

Emerging pressures and challenges for services in relation to the 2022/23 Budget

Corporate and Communities Overview and Scrutiny Panel – 8 November 2021

During the Panel's discussion of quarterly Performance and in-year Budget Monitoring, Members took the opportunity (as suggested by the Leader of the Council) to discuss emerging pressures and challenges for services in relation to the 2022/23 Budget, summarised as follows:

- A post pandemic review of operations had identified a number of key pressures which would impact services, including the rising costs of transport, energy and pay. It was noted that in the Commercial and Change Directorate (CoaCh), the majority of the budget related to staffing. The Government had confirmed that it would return to an annual pay award, but the pay award had not yet been set for this financial year.
- There were difficulties in recruiting key specialist staff and agency staff were therefore being used to support certain specialist roles, leading to significantly increased costs.
- With the Retail Price Index (RPI) increasing and likely to be at 3% by the end of the calendar year, the Panel was advised that inflationary factors were putting pressure on services just to remain as the status quo.
- The Strategic Director of Commercial and Change advised that the Council currently had £630m of procurement managed by the Council's Commercial Team. For some of the contracts such as Microsoft, market influences could lead to sudden increase in costs, whilst for major contracts due to end next year, such as the street lighting contract (negotiated by West Mercia Energy) there would inevitably be an increase in contract price. The Panel was informed that CoaCh had a number of procurement interim staff with specific knowledge to provide support.
- The increased cost of transport and the impact on the supply chain was raised by Members and the question was raised as to what the Council was doing to mitigate these costs? The Strategic Director explained that as the Council doesn't buy many goods and services itself, these costs tended to sit with suppliers and contractors. Where the Council uses transport such as for home to school transport, there were some fixed contracts and some other arrangements. Additional costs would be mitigated wherever possible, but it was hoped that this was a relatively short-term issue.

The Panel expressed their concern about these emerging pressures and challenges and the resultant impact on Council budgets and services. The Panel was due to review the Corporate Procurement Strategy at its January meeting.