

CORPORATE FINANCIAL PERFORMANCE – QUARTER 2 (AUGUST) FINANCIAL MONITORING POSITION FOR 2022/23

Ward(s) All

Portfolio: Councillor A. Andrew – Deputy Leader, Regeneration
Councillor G. Perry – Deputy Leader, Resilient Communities
Councillor K. Murphy – Clean and Green

1. Aim

To provide the budget monitoring position for Period 5 2022/23. The Chair requested that this item be considered by the Committee.

2. Recommendations

2.1 To note the revenue and capital forecast for the financial year-end 2022/23 for the services that fall under the remit of the committee.

3. Report detail – know

3.1 The current net revenue forecast position, after the net use of reserves is (£0.432m) underspend. The current net capital position is a proposed £30.699m carry forward.

3.2 Reasons for the current position are shown in Table 1 below:

Table 1 – Explanation of over and underspends across services		
Service	Variance £m	Explanation of Year End Variance
Cultural Service	-0.063	One off staffing underspends due to vacant posts.
Clean & Green Services	-0.695	Reduced waste disposals costs partly offset by vehicle fuel overspend (due to cost of living).
Leisure & Bereavement	-0.144	Underspend on staffing due to vacant posts one off and casuals and over recovery of bereavement income.
Highways & Transportation	0.323	Overspend due to contractual inflation and traffic lights electricity costs due to cost of living.
Emergency Planning	-0.018	Staff underspend due to delay in recruitment.
Library services	-0.078	One off staffing underspends due to vacant posts.
Regulatory Services	0.217	Overspend on legal fees for unauthored Encampments and under recovery of Kingdom enforcement income.
EE Management	0.026	Overspend on staffing.
Total Services within remit of this Committee	-0.432	

3.3 The forecast revenue position by service is shown in Table 2 below:

Service	Annual Budget	Year End Forecast Variance	Planned Use of Reserves	Action Plan	Variance after Reserves & Action Plan
	£m	£m	£m	£m	£m
Cultural Service	1.201	-0.063	0.000	0.000	-0.063
Planning Services & Building Control	0.798	0.140	-0.140	0.000	0.000
Regeneration & Development	0.516	0.990	-0.990	0.000	0.000
Programme Management	0.136	0.340	-0.340	0.000	0.000
Clean & Green Services	19.302	-0.611	-0.084	0.000	-0.695
Leisure & Bereavement	-0.631	-0.172	0.028	0.000	-0.144
Highways & Transportation	9.335	4.582	-4.258	0.000	0.323
Emergency Planning	0.210	-0.018	0.000	0.000	-0.018
Library services	2.331	-0.078	0.000	0.000	-0.078
Regulatory Services	1.074	0.217	0.000	0.000	0.217
EE Management	0.437	0.026	0.000	0.000	0.026
Total Services within remit of this Committee	34.709	5.353	-5.784	0.000	-0.432

3.5. Reserves

The total allocated reserves for Economy and Environment in 2022/23 are £30.679m of which net £5.784m has been used or committed to date. Table 3 below details the current net use of reverses included within the forecast.

Reserve Details	Allocated reserve	Use of reserve	Transfer to reserve	Balance of reserve
	£m	£m	£m	£m
Cultural Service	0.429	0.000	0.000	0.429
Planning Services & Building Control	0.801	-0.140	0.000	0.661
Regeneration & Development	2.995	-0.990	0.000	2.005
Programme Management	2.212	-0.506	0.166	1.872
Clean & Green Services	1.523	-0.084	0.000	1.439
Leisure & Bereavement	0.592	0.000	0.028	0.620
Highways & Transportation	21.973	-4.667	0.409	17.714
Emergency Planning	0.000	0.000	0.000	0.000
Library services	0.004	0.000	0.000	0.004
Regulatory Services	0.138	0.000	0.000	0.138
EE Management	0.013	0.000	0.000	0.013
Total Reserves	30.679	-6.387	0.603	24.895

3.6. Risks

For the services under the remit of this committee, there are a number of risks totalling **£0.168m** 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 **£0.078m** 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 4 below.

Risk	Value £k	Ongoing £k	One Off £k	Actions to manage risk
High	78	0	78	Economy and Environment continue to identify possible in year mitigations and review budgets as part of Council's MTFO plan.
Medium	60	0	60	
Low	30	0	30	
Total	168	0	168	

The main high risk (Red risk) that could negatively impact the current forecast position should it occur is detailed further in Table 5 below.

Service	Reason / explanation of risk	£k
Clean and Green	Outcome of the co-mingled proposals for Oct 2021 to March 2022	78
Total High Risks		78

3.7 Service Transformation Plan Benefits

Included within the budget for 2022/23 for services within the remit of this Committee are £1.985m of approved savings. Table 6 gives an early indication of the progress towards implementing these benefits:

Table 6: 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	Not achieved (Red) £m
OP66 - COVID 19 reset of the Street Cleansing service	0.049	0.049	0.000	0.000	0.000
OP78 - Cost effective procurement of new fitness equipment	0.035	0.000	0.035	0.000	0.000
OP79 - Bloxwich Active Living Centre landing development	0.081	0.000	0.081	0.000	0.000
OP103 - Review of existing fees and charges within Place & Environment	0.030	0.000	0.030	0.000	0.000
P9 - Charge developers for travel plans– alternate savings to be identified	0.000	0.000	0.000	0.000	0.000
OP62/65 - Clean, Green & Leisure restructure and delivery model review	0.602	0.143	0.000	0.000	0.459
OP109/113 PART - 2% increase in bereavement fees and charges.	0.064	0.000	0.064	0.000	0.000
NEW - Premium bulky waste collection service	0.015	0.000	0.000	0.000	0.000
NEW - Capitalisation of staff working on waste contracts	0.086	0.086	0.000	0.000	0.000
NEW - Reallocation of highways and transport capital grant to capitalise street furniture and car park resurfacing costs	0.197	0.197	0.000	0.000	0.000
ALT6 - Capitalisation of wheeled bin stock.	0.180	0.180	0.000	0.000	0.000
NEW - Use of unallocated bus lane and parking income reserve.	0.055	0.055	0.000	0.000	0.000
NEW - Holding of posts - Resilience Unit	0.020	0.020	0.000	0.000	0.000
NEW - Additional vacancy management to freeze non-essential post involved in restructure (OP62 & OP65) and build in 3 month recruitment lag to posts outside restructure.	0.021	0.000	0.021	0.000	0.000
NEW - Further efficiencies relating to Customer Access Management	0.000	0.000	0.000	0.000	0.000
NEW - Bookable Gyms	0.030	0.000	0.000	0.000	0.030
NEW - One off use of Section 38 income	0.030	0.030	0.000	0.000	0.000
NEW - Street lighting savings	0.000	0.000	0.000	0.000	0.000
NEW - Offer residential gardening service	0.030	0.000	0.000	0.000	0.000
OP21 - Capitalisation of posts - maximise external funding	0.025	0.000	0.000	0.000	0.025

OP74 - Heritage and culture / Arts and events - increase fees and charges	0.009	0.000	0.000	0.000	0.009
OP113 - Regeneration & Economy holding of vacancies and one off efficiencies	0.151	0.000	0.151	0.000	0.000
OP109 - Regeneration & Economy holding of vacancies and one off efficiencies	0.109	0.000	0.109	0.000	0.000
OP113 - Efficiencies relating to Customer Access Management - Resilient Communities	0.084	0.000	0.084	0.000	0.000
OP103/104 - Reduction in operational costs within resilient communities	0.022	0.000	0.022	0.000	0.000
NEW - Review of Libraries management	0.061	0.000	0.020	0.000	0.040
Total approved savings for services within remit of Committee	1.985	0.760	0.616	0.000	0.564

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 a robust delivery plan is required);

3.8 Capital Summary

The total capital programme budget for the services under the remit of the committee is £77.880m with the current forecast position projected to £47.181m for Period 5 (August) as detailed in Table 7 below. The proposed £30.699m 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 May 2023.

Table 7- Capital Forecast 2022/23					
Service	Annual Budget	Actual Year to Date	Forecast	Year End Variance	Proposed carry f/wd to 2022/23
	£m	£m	£m	£m	£m
<u>Council Funded</u>					
Clean and Green	1.265	0.038	0.745	-0.520	-0.520
Leisure and Bereavement	0.228	0.033	0.228	0.000	0.000
Engineering & Transportation	11.829	0.320	9.620	-2.209	-2.209
Regeneration & Development	11.509	0.937	4.452	-7.057	-7.057
Total Council Funded	24.831	1.328	15.045	-9.786	-9.786
<u>Prudential Borrowing</u>					
Clean and Green	16.079	2.927	5.954	-10.125	-10.125
Total Prudential Borrowing	16.079	2.927	5.954	-10.125	-10.125
<u>External Funded</u>					
Clean and Green	0.473	0.012	0.473	0.000	0.000
Leisure and Bereavement	2.601	0.508	2.601	0.000	0.000
Engineering & Transportation	10.649	1.776	8.096	-2.553	-2.553
Regeneration & Development	10.581	6.837	9.750	-0.831	-0.831
Programme Management	12.666	0.299	5.262	-7.404	-7.404
Total External Funded	36.970	9.432	26.182	-10.788	-10.788
TOTAL	77.880	13.687	47.181	-30.699	-30.699

4 Financial information

4.1 The financial implications are as set out in the main body of this report. The council has a statutory responsibility to set a balanced budget and to ensure it has an adequate level of reserves. The council will take a medium term policy led approach to all decisions on resource allocation.

5. Reducing Inequalities

5.1 Services consider and respond to equality issues in setting budgets and delivering services. Irrespective of budgetary pressures, the Council must fulfil equal opportunities obligations.

6. Decide

6.1 To approve the recommendations as set out in this report.

7. Respond

7.1 The Executive Director for Economy, Environment and Communities, with finance in support will be working with Directors and Heads of service to review the forecast, to continue to implement actions for any further forecasts and to consider these financial implications in line with the council's budget setting process.

8. Review

8.1 Regular monitoring reports are presented to Cabinet to inform them of the financial forecast for 2022/23, including an update on risks and impact on the budget for 2022/23 and beyond.

Background papers: Various financial working papers

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