

BROMSGROVE DISTRICT COUNCIL

Audit, Standards and Governance Committee 23rd May 2024

Financial Savings Monitoring Report

Relevant Portfolio Holder	Councillor Colella – Portfolio Holder for Finance and Governance
Portfolio Holder Consulted	Yes
Relevant Head of Service	Debra Goodall
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Wards Affected	All
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	All
Key Decision / Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATIONS

The Audit, Standards and Governance RECOMMEND that:

1) The final position on the 2023/24 Departmental Savings Programme be noted, including any potential implications for future years.

2. BACKGROUND

- 2.1 As part of the 2023/24 budget, which was agreed at Council in February 2023, there were a number of savings options approved through the two-tranche process to deliver the balanced budget for the year. Savings from both tranches of the budget process have been combined in Appendix A.
- 2.2 Additionally, an Improvement Recommendation in the Interim Auditors Annual Report on Bromsgrove District Council 2021/22 and 2022/23 was that “savings delivery is monitored independently of basic budget monitoring at a Corporate level”. As such savings monitoring will be part of the Audit, Governance and Standards Committee on a quarterly basis.
- 2.3 The Quarter 3 2023/24 Finance and Performance Monitoring report was reviewed by Cabinet in March 2024. The final Outturn Report for 2023/4 will be presented to the first Cabinet Committee of this financial year on the 26th June.
- 2.4 The Quarter 3 position was a £221k overspend position, after allowing for the application of the 2023/4 Utilities Reserve. The opening £13.8m full year revenue budget was approved in February 2023.

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	2023/24 Approved Budget	2023/24 Forecast	2023/24 Forecast
Business Transformation and Organisational Development	1,745,422	1,518,712	(226,710)
Community and Housing GF Services	1,058,122	636,933	(421,188)
Corporate Financing	1,455,265	1,455,265	0
Corporate Services	1,378,418	1,555,756	177,338
Environmental Services	3,598,710	3,971,278	372,569
Financial and Customer Services	1,214,717	1,487,524	272,808
Legal, Democratic and Property Services	1,727,443	1,701,077	(26,366)
Planning, Regeneration and Leisure Services	1,384,643	1,809,362	424,720
Regulatory Client	259,337	258,701	(636)
Grand Total	13,822,076	14,394,609	572,533
Utilities Reserve		(351,000)	(351,000)
Overall Total	13,822,076	14,043,609	221,533

- 2.5 The full year effect of a £572k overspend will be mitigated in part by the application of £351k from the Utilities Reserve as approved at Quarter 1. **This leaves a £221k overspend position.** The ongoing 2023/24 pay increases position has been reflected as a budget pressure in the 2024/25 MTFP process. This is a £200k improvement over the Q2 monitoring.
- 2.6 Forecasting for Quarters 2, 3 and 4 have been delivered on TechOne following a series of training sessions in August and September 2023. This is the first time that budget managers had been asked to directly input their forecast financial positions into the system since the implementation of TechOne, and budget managers have been supported by the Finance Team throughout this process.
- 2.7 This forecast overspend is predominantly due to:
- the implications of the 2023/24 pay award - £1,925 level per pay point plus on costs has been offered by the Employers and was agreed on 1st November 2023. This was paid in the December payroll.
 - temporary and interim staff requirements - whilst there are several vacancies within teams across the Council, some posts are being covered by temporary staff and this has therefore resulted in some cost pressures.
 - the impact of homelessness and the cost of temporary accommodation costs.
 - higher than expected subscriptions, professional fees, and employee costs in Corporate Services.
 - high than expected employee and fleet hire costs in Environmental Services
 - higher than expected professional fees and lower than expected income in Planning and Leisure

This overspend is offset in part by:

- a forecast underspend against the utilities budget provision due to utilities inflation running at 70%. In the 2023/24 budget we assumed a 100% increase in budget and set up a reserve for the same amount.
- additional grants receipts and income for Community and Housing.
- lower than expected ICT purchases and additional grant income in Business Transformation and Organisational Development.

2.8 As previously reported in the Quarter 2 report, vehicle hire has put a pressure on the revenue budgets this year, as the refurbishment project on the Refuse fleet is requiring vehicles on hire to continue the work. There have also been issues with the fleet unrelated to the refurbishment project that has resulted in higher rental costs as well. Overall, it is anticipated that this will result in a cost pressure in the region of £300k for the year.

2.8 Departmental Savings are shown to be on track for delivery as per the data contained in Appendix A. There were two items highlighted in the January Report in yellow which require careful monitoring and one in red.

- Service Reviews (£140k in 23/4).
- Finance Vacancies (£100k in 23/4).
- Capacity Grid old debt recoupment (£200k in 23/4).

The position at year end is that the two Amber items still require careful monitoring:

- The Service Review figure as per the text in the table is more than covered by the difference between Establishment Staffing vacancies and Agency staff. However, this savings figure increases significantly in 2024/5 but should still be covered by the difference. A full Council Establishment Review is being undertaken in May 2024 which will confirm the ongoing position and also put in place processes which keep tight control of staffing changes – which account for almost 50% of the Council's controllable budgets.
- The Capacity Grid project, recouping old Council Tax and Business Rates debt is in mid flow. Presently levels for pre 2023/4 are £196k of Council Tax and £10k of Business Rates. We are assessing £1.9m of Council Tax Debt and £360k of Business Rates debt.

The red items will not be delivered. additional resource has been bought in to get the accounts up to date. Following a recruitment drive in Q4, 5 staff have been recruited and they all start early in the 2024/5 financial year. This will reduce costs over the present Agency charges. The plan is that the accounts will be bought up to date by the end of the Summer and as such the team should be at Establishment and the ongoing budget position rectified.

The Grants section has been updated for the Grant amounts included in the 2024/5 MTFP, although it should be noted that the Local Government Settlement was only one year.

The largest savings are on pension costs which link to the 2023 triennial revaluation. These revised figures run for three years. There is a risk for the 2026/7 financial year that these figures will go up when the next triennial revaluation takes place.

3. FINANCIAL IMPLICATIONS

- 3.1 The savings have significant financial implications if not delivered.
- 3.2 The Council presently has an estimated £5.213m in General Fund Reserves to cover one off issues, and £6.379m in Earmarked Reserves for specific purposes as per the MTFP report that went to Council in February. These are the only recourse, apart from additional reductions in spending/additional income, that the Council has to mitigate the present overspend position. The £5.213m General Fund figure includes accounting for the additional overspend.

4. LEGAL IMPLICATIONS

- 4.1 There are no direct legal implications arising as a result of this report.

5. STRATEGIC PURPOSES - IMPLICATIONS

Relevant Strategic Purpose

- 5.1 The Strategic purposes are included in the Council's Corporate Plan and guides the Council's approach to budget making ensuring we focus on the issues and what are most important for the borough and our communities. Our Financial monitoring and strategies are integrated within all our Strategic Purposes.

Climate Change Implications

- 5.2 The green thread runs through the Council Plan. 2023/24 savings options which had implications on climate change would have been addressed at that time.

6. OTHER IMPLICATIONS

Equalities and Diversity Implications

- 6.1 There are no direct equalities implications arising as a result of this report. Any implications will have been dealt with as part of the 2023/24 Budget process.

Operational Implications

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6.2 Operational implications will have been dealt with as part of the 2023/24 Budget process.

7. RISK MANAGEMENT

7.1 Non delivery of savings options, depending on their financial magnitude can have either a small or significant effect on the Council's finances. As such mitigations need to be in place to deal changes to what was agreed by Council in February 2023.

8. APPENDICES and BACKGROUND PAPERS

Appendix A – Bromsgrove Savings Monitoring 2023/24

9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Cllr Colella	
Lead Director / Head of Service	Pete Carpenter	
Financial Services	Debra Goodall	
Legal Services	Claire Felton	
Policy Team (if equalities implications apply)		
Climate Change Officer (if climate change implications apply)		

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Appendix A – Bromsgrove Savings Monitoring 2023/24

	2023/24 £000	2024/25 £000	2025/26 £000	RAG Status	Narrative
Phase 1 Savings					
Environmental Services Partnership	0	-25	-50		This savings starts in 2024/5
Service Reviews	-140	-330	-405		Establishment review is now taking place in May 2024. Monitoring position is £2.9m of vacancies covered by £1.6m of Agency staff. This is being evaluated for the savings required as part of the Establishment Review process as savings increase in 24/5 significantly.
Town Hall	-70	-70	-70		On track at Redditch for savings delivery
Finance Vacancies	-100	-100	-100		This savings will not be delivered in 2023/4 as additional resource has been bought in to get the accounts up to date. Following a recruitment drive in Q4, 5 staff have been recruited and they all start early in the 2024/5 financial year. This will reduce costs over Agency charges. The plan is that the accounts will be bought up to date by the end of the Summer and as such at that point the team should be at Establishment
MRP	-100	-100	-100		On Track for Delivery
Pension Fund	-663	-663	-663		On track as per actuarial triennial report
Engage Capacity Grid (One Off)	-200	-200	0		Presently levels for pre 2023/4 are £196k of Council Tax and £10k of Business Rates. We are assessing £1.9m of Council Tax Debt and £360k of Business Rates debt.
10% Increase in Fees and Charges	-382	-389	-390		On Track - Implemented and being monitored
Tranche 1 Total	-1,655	-1,877	-1,778		
Phase 2 Savings					
Additional Pensions Savings	-356	-356	-356		On track as per updated actuarial triennial report
Conversion of 50% of Utilities to a Reserve	-351	-351	-351		Reserve change done as part of 23/4 budget process
Tranche 2 Total	-707	-707	-707		
Total Departmental Savings	-2,362	-2,584	-2,485		
Government Funding					

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New Homes Bonus	-127	-237			Confirmed figure for 24/5
Services Grant	-68	-11			Confirmed figure for 24/5 – combine with Funding Guarantee figure
Funding Guarantee	-1,027	-1,261			Confirmed figure for 24/5 – combine with Services Grant figure
C Tax Base Reduction	24	30			Is a baseline adjustment of £30k in 24/5 MTFP
Business Rates/Investment Inc Re-baseline	-300	-437	-350		As per 24/5 MTFP, 25/6 is an estimate
Future Years Settlements - assumption			-1,000		This is an estimate as settlement was only 2024/5.
Total Government Funding	-1,498	-1,916	-1,350		