

DATE: 23 NOVEMBER 2023

**CORPORATE FINANCIAL PERFORMANCE – QUARTER 2 (P6) FINANCIAL MONITORING
POSITION FOR 2023/24**

Ward(s) All

Portfolio: Councillor A. Andrew – Deputy Leader and Regeneration
Councillor G. Perry – Deputy Leader and Resilient Communities
Councillor K. Murphy – Street Pride
Councillor G Flint – Wellbeing, Leisure, and Public Spaces

1. Aim

To provide the budget monitoring position for Period 6 2023/24. The Chair requested that this item be considered by the Committee.

2. Recommendations

The Committee are requested to:

- 2.1 To note the revenue and capital forecast for the financial year-end 2023/24 for the services that fall under the remit of the committee.

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, for services within the remit of the Economy and Environment Overview and Scrutiny 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](#)

- 3.2 The current net forecast position on the £32.270m revenue budget is an overspend of £0.263m after the net use of reserves. The current net capital position is a proposed £10.405m carry forward.

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

Table 1 – Reasons for revenue outturn variance		
Service	Variance £m	Explanation of Year End Variance
Cultural Service	(0.161)	(£0.120m) underspend on staffing costs for arena and leather museum due to vacancies and (£0.043m) net over recovery in performance income.
Planning Services & Building Control	0.000	£0.607m planning staffing overspend to support back log of cases through the use of addition staff and agency and income pressure due to decrease to cost of living crisis. Zero/fully mitigated variance.

Regeneration & Economy	(0.200)	(£0.200m) one off use of EGP reserve to support.
Environment	(0.100)	(£0.120m) underspend on staffing costs due to vacancies and due to delay in recruitment of vacant posts. £0.020m consultancy costs for parks strategy report.
Leisure	(0.427)	(£0.427m) net over recovery of ALC income due demand and additional HAF income offset by STP 23/24 Red pressures due to delayed delivery.
Commercial	0.453	£0.188m market income pressure due continued reduction of number of operating days. £0.094m coroners contract pressure due to demand on coroners' service. £0.177m under recover of Cremation and Burial income due increased competition offset by (£0.072m) over recovery of registers income due to increase demand.
Highways & Transportation	(0.208)	(£0.087m) over recovery of s38, Street works FPN, NRSWA and EAT income. (£0.133m) underspend of non-essential operational costs in year.
Operations	1.049	£0.889m unachieved STP 23/24 savings. £0.744m Staffing overspend for the year. £0.244m HWRC contract pressure due to high CPI inflation rate. £0.519m W2R contract pressure due to high inflation rate. £0.121m overspend on clothing, materials, vehicle hire & maintenance. (£0.767m) Underspend on waste disposal costs. (£0.201m) Underspend on fuel. (£0.200m) over recovery of trade income. (£0.107m) over recovery of Tarmac/Fleet income. (£0.200m) Capitalisation of Velocity Patcher.
Emergency Planning	(0.025)	(£25k) staff underspend due to delay in recruitment.
Library Services	(0.301)	(£0.205m) underspend on staffing costs due to vacancies and delay in recruitment. £0.061m unachieved STP saving. (£0.145m) reduction in revenue costs for Book fund can be capitalised in year.
Regulatory Services	0.072	(£0.104m) staffing underspends due to vacant posts in traded standards service, £0.055m overspend in legal fees, £0.072m overspend in staffing costs due to delay in restructure in community protection service and £0.061m loss of income due to cease of Enforcement of fly tipping, litter dropping and cigarette dropping.
EE Management	0.111	E&E management staffing pressure.
Programme Management	0.000	Zero/fully mitigated variance.
Total Services within remit of this Committee	0.263	

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

Service	Annual Budget	Year End Forecast	Planned Use of Reserves	Action Plan	Variance after Reserves & Action Plan
	£m	£m	£m	£m	£m
Cultural Service	1.277	(0.048)	(0.113)	0.000	(0.161)
Planning Services & Building Control	0.993	0.688	(0.081)	(0.607)	0.000
Regeneration & Economy	0.578	0.642	(0.382)	(0.460)	(0.200)

Environment	1.154	0.187	(0.287)	0.000	(0.100)
Leisure	0.948	(0.427)	0.000	0.000	(0.427)
Commercial	(1.854)	0.453	0.000	0.000	0.453
Highways & Transportation	5.702	4.061	(4.018)	(0.251)	(0.208)
Operations	20.840	1.249	0.000	(0.200)	1.049
Emergency Planning	0.247	(0.025)	0.000	0.000	(0.025)
Library Services	2.511	(0.156)	0.000	(0.145)	(0.301)
Regulatory Services	1.241	0.122	(0.050)	0.000	0.072
EE Management	0.471	0.111	0.000	0.000	0.111
Programme Management	0.161	0.285	(0.285)	0.000	0.000
Total Services within remit of this Committee	34.270	7.141	(5.215)	(1.663)	0.263

3.5 Reasons for Movements

The June forecast position reported to Cabinet in July 2023 was an overspend of £0.597m therefore, there is a net decrease in the overspend of £0.334m over the period. The key reasons for movements are detailed in Table 3 below:

Table 3 – Reasons for movement		
Service	Movement £m	Reason for movement
Environment	(0.114)	Reduction in staffing forecast due to delay in recruitment of vacant posts and decrease of road sweepers hire forecast.
Leisure	(0.206)	Increase of ALC income forecast due to increased demand and increase prices.
Commercial	0.177	Reduction of Cremation and Burial income forecast due increased competition and fall in demand
Highways & Transportation	(0.240)	Additional s38, Street works FPN, NRSWA and EAT income forecasts and reduction of non-essential operational costs in year.
Operations	0.444	Net additional W2R inflation costs in year above the value received as part of the 23/24 budget
Library Services	(0.276)	Revised staffing forecast for the year and (£145k) capitalisation of costs in relation to book fund.
Regulatory Services	(0.119)	Net reduction in staffing forecast due to delay in recruitment of vacant posts and reduction of operational costs for the year.
Total Services within remit of this Committee	(0.334)	

3.5. Reserves

The total allocated reserves for Economy and Environment in 2023/24 are £25.473m of which net £6.330m has been used or committed to date. Table 4 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	0.293	(0.113)	0.000	0.181
Planning Services & Building Control	0.886	(0.688)	0.000	0.198
Regeneration & Economy	3.738	(1.154)	0.312	2.896
Environment	1.098	(0.379)	0.093	0.811
Leisure	0.000	0.000	0.000	0.000
Commercial	0.000	0.000	0.000	0.000
Highways & Transportation	17.470	(4.222)	0.156	13.404
Operations	0.000	0.000	0.000	0.000
Emergency Planning	0.000	0.000	0.000	0.000
Library Services	0.000	0.000	0.000	0.000
Regulatory Services	0.050	(0.050)	0.000	0.000
EE Management	0.000	0.000	0.000	0.000
Programme Management	1.938	(0.387)	0.103	1.653
Total Reserves	25.473	(6.993)	0.663	19.143

3.6. Risks

For the services under the remit of this committee, there are a number of High risks totalling **£0.468m** 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 **£0.4688m** 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 5 below.

Risk	Value £k	Ongoing £k	One Off £k	Actions to manage risk
High	468	0	468	Economy and Environment continue to identify possible in year mitigations and review budgets as part of Council's MTFO plan.
Total	468	0	468	

The main high risks (Red risk) that could negatively impact the current forecast position should it occur are detailed further in Table 6 below.

Table 6 - High risks		
Service	Reason / explanation of risk	£k
Commercial	Bereavement income due to new competitor entering the market	276
Commercial	Bereavement Services burial and crematorium reductions due to fall in demand	106
Operations	Increase tonnage for garden waste and disposal	53
Operations	Increase Landfill - disposal and tax	48
Operations	Increased costs from Co-mingled	120
Operations	Bulky Waste delay on updated prices on system	13
Regulatory	Regulatory Services recruitment in Environmental Health to cover backlog of inspections.	52
Leisure	Continuing growth of Active living centre income	(200)
Total High Risks		468

3.7 Service Transformation Plan Benefits

Included within the budget for 2023/24 for services within the remit of this Committee are £3.627m of approved savings. Table 7 gives an early indication of the progress towards implementing these benefits:

Table 7: 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	Not achieved (Red) £m
P3a-Outsource Outdoor Pursuits Service to a community group	0.013	0.000	0.000	0.000	0.013
P4-Increase in bulky waste charges from £10 to £30 for up to 3 items, £50 for 4-6 items and £70 for 7-9 items	0.136	0.000	0.000	0.031	0.105
P5-Reduce grass cutting frequencies	0.040	0.040	0.000	0.000	0.000
P6-Rewilding of all urban grassed areas - to manage public grassed open spaces and verges for biodiversity rather than visual appearance. Most areas would only receive one cut per year; however, pitches, visibility splays, paths and edges would be cut more	0.352	0.000	0.000	0.000	0.352
P7-Increase resident and business parking permit charges by 20%	0.003	0.002	0.002	0.000	0.000
P9-Part night lighting - reduce energy consumption by 20%	0.040	0.000	0.040	0.000	0.000
P10-Garden waste collection - 2 weekly from May-Nov	0.100	0.100	0.000	0.000	0.000
OP66-Modified winter maintenance service - the same roads will be gritted but split into 5 routes rather than 6	0.030	0.030	0.000	0.000	0.000
P12-Parking dispensation charging of £15 per vehicle per day	0.020	0.000	0.000	0.005	0.015
P13-Reintroduce staff parking charges – reduction from £45 to £15 per month	0.018	0.000	0.000	0.000	0.018
OP16-Enhancement of Darlaston Pool - implement new water features to improve teaching pool facilities and attract 'new business' - linked to capital investment	0.015	0.000	0.000	0.004	0.011
OP17-Development of Oak Park office space to create more functional fitness space to expand classes - linked to capital investment	0.050	0.000	0.000	0.013	0.038
OP18-Improvement to DD collection processes	0.010	0.000	0.000	0.005	0.005

OP19-Review of coffee shop operations	0.010	0.010	0.000	0.000	0.000
OP20-Develop new concessions in more parks	0.005	0.005	0.000	0.000	0.000
OP21-Increase rental income from Park Lodges	0.005	0.001	0.000	0.000	0.004
OP23a-Income generation review of fees and charges - increase bereavement charges by 5%, registrars and interment fees by 3%	0.094	0.000	0.000	0.005	0.089
OP23b-Income generation review of fees and charges - increase bereavement charges by 5%, registrars and interment fees by 3%	0.094	0.000	0.000	0.005	0.089
OP24-Income generation review of fees and charges - increase active living by 5%; dry sports by 2%	0.052	0.000	0.052	0.000	0.000
OP62/65-Clean, Green & Leisure restructure and delivery model review	0.291	0.291	0.000	0.000	0.000
OP63-Income generation review of fees and charges - increase grounds maintenance, trees, and arboretum rents by 5%; domestic waste and street cleansing by 10%; sale of bins by 22%; vehicle testing by 2.16%; vehicle goods and services by 20%	0.055	0.027	0.000	0.029	0.000
C/fwd from 22/23-Premium bulky waste collection service	0.015	0.000	0.000	0.000	0.015
OP57-Additional Trade Waste Income	0.000	0.000	0.000	0.000	0.000
OP25-Further efficiencies relating to Customer Access Management	0.096	0.096	0.000	0.000	0.000
C/fwd from 22/23-Bookable Gyms - perm replaced on going	0.030	0.030	0.000	0.000	0.000
OP54-Charge developers for travel plans	0.030	0.000	0.000	0.000	0.030
OP55-Street lighting energy savings	0.728	0.000	0.728	0.000	0.000
OP56-Increase recycling rates and reduce contamination	0.383	0.000	0.000	0.000	0.383
OP58-Increase domestic dropped crossing charges by 20%	0.004	0.002	0.002	0.000	0.000
OP59-Increase s.38 and s.278 fees	0.045	0.045	0.000	0.000	0.000
OP60-Increased bus lane/ bus gate enforcement	0.050	0.050	0.000	0.000	0.000
OP64-Income generation review of fees and charges - increase traffic management by 10%; street naming and numbering and skip permits by 2%	0.009	0.004	0.004	0.000	0.000
OP61-Trade waste over recovery of income	0.130	0.130	0.000	0.000	0.000
OP62-Waste to recycling review	0.300	0.300	0.000	0.000	0.000
C/fwd from 22/23-Offer residential gardening service	0.030	0.000	0.000	0.000	0.030
OP4-Regeneration & Economy team review	0.260	0.000	0.000	0.000	0.260
OP1-Income generation review of fees and charges - increase planning development charges by 5%	0.001	0.000	0.000	0.000	0.001
OP53-Income generation review of fees and charges - increase Arts Centre hire and lettings by 12%; bar commission fees by 15%	0.007	0.000	0.007	0.000	0.000
OP74-Heritage and culture / Arts and events - increase fees and charges - perm replaced perm replaced on going	0.009	0.009	0.000	0.000	0.000
OP22-Above inflation increases to fees and charges	0.000	0.000	0.000	0.000	0.000
OP5-Income generation review of fees and charges - increase library hire and lettings by 5%	0.001	0.000	0.001	0.000	0.000
OP65-Income generation review of fees and charges - increase regulatory licences and permits by 28%	0.005	0.000	0.005	0.000	0.000
C/fwd from 22/23-Review of Libraries management	0.061	0.000	0.000	0.000	0.061
Total approved savings for services within remit of Committee	3.627	1.172	0.842	0.096	1.518

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 a robust delivery plan is required);

3.8 Capital Summary

The capital programme for the services under the remit of the Economy and Environment Overview and Scrutiny Committee is £56.67m with the current forecast position projected to £45.839m for Period 6 (September) as detailed in Table 8 below. The proposed £10.405m carry forward is split across a number of service areas.

Table 8- Capital Forecast 2023/24					
	Annual Budget	Actual Year to Date	Forecast	Year End Variance	Proposed carry f/wd to 2024/25
	£m	£m	£m	£m	£m
Service					
<u>Council Funded</u>					
Environment Services	0.989	0.227	0.989	0.000	0.000
Leisure and Commercial	0.634	0.068	0.634	0.000	0.000
Highways, Transport and Operations	11.349	3.407	10.923	(0.426)	0.000
Regeneration & Economy	8.574	0.001	4.727	(3.847)	(3.847)
Libraries	0.194	0.087	0.194	0.000	0.000
Total Council Funded	21.740	3.790	17.477	(4.273)	(3.847)
<u>Prudential Borrowing</u>					
Environment Services	8.526	1.635	8.526	0.000	0.000
Total Prudential Borrowing	8.526	1.635	8.526	0.000	0.000
<u>Externally Funded</u>					
Environment Services	0.801	0.131	0.801	0.000	0.000
Leisure and Commercial	0.000	0.005	0.000	0.000	0.000
Highways, Transport and Operations	8.646	2.534	8.147	(0.499)	(0.499)
Regeneration & Economy	7.393	4.495	2.279	(5.113)	(5.113)
Libraries	0.202	0.000	0.202	0.000	0.000
Programme Management	9.361	1.393	8.416	(0.945)	(0.945)
Total Externally Funded	26.403	8.558	19.845	(6.557)	(6.557)
TOTAL	56.670	13.981	45.839	(10.831)	(10.405)

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 Interim 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 2023/24, including an update on risks and impact on the budget for 2023/24 and beyond.

Background papers: Various financial working papers

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