

Performance, Budget and MTFS

Residents, Housing and Communities Scrutiny Panel

17 November 2022

Introduction

Budget Scrutiny for

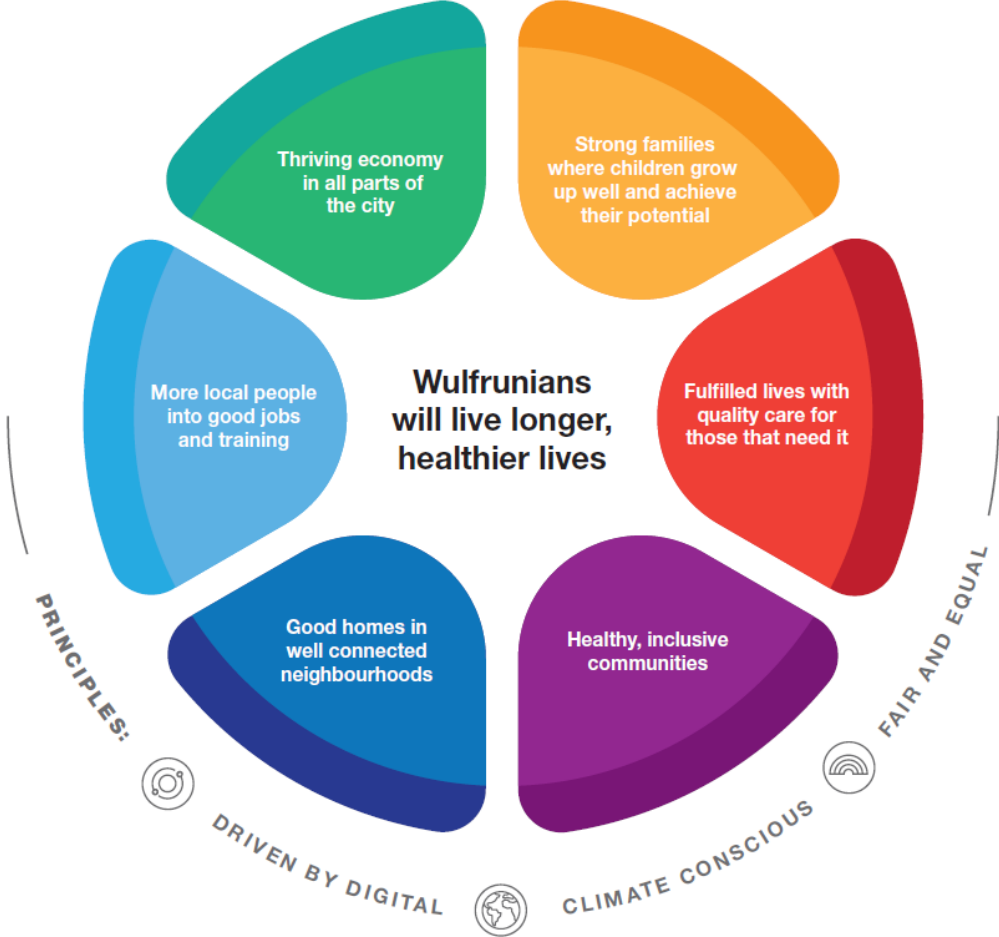
- Background
- 2022-2023 Performance and Budget monitoring update – as at quarter 2
- 2023-2024 Draft Budget and Medium Term Financial Strategy
- Future Challenges
- Strategic Risk Register

Background

- The Council has built up a strong track record over many years of managing its finances despite reductions in funding
- The Council's strategic approach to strategic financial planning is to align resources to Our City, Our Plan which was approved by Full Council on 2 March 2022
- Our City: Our Plan a new Council plan building on the Relighting Our City and providing a strategic framework for delivering the ambition that 'Wulfrunians will live longer, healthier lives.'

Background

- This presentation provides an update on the in year performance and budget position and the draft budget for 2023-2024.
- Scrutiny are asked to:
 - consider and comment on the draft budget and how it is aligned to priorities of the Council
 - Provide feedback to Scrutiny Board for consolidation and onward response to Cabinet on the Draft Budget and Medium Term Financial Strategy 2023-2024 to 2025-2026



**2022-2023 Performance and Budget
Monitoring
Quarter 2**

Performance and Budget Monitoring – Quarter 2

- On a quarterly basis an integrated performance and budget monitoring report is presented to Cabinet.
- The quarter 2 position was presented to Cabinet on 16 November 2022
- Overall a forecast overspend was reported across the Council of £1.5 million – this is in the main as a result of the 2022-2023 pay award.
- The following slides provide an overview of the services that fall under the remit of this panel.

Overall Our City: Our Plan Performance – Quarter 2

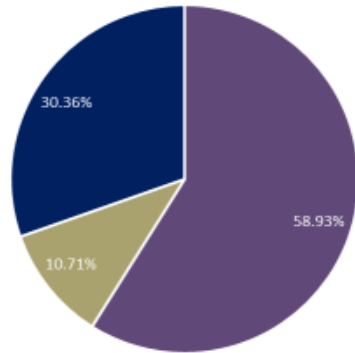
In total there are currently 56 KPI's in the Our City: Our Plan performance framework.

Of these;

- 33 have shown improvement or have seen similar performance
- 17 are yet to be update in the YTD (8 of these in Healthy Communities)
- 6 saw a decrease in performance

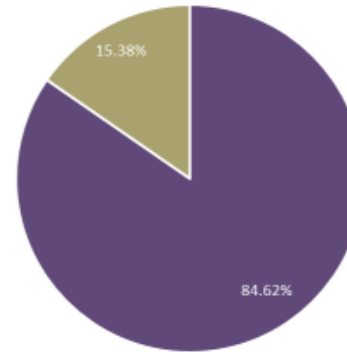
Overall Our City: Our Plan Performance – Quarter 2

% of indicators improving
(all indicators)



■ Improved or sustained ■ Decreased ■ Not reported yet

% of indicators improving
(those with available updates)



■ Improved or sustained ■ Decreased

Good Homes in Well-Connected Neighbourhoods

Number of indicators	Number showing improved or similar performance -YTD	Number showing decreased performance -YTD	Number with no update in YTD
10	5	0	5

KPI's with increased or similar performance in the YTD

Number of new builds completed in the city – similar

% of carriageways in city assessed as high quality – increased (all road types

% of planning application decisions made with 13 weeks or agreed timescales – increased

% fly tipping incidents resolved in 5 working days – increased

Number of homeless families moved into secure housing - increase

Good Homes in Well-Connected Neighbourhoods

Changes in quarter

Performance against number of new builds completed in the city has remained at 70. This puts Wolverhampton slightly lower than our statistical neighbour average which is 111. Wolverhampton is ranked 218 out of 309 local authorities across the country.

Increased performance against the number of carriage ways in the city judged as high quality including a large increase in the quality of C roads in the quarter.

100% of major planning applications completed within 13 weeks in the quarter.

Slight increase in the percentage of fly tipping incidents resolved in 5 days from 76% to 77.5%

More homeless families supported into secure accommodation. Homeless applicants make up 30% of the customers on the housing register. The additional support in place for those homeless customers placed in Temporary Accommodation will increase the number of Homeless applicants that are rehoused.

Good Homes in Well-Connected Neighbourhoods

KPI's with decreased performance in quarter

None

KPI's with no update in YTD

Net additional dwellings in the city

Housing affordability ratio

% of dwelling stock that is vacant in the city

Energy efficiency of housing stock

Published data expected on all of the above in November 2022

Forecast Budget Position – Summary

Service	Net Controllable Revised Budget 2022-2023	Net Controllable Forecast 2022-2023	Q2 Variance		Reason for Quarter 2 Variance
	£000	£000	£000	%	
Bereavement Services	(2,050)	(2,117)	(67)	(3.27%)	The forecast underspend is on cemeteries due to staff vacancies and additional income. This is offset in part by a reduction in income from the crematorium.
Black Country Transport	-	-	-	-	
Coroners Service	364	395	31	8.52%	The forecast overspend is as a result of increased inflationary costs of the Coroners Service. This is offset in part by underspends on professional fees for Digital Autopsy services.
Director City Environment	284	236	(48)	(16.90%)	A forecast underspend has arisen mainly due to a vacant post awaiting recruitment.
Energy and Sustainability	200	200	-	-	
Environmental Services	6,772	6,709	(63)	(0.93%)	
Fleet Services	1,698	2,350	652	38.40%	The projected overspend is due to increase in cost of hire vehicles, and professional fees. This is offset in part by underspends due to staff vacancies, and additional income. There is a planned fleet replacement programme in delivery to mitigate increasing hire costs in the future.
Highways Maintenance	1,579	1,738	159	10.07%	An overspend is forecast due to an increase in value of contracts as a result of an increase in demand.

Forecast Budget Position – Summary

Service	Net Controllable Revised Budget 2022-2023	Net Controllable Forecast 2022-2023	Q2 Variance		Reason for Quarter 2 Variance
	£000	£000	£000	%	
Housing	(379)	(383)	(4)	1.06%	
Landscaping	49	49	-	-	
Licensing	54	54	-	-	
Markets	(198)	(38)	160	80.81%	The forecast overspend is mainly due to an increase in interim staff incurred whilst implementing a restructure, covering staff sickness and an increase in waste costs.
Operation & Maintenance of Existing Network	844	685	(159)	(18.84%)	The forecast underspend is mainly as a result of vacancies held pending a restructure.
Private Sector Housing	543	535	(8)	(1.47%)	
Parking Services	(1,712)	(1,627)	85	4.96%	The forecast overspend is mainly due to additional costs for the Ringo system being higher than originally estimated.
Public Protection	1,884	1,932	48	2.55%	The forecast overspend is mainly as result of a reduction in income from fines within Environmental Crime, along with increase costs within Environmental Protection due to professional fees. This is offset in part by underspends due to staff vacancies within Environmental Crime.

Forecast Budget Position – Summary

Service	Net Controllable Revised Budget 2022-2023	Net Controllable Forecast 2022-2023	Q2 Variance		Reason for Quarter 2 Variance
	£000	£000	£000	%	
Street Lighting	3,109	2,982	(127)	(4.80%)	The forecast underspend is mainly due to the reduction in budgeted energy costs following the introduction of LED lighting.
Transportation	6,097	6,789	692	11.35%	The forecast overspend is mainly due to the pressure of increased demand on passenger transport services for client transport costs, agency costs and additional vehicle hire costs. This is offset in part by one-off savings due to staff vacancies.
Waste and Recycling	11,504	10,524	(980)	(8.52%)	The forecast underspend is due to increased income, reduced costs of waste disposal. This is offset in part by increased fuel costs due to rising inflation.
Homelessness and New Communities	1,792	2,365	573	31.98%	The forecast overspend is due to an increase in the number of referrals for bed and breakfast accommodation.
City Planning	868	975	107	12.33%	The forecast overspend due to variation in planning application fee outside of our control partially offset by underspends against staffing due to unfilled vacancies.

Forecast Budget Position – key areas to note

- Pressures are forecast on:
 - Temporary housing accommodation. At quarter 2 an overspend of £573,000 was forecast. In addition, pressures are also being seen within the Finance directorate against housing subsidy grant pressure of £394,000 – this is in addition to £750,000 reported at quarter 1 which has been funded by growth held corporately in anticipation of pressure in this area (virement approved at Qtr1)
 - Transportation – increased demand on passenger transport services, including agency costs, additional vehicle hire and inflationary costs. Total pressures of £692,000 reported at qtr 2
 - Fleet services – increase cost pressures due to hiring of vehicles. The planned fleet replacement programme in delivery will mitigate against increasing costs. Total cost pressure at qtr 2 is £652,000

**2023-2024 Draft Budget and
MTFS 2023-2024 to 2025-2026
Overview**

Overview

- The 2022-2023 budget and MTFs was approved by Full Council on 2 March 2022
- Reported a forecast budget deficit of £12.6 million in 2023-2024 rising to £25.8 million over the medium term to 2025-2026
- Work has been ongoing to reduce the deficit with an update to Cabinet on 19 October 2022 reporting an updated forecast budget deficit of £7 million for 2023-224 rising to £31.6 million by 2025-2026
- Work will continue to be undertaken to bring forward proposals to set a balanced budget for 2023-2024 and deliver a sustainable medium term financial strategy

2023-2024 Draft Budget and MTFS 2023-2024 to 2025-2026 Overview

Scrutiny Panel	2022-2023 Gross Expenditure Budget £000	2022-2023 Gross Income Budget £000	2022-2023 Net Revenue Expenditure/ (Income) Budget* £000	Pay Award Inflation** 2023-2024 £000	Growth 2023-2024 £000	Savings 2023-2024 £000	2023-2024 Draft Net Revenue Expenditure/ (Income) Budget £000
Economy and Growth Scrutiny Panel	21,129	(13,853)	7,276	85	90	(1,030)	6,421
Health Scrutiny Panel	21,886	(21,886)	-	-	-	-	-
Residents, Housing and Communities Scrutiny Panel	76,763	(43,213)	33,550	271	142	(250)	33,713
Resources and Equality Scrutiny Panel	197,087	(108,345)	88,742	14,112	3,336	(2,852)	103,338
Fulfilled Adult Lives Scrutiny Panel	123,274	(41,542)	81,732	172	4,705	-	86,609
Strong Families, Children, and Young People Scrutiny Panel	242,021	(189,715)	52,306	442	-	(1,000)	51,748
Commissioning and Transformation***	3,815	(262)	3,553	-	-	-	3,553
Net Budget Requirement	685,975	(418,816)	267,159	15,082	8,273	(5,132)	285,382
Corporate Resources			(267,159)	-	(11,081)	-	(278,240)
Budget Challenge as at October 2022							7,142

- *draft revised budget after reversal of one-off virements and forecast impact of 2022-2023 pay award
- ** forecast impact of increments, changes to NI, does not factor in any uplift for 2023-2024 pay award – this will be held corporately until agreed
- ***Commissioning and Transformation falls under both Fulfilled Adults Lives and Stronger Families, Children and Young People Scrutiny Panel

Overview – Uncertainties

- There continues to be significant uncertainty around
 - Future funding
 - Inflationary pressures
 - Future pay awards – currently assumes 4% in 2023-2024 and 2% for future years

**Residents, Housing and
Communities
Scrutiny Panel
2023-2024 draft budget and MTFs**

Changes to budget –saving / growth

- Under the remit of this panel the MTFS currently has the following saving targets built into the budget
 - Environmental Services £250,000
- The following growth is also built into the budget
 - Waste Services £142,000

Draft Budget

Service	2022-2023 Gross Expenditure Budget £000	2022-2023 Gross Income Budget £000	2022-2023 Net Revenue Expenditure/ (Income) Budget* £000	Pay Award** Inflation 2023-2024 £000	Growth 2023- 2024 £000	Savings 2023- 2024 £000	2023-2024 Draft Net Revenue Expenditure/ (Income) Budget £000
Bereavement Services	1,770	(3,734)	(1,964)	7	-	-	(1,957)
Black Country Transport	451	(438)	13	7	-	-	20
City Planning	2,475	(1,498)	977	18	-	-	995
Coroners Service	364	-	364	-	-	-	364
Director City Environment	292	-	292	10	-	-	302
Energy and Sustainability	239	-	239	-	-	-	239
Environmental Services	7,987	(790)	7,197	36	-	(250)	6,983
Fleet Services	2,973	(1,209)	1,764	2	-	-	1,766
Highways Maintenance	2,496	(829)	1,667	1	-	-	1,668
Homelessness and New Communities	6,686	(4,866)	1,820	-	-	-	1,820
Housing	1,768	(2,081)	(313)	-	-	-	(313)

- *draft revised budget after reversal of one off virements and forecast impact of 2022-2023 pay award
- ** forecast impact of increments, changes to NI, does not factor in any uplift for 2023-2024 pay award – this will be held corporately until agreed

Draft Budget

Service	2022-2023 Gross Expenditure Budget £000	2022-2023 Gross Income Budget £000	2022-2023 Net Revenue Expenditure/ (Income) Budget* £000	Pay Award** Inflation 2023-2024 £000	Growth 2023- 2024 £000	Savings 2023- 2024 £000	2023-2024 Draft Net Revenue Expenditure/ (Income) Budget £000
Landscaping	250	(188)	62	6	-	-	68
Licensing	6,924	(6,759)	165	-	-	-	165
Markets	1,766	(2,198)	(432)	5	-	-	(427)
Operation & Maintenance of Existing Network	3,278	(2,393)	885	6	-	-	891
Parking Services	2,178	(5,002)	(2,824)	14	-	-	(2,810)
Private Sector Housing	871	(299)	572	9	-	-	581
Public Protection	2,765	(774)	1,991	16	-	-	2,007
Street Lighting	3,237	(127)	3,110	2	-	-	3,112
Transportation	8,920	(2,833)	6,087	20	-	-	6,107
Waste Services	19,073	(7,195)	11,878	112	142	-	12,132
Total	76,763	(43,213)	33,550	271	142	(250)	33,713

- draft revised budget after reversal of one-off virements and forecast impact of 2022-2023 pay award
- ** forecast impact of increments, changes to NI, does not factor in any uplift for 2023-2024 pay award – this will be held corporately until agreed

Draft Budget

- Budget setting process is still under way. The Draft Budget is subject to changes that are implemented to close the current deficit for 2023-2023.
- Some growth and saving targets are currently being held in Corporate Accounts and will be transferred to services.
- The Draft Budget currently does not yet reflect any virements between services in 2023-2024.
- Work is ongoing to review and challenge budget requirements

Risks / Key areas to note

Passenger Transport

- Risks to the Passenger Transport budget are primarily due to demographic growth. In 2020/2021 the travel unit were transporting 1147 pupils. In 2022/2023 1718 pupils are being transported. Continued growth will increase that demand further.
- The Travel Unit has recently been formed, transforming how the service is delivered and driving both standards and efficiency. Calculations have shown that if the transformation work had not taken place, costs would be in excess of £3 million per year more than they are now.

Fleet

- Work is progressing to reduce the number of fleet vehicles overall and also to replace hired vehicles with purchased ones where business cases demonstrate financial gain.

Strategic Risk Register

- Risks last reported to the Audit and Risk Committee on 26 September 2022.
- The following strategic risk relevant to this panel:
 - Climate Change
- Other strategic risks which may have an impact on this panel
 - Business Closing
 - Reputation / Loss of Public Trust
 - Employee Wellbeing
 - Medium Term Financial Strategy

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