

2022 to 2023 Performance report Quarter 4

Report number:	PAS/WS/23/007	
Report to and date(s):	Performance and Audit Scrutiny Committee	1 June 2023
Cabinet member:	To be confirmed at Annual Council on 23 May 2023	
Lead officer:	Rachael Mann Director (Resources and Property) Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	

Decisions Plan: **This item is not required to be included in the Decisions Plan**

Wards impacted: **All wards**

Recommendation: **It is recommended that the Performance and Audit Scrutiny Committee:**

- 1. Notes the year end 2022 to 2023 revenue and capital positions as detailed in the report and appendices, and forward any relevant issues or comments to Cabinet for consideration.**

1. Context to this report

- 1.1 The Council's performance management framework seeks to give councillors, officers, partners, stakeholders and residents greater understanding of progress towards achieving the council's strategic priorities set out in the [West Suffolk Council Strategic Framework 2020-2024](#). In addition, it also gives an insight into the delivery of the broad range of day-to-day services to the residents and businesses of West Suffolk. Effective use of performance management information can support transformation and enable choices to be made about the use of resources.
- 1.2 This paper is part of that process. Financial performance information (monitoring against the approved budget with appropriate comment on any change) and key performance indicators sit alongside other elements of the council's performance framework that can be viewed on the [performance webpage](#).
- 1.3 The purpose of the performance management framework is to ensure that performance information supplied to the Performance and Audit Scrutiny Committee, Cabinet and Leadership Team clearly shows:
- progress towards strategic goals
 - insight on initiatives that will ensure future progress
 - areas that require decisions and actions to keep on track to their goals
 - items with a significant level of risk associated with them
 - flexibility in approach allowing the escalation of performance successes and challenges
 - the relationship between performance indicators and financial delivery.

The performance management framework naturally develops and evolves over time to reflect the challenges and aims the council is facing and metrics can be changed or added to reflect this.

- 1.4 This report includes the full year end (1 April to 31 March) financial position for West Suffolk Council, prior to review by external audit. The budget against which the actual variances are measured against was set in February 2022. The majority of these variances have existed for a number of months and have therefore been reported previously to this Committee. Previous reports that can be found here:
[Q1 Performance Report - 2022 to 2023](#)
[Q2 Performance Report - 2022 to 2023](#)
[Q3 Performance Report - 2022 to 2023](#)
- 1.5 Where significant and ongoing variances have arisen and been reported during this financial year, where possible, these have been reflected in the budget and Medium-Term Financial Plan for 2023 onwards, including in the current year 2023 to 2024 budget that this committee will monitor during the course of the year. [Medium Term Financial Plan](#)

Income recovery

1.6 Government requires councils to raise income to deliver services. Over 70 per cent of West Suffolks Council budget is funded locally. Like other authorities and public services across the country the COVID-19 outbreak had a significant impact on the council's financial position during the financial years 2020 to 2022 and this impact has continued in some but not all areas in the year 2022 to 2023. The 2022 to 2023 budget approved in February 2022 was set assuming all income streams would recover to pre-COVID levels but, recognising that recovery may not be immediately in some services, allowed for an overall £0.475 million income loss provision centrally (in reserve) to manage this.

1.7 Whilst West Suffolk continues to recover its services and income streams since the pandemic and the national and local lockdowns, the effects in some areas are likely to be felt for years to come. In addition, the cost-of-living crisis, which the Ukraine War has exacerbated, as well as increased inflation is not only impacting our communities and businesses but also adversely putting pressure on the council's budgets too.

1.8 All these elements, as well as national public behavioural changes in travel, shopping and working created by these issues, have had an adverse impact on businesses, retail and public services nationally.

1.9 Consequently, income generation for public services across the UK have been severely impacted by a combination of all these challenges. West Suffolk Council is not alone in continuing to face these issues, although there are good signs of recovery by services and areas – some stronger than others.

1.10 This includes income from leisure and cultural events, trade waste and our garden waste service which have recovered well during the year 2022 to 2023. In addition, other services are recovering such as car parks and markets however as shown in the 2022 to 2023 income and expenditure outturn at Appendix B recovery of these two areas in particular where not back to pre-COVID levels (as the budgets assumed). The data collected during the year 2022 to 2023 helped informed a revised income budget level for these two areas in the 2023 to 2024 budget.

1.11 Performance of the council's income streams will form part of in-year monitoring and will help inform our ongoing budget setting processes as we continue to understand if these behavioural changes are likely to become more permanent. The council is also looking at other similar services and authorities across the United Kingdom.

Impact of inflation and wider economic conditions

1.12 As described, in addition to the ongoing effects of income recovery, other global economic pressures are having a major impact on the council's finances. The significant increases in energy and fuel prices, coupled with

the inflationary impact on commodities from the war in Ukraine, are all contributing towards the council's budgetary pressures, both in the current year 2022 to 2023 and across the medium term. A number of these have been taken into account for the 2023 to 2024 budget.

- 1.13 These wider economic pressures can be seen in the year end outturn position for 2022 to 2023, particularly in the overspends on vehicle fuel, utilities, materials and supplies and services. These pressures are not expected to improve in the short term and will be continually reviewed as part of the 2023 to 2024 budget monitoring as the year progresses and reported to this committee.
- 1.14 However, the global economic pressures, have had some positive impacts on the budget. The additional income set out in the appendices, has been helped by financial decisions previously made by the council in terms of investment. This includes increased interest rates on investments and improved dividend payment expected from Barley Homes, the council's wholly owned Housing Company. There are also improved recycling credits as a result of higher commodity prices with materials being better collected by our modern Operational Hub facilities.
- 1.15 In addition, higher utility costs mean renewable measures that the council has invested in, such as Toggam Solar Farm, solar panels on buildings and battery charges either brings a higher income or reduced costs. In addition, schemes such as solar for business, that the council runs not only has brought an income for the authority but has helped businesses keep bills down and impact on the environment when they are also facing higher utility costs.
- 1.16 The appendices for this report include the effects of the local government pay award which was agreed on 1 November 2022. A pay rise of £1,925 per annum on all pay scales was agreed, effective from 1 April 2022. The financial impact of this on this financial year is a cost increase of around £1.3 million over which assumed in the approved budget set in February 2022. This impact has been managed significantly within the overall employment costs for the council through in year vacancy management.

2. Quarter 4 Performance

- 2.1 This report shows the quarter 4 performance and year-end financial position for West Suffolk for 2022 to 2023.
- 2.2 The attached appendices detail the performance as follows:

Appendix A: Key performance indicators (KPI) dashboards. These dashboards are also available in an interactive online format which can be viewed at the link below. They give performance information about a wide range of the council's business areas, grouped by Portfolio Holder.

[Appendix A: KPI Dashboards](#)

Appendix B: Income and expenditure report

This appendix shows the forecast revenue outturn position across West Suffolk, analysed across the various categories of income and expenditure.

Appendices C to D: Other Financial performance

These appendices contain the forecast financial outturn positions for the council in respect of capital and earmarked reserves.

Appendix E: Strategic Risk Register

This appendix contains the revised West Suffolk Strategic Risk Register, further details are set out in section 7 of this report.

Exempt Appendix F: Aged debt over 90 days

This appendix contains summary information regarding the current levels and types of outstanding debt over 90 days owed to the council. **This appendix is exempt as it contains details of some individual debtor balances in order to facilitate review by this committee.**

3. Performance summary

- 3.1 Each of the dashboards at **Appendix A** contains commentary on the council's performance in quarter 4 of 2022 to 2023. These dashboards are also available in an interactive, online format at [Appendix A: KPI Dashboards](#)
- 3.2 At the meeting of this committee there will be further opportunity for discussion and questions around the trends and patterns that this quarter's data is showing.
- 3.3 These dashboards are designed to be interactive, which provides further insight and detail into the data and commentary. Therefore, members may find it more useful to use the interactive online dashboards instead of the PDF version supplied. In particular, the full commentary can be viewed on the online versions, whereas this is not possible through the PDFs.

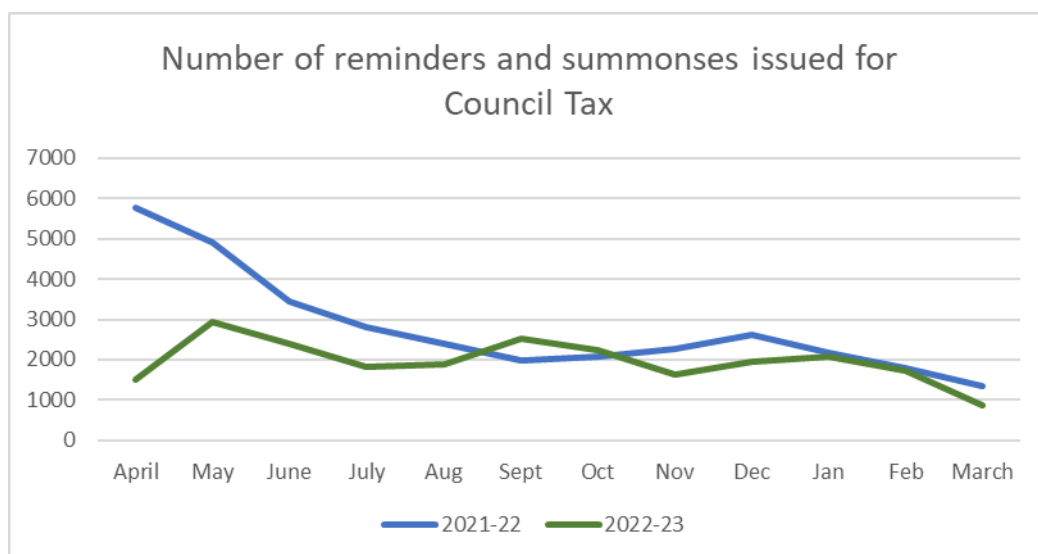
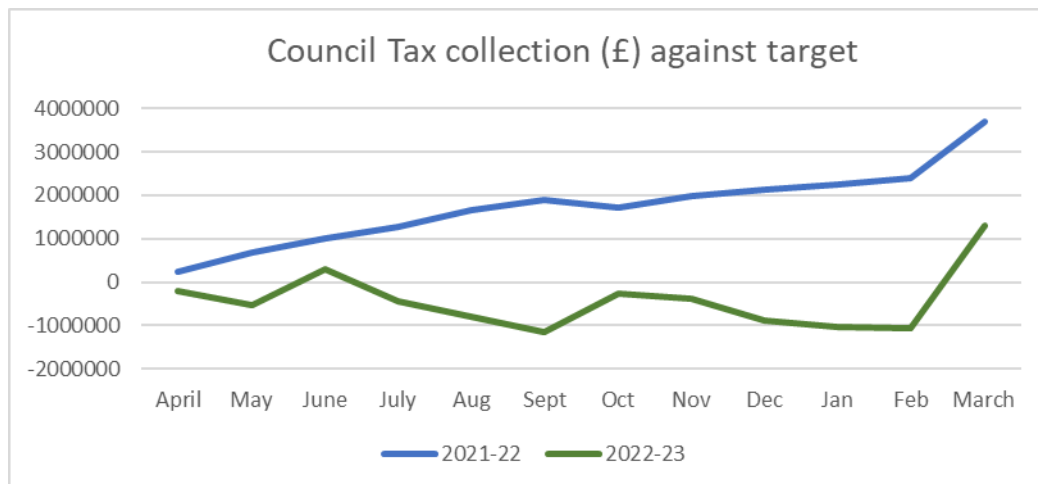
Monitoring the impact of the cost of living on West Suffolk residents.

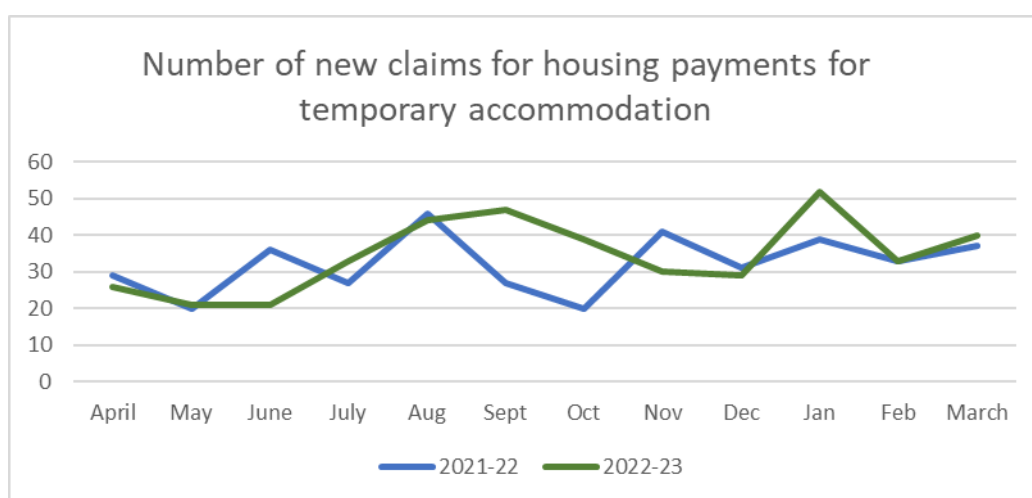
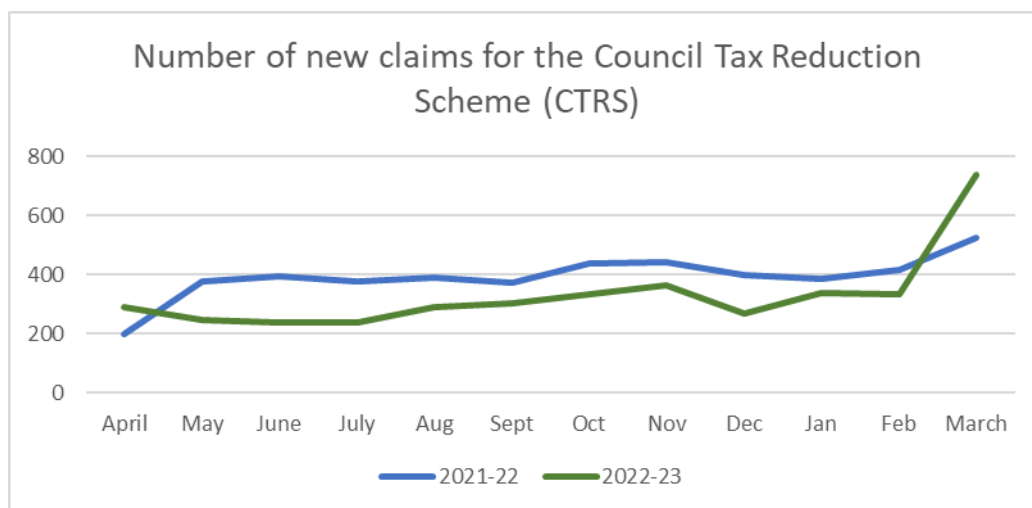
- 3.4 To monitor the impact of the cost of living on West Suffolk residents, we have collected data on key revenues and benefits indicators to compare the position in 2021 to 2022 and 2022 to 2023. The following data can be used to monitor the impact of the increased cost of living on residents' behaviours around payment of Council Tax and applications for benefits. The

graphs below compare the position in 2021 to 2022 and 2022 to 2023. In due course, these indicators will be added to the main KPI dashboards.

3.5 It is important to note that Energy Rebate payments (where allocated to a resident's council tax account) probably had an impact of the Council Tax collection graph (first chart below), limiting its usefulness as a cost-of-living comparison at this stage. For example:

- Payments commenced in June (main scheme) and then there was a further impact later in the year (October time) for discretionary payments.
- People possibly didn't pay in April or May as they were expecting a rebate to their account, and this has carried on throughout the year.
- ARP believe that the cost-of-living crisis probably had an impact in December or January.
- Pre-pays increase collection in March.
- Also, recovery was reduced due to energy rebates and phased in again with reminders delayed until August and summonses until October.





Waste performance – follow up to Quarter 3 PASC discussion

- 3.6 At the meeting of Performance and Audit Scrutiny Committee on 26 January 2023, a member of the committee asked officers to investigate the reason behind performance dips and peaks regarding the percentage of household bins successfully collected KPI. Please find the Quarter 3 PASC/Cabinet Planning dashboards [here](#). Although it was acknowledged by councillors that the performance dips in discussion are small, it sparked interest in the reasons behind these variations, and the following paragraphs explain the reason for the trends.
- 3.7 Every month, West Suffolk Council empties approximately 420,000 bins, organised around 95 weekly bin collection rounds (approximately 380 collection rounds per month).
- 3.8 Looking at the bins not emptied from April 2022 to March 2023, evidenced in the Q4 Performance dashboards, this averages less than one bin not emptied per collection round (based on 1,100 households) over the month.

Clearly, any dip in performance can look significant on the graph if the performance outturn in the month on either side is good.

Reasons behind performance dips and peaks

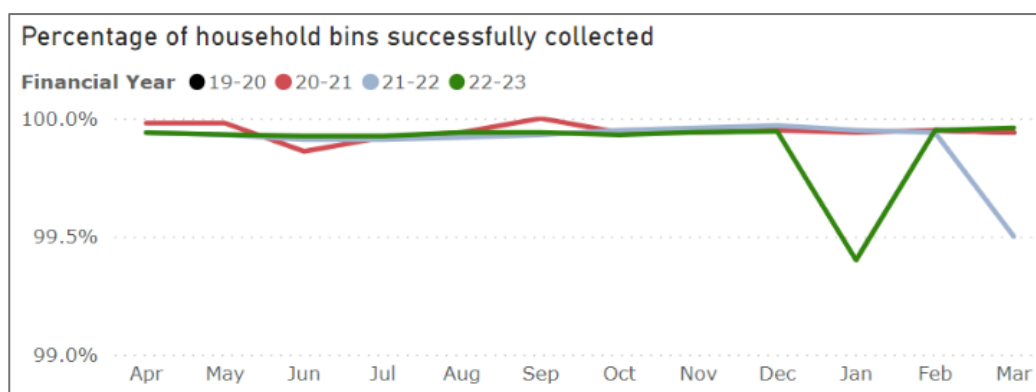
3.9 As the number of missed bins is not evenly spread across all rounds, some rounds may experience more missed bins than others. This can be caused by several reasons; for example, during various time periods last year, we were prone to staff shortages, particularly HGV drivers, and our contingency included the use of agency staff and staff redeployed from other services, for example, street cleansing. For crew working on unfamiliar rounds or temporary roles, they may miss bins during the collection.

3.10 It is important to consider the impact of external factors such as persistent access problems for the vehicles and the crew.

3.11 Error in the data

Although it appears we have performance dips in May and July 2022 in the percentage of household bins successfully collections in the December Quarter 3 Performance dashboards, these figures have been readjusted to match the updated and correct figures.

3.12 There was an issue with the formula used in the calculation when calculating the figures in the Excel spreadsheet used to generate this data. The visual on the Performance dashboard is now rectified to reflect the trend evidenced in the graph with the only performance dip of 0.55 per cent from 99.95 per cent in December 2022 to 99.40 per cent in January 2023. With the reasons explained above, we can assume that this dip is attributed to the bank holidays and staff leave during the Christmas period.



Consideration and next steps

3.13 Given the context behind the small performance dips on this KPI, it is clear that we are dealing with very fine margins which demonstrates the insignificance of the variation in the performance graph.

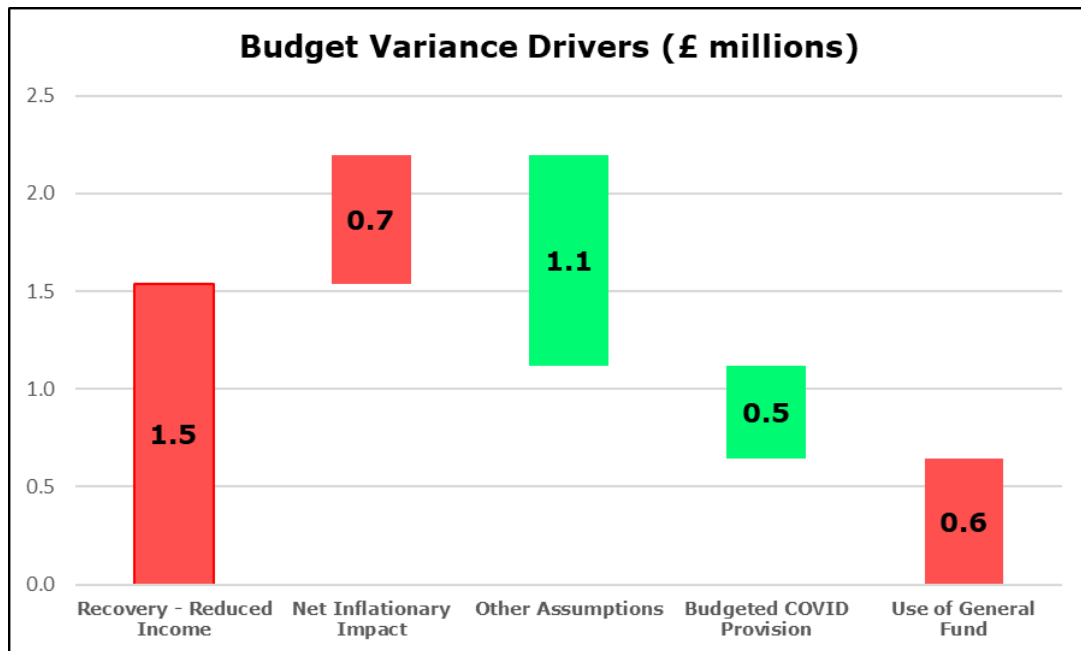
- 3.14 Regarding the data error, mechanisms have been put in place by the Performance and Waste Team to ensure that we input the correct formulas and alert officers to any errors in historical data as soon as possible.

Access to dentists

- 3.15 At the last meeting of Performance, Audit and Scrutiny Committee, an update was requested on access to dentistry services for West Suffolk residents. Officers are working with health colleagues to understand what data are available and these will be presented to a future meeting of the committee.

4. Financial outturn summary

- 4.1 For the national and global impacts and challenges set out earlier in this report the year end outturn position as at quarter 4 shows a **deficit of £0.6 million (which is just over 1% of total income (excluding benefits))**, made up of a number of variances to budget. The council has been forecasting a deficit all year, with this year-end position being a significant improvement on the quarter 3 estimated outturn of a £1.4 million deficit.
- 4.2 At 1 April 2022 the council's General Fund (its contingency reserve which represents around 25 per cent of the net budget) balance stood at £6.045 million. This is money put aside by the council as part of its prudent financial planning to help manage unforeseen or unprecedented issues that impact on the authority. Assuming the current forecast year end position (including the £0.475 million COVID-19 provision which is also to be met from the General Fund), this would be reduced to a balance of £5 million. This is at the agreed £5 million policy level, and as such will need to be closely monitored in the council's 2023 to 2024 budget plans going forward.
- 4.3 To mitigate any further unexpected use of the General Fund, officers continue to work on income recovery plans, as well as looking at potential cost saving opportunities and efficiencies while continuing to deliver high quality services and the strategic priorities of the authority.
- 4.4 As laid out in section one the key variances to budget that drive the £0.6 million shortfall, funded by the council's General Fund, are driven by the slower recovery of income streams post COVID-19 and affected by the national and international challenges largely beyond the authority's control such as inflation pressures. This also includes the impact on the cost base as a result of higher energy prices and general inflation. The relative impacts leading to the most adverse end of the range of forecast results are shown in the graph below – red representing pressures and green representing positive impacts.



- 4.5 The slower income recovery includes those services, as described earlier which are recovering and generating income but understandably, due to the complex range of challenges and changes in behaviour did not reach budgeted levels.
- 4.6 The inflationary pressures are causing significant rises in utility costs (£0.4 million) for the council's properties and fuel costs (£0.3 million) for the vehicle fleet.
- 4.7 These adverse impacts are partially offset by 'other assumptions' being favourable income from higher interest receivable on investments and salary savings from current vacant posts.

Capital programme

- 4.8 The council is spending £13.4 million of its capital budget of £59.5 million for 2022 to 2023, with proposed carry forwards of £45.8 million as a result of project timings, mainly the timing of investment of the 'Investing in our Growth' fund projects such as the Innovation units at Suffolk Business Park, use of the Barley Homes loan facility and the Western Way Development project in Bury St Edmunds. This in turn provides cash balances that are being reinvested for interest returns. Further detail by individual capital project can be found in **appendix C**.

Earmarked reserves

- 4.9 The council's balance on earmarked revenue reserves at the end of the financial year is **£42.0 million**, against a budgeted closing balance of **£35.9 million**. £5.3million of this variance relates to timing of expenditure into the next financial year related to capital programme timings as detailed

below. This net under-utilisation is primarily due to additional contributions to the capital project financing reserve, resulting from reduced borrowing and minimum revenue provision due to project timings (£1.6 million), additional contributions to the Invest to Save reserve in respect of the one off pension scheme contribution adjustment (£0.6 million) and timing of replacements in both the vehicle, plant and equipment reserve (£0.8 million) and the building repairs reserve (£1.3 million), linked again to the capital programme, plus a number of smaller variances.

- 4.10 Earmarked reserves are just that – they are earmarked for specific purposes, including for investment in the renewals of our waste fleet vehicles programme and investment in our operational and commercial properties. Details of the individual reserve balances and movements during the year can be found in **appendix D**. It should be noted that these are the reserve balances as they stand at the end of 2022 to 2023, however these reserves are earmarked for specific purposes across the council's Medium Term Financial Strategy (MTFS) and should be viewed in the longer term context.

[COU.WS.23.003 Attachment D Appendix 3 - Earmarked Revenue Reserves.pdf \(westsuffolk.gov.uk\)](#)

5. **Alternative options**

- 5.1 In order for the council to be able to meet its strategic priorities it is essential that sufficient and appropriate financial resources are available. The use of the council's general fund balance is being utilised to manage the residual in-year net financial pressures being experienced, after in-year savings and initiatives such as vacancy management have taken place. The 2023 to 2024 budget was prepared on the basis of no further calls from the general fund balance, alongside its return to the agreed £5 million policy level.

6. **Consultation and engagement**

- 6.1 This report and the figures and commentary therein have been compiled by the Finance team in consultation with the relevant budget holders, services and Leadership Team.
- 6.2 The key performance indicator reporting arrangements have been developed through extensive consultation with service areas, Leadership Team and previous Portfolio Holders and will be continually further refined through the Performance and Audit Scrutiny Committee.

7. **Risks**

- 7.1 The West Suffolk Risk Register is a document that records all known strategic risks that may impact the ability to deliver services and performance of West Suffolk Council. Each risk is described and the relative

inherent impact and probability of the risk coming to pass is estimated. The actions and controls that are undertaken to mitigate this risk are then laid out resulting in a revised residual impact and probability estimate.

- 7.2 The increasing risk presented by inflation, the rising cost of living and energy has been reflected in the two risk areas relating to business (WS20) and individuals (WS22). The actions and controls detailed in those risk areas show the undertakings that West Suffolk Council can take to monitor and mitigate against these pressures.
- 7.3 The West Suffolk Strategic Risk Register is updated regularly by the Risk Management Group. This group is comprised of service representatives, including Health and Safety, supported by a director and the portfolio holder for Resources and Property. Directors and/or service managers may be required to provide further information as requested by the group.
- 7.4 The aim of this process is to provide assurance that all strategic risk has been identified and that there are mitigating actions and controls in place to reduce these risks to an acceptable level.
- 7.5 At its most recent assessment on 13 January 2023, the group reviewed the Target Risk, the risk level where the council aims to be, and agreed a Current Risk assessment. The next meeting is planning for 30 May 2023. These assessments form the revised West Suffolk Strategic Risk Register at **Appendix E**.
- 7.6 Part of this assessment included the consideration of the controls and actions in place to address the individual risks. Where target risk levels are lower than the current risk assessment, further action is either being taken or planned in order to treat the risk and meet the target.
- 7.7 Some individual controls or actions have been updated and those that were not ongoing and had been completed by March 2023 have been removed from the register.

8. Implications arising from this proposal

- 8.1 All implications arising from the proposals are covered within the report and its associated appendices.

9. Appendices

- 9.1 Appendix A – Performance indicators (also available in an online, interactive format at [Appendix A: KPI Dashboards](#))
Appendix B – Income and expenditure report
Appendix C – Capital Programme
Appendix D – Earmarked reserves
Appendix E – Strategic Risk Register

Exempt Appendix F – Aged debt over 90 days summary

If you experience any problems with accessing this document or any of the appendices please email performance@westsuffolk.gov.uk.

10. Background documents

- 10.1 [Q1 Performance Report - 2022 to 2023](#)
[Q2 Performance Report - 2022 to 2023](#)
[Q3 Performance Report - 2022 to 2023](#)

[Council Agenda including 2023 to 2024 Budget and Council Tax Setting Report](#)

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