

## **BROMSGROVE DISTRICT COUNCIL**

### **Audit, Standards and Governance Committee 2023**

19th Jan

#### Financial Savings Monitoring Report

Relevant Portfolio Holder	Councillor Denaro – Portfolio Holder for Finance and Governance
Portfolio Holder Consulted	Yes
Relevant Head of Service	Michelle Howell
Report Author	Job Title: Head of Finance & Customer Services Contact email: <a href="mailto:michelle.howell@bromsgroveandredditch.gov.uk">michelle.howell@bromsgroveandredditch.gov.uk</a> Contact Tel:
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.	
This report contains exempt information as defined in Paragraph(s) of Part I of Schedule 12A to the Local Government Act 1972, as amended	

#### **1. RECOMMENDATIONS**

**The Audit, Standards and Governance RECOMMEND that:**

- 1) Progress on 2022/23 Departmental Savings be noted.**
- 2) Progress on Efficiency Savings be reported back to this Committee following allocations as part of Quarter 2 2022/23 monitoring be noted**
- 3) Present Council overspend position for 2022-23 and actions to mitigate this be noted.**

#### **2. BACKGROUND**

- 2.1 As part of the 2022/23 budget, which was agreed at Council in February 2022, there were several savings options approved to deliver the balanced budget for the year. These amounted to £176k of Departmental Savings. In addition, a further £478k of existing efficiency savings were carried forward from the 2021/22 financial year. These savings require allocation to departmental budgets. Both sets of savings are shown in Appendix A.
- 2.2 The Quarter 2 Finance and Performance Monitoring report was on the Cabinet Agenda for the 23<sup>rd</sup> November 2022.
- 2.3 The financial section of the report sets out progress against budget. The £12.1m original revenue budget included in the table below is the budget that was approved by Council in March 2022. The projected

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outturn figure at Q2 is a £341k overspend, which is a significant increase on the £53k overspend position Reported in Q1.

	2022/23 Full Year Budget	2022/23 Cross- cutting saving allocation	2022/23 Revised Budget	2022/23 Q2 Actuals	2022/23 Adjusted Forecast Outturn	2022/23 Adjusted Forecast Outturn Variance (Under) / Over spend
Regulatory Client	228,063	0	228,063	77,430	228,063	0
Business Transformation & Organisational Development	1,857,867	(156,971)	1,700,896	150,843	1,700,518	(378)
Chief Executive	1,797,361	(3,293)	1,794,068	373,488	1,734,299	(59,768)
Community & Housing GF Services	1,093,315	(80,173)	1,013,142	8,860	1,026,939	13,797
Environmental Services	3,438,085	(42,175)	3,395,910	(1,843,203)	3,338,891	(57,019)
Financial & Customer Services	1,406,322	(87,038)	1,319,284	588,789	1,325,007	5,723
Legal, Democratic & Property Services	1,146,850	(4,235)	1,142,615	283,446	1,528,195	385,580
Planning, Regeneration & Leisure Services	1,578,027	(50,182)	1,527,845	569,221	1,527,845	0
Cross cutting savings and efficiency targets	(477,890)	424,067	(53,823)	0	0	53,823
<b>Net Expenditure before Corporate Financing</b>	<b>12,068,000</b>	<b>0</b>	<b>12,068,000</b>	<b>208,874</b>	<b>12,409,757</b>	<b>341,758</b>

- 2.4 This over-spend position includes the allocation of the £428k of non-allocated savings and efficiency targets from previous years which totalled £478k at the start of this financial year. There is still £53k, which forms part of the overall overspend position, to allocate. As highlighted in the October report, these savings and efficiencies have been allocated against employee budgets as per the table above. The table below sets out the adjusted Q1 position compared against the Q2 position, which is a £289k deterioration in position.
- 2.5 The main reason for this is Facilities Management/SLM (£408k overspend) – The Council has a contract with SLM to deliver Leisure Management Services on its behalf at Bromsgrove Sports and Leisure Centre (BSLC). During the Covid-19 pandemic, the BSLC had to temporarily close and received financial support from the Council via the General Covid-19 grant. The Leisure sector continues to recover from the effects of the Covid-19 pandemic, and it is therefore prudent to reflect an anticipated in-year pressure in this area.

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	<b>Q1 Posn</b>	<b>Allocation of Efficiency Target</b>	<b>Revised Q1 Posn</b>	<b>Q2 Posn</b>	<b>Var Q1 to Q2</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Regulatory Client	0	0	0	0	0
Business Transformation & Org Development	(156)	156	0	0	0
Chief Executive	(3)	3	0	(60)	(60)
Community & Housing GF Services	(80)	80	0	14	14
Environmental Services	(42)	42	0	(57)	(57)
Financial & Customer Services	(87)	87	0	6	6
Legal, Democratic and Customer Services	(4)	4	0	386	386
Planning, Regeneration & Leisure Services	(50)	50	0	0	0
Cross Cutting Savings and Efficiency Target	477	424	53	53	0
	<b>53</b>	<b>0</b>	<b>53</b>	<b>342</b>	<b>289</b>

2.6 Departmental Savings (as per the 2022/23 MTFP) are shown to be on track for delivery as per the data contained in Appendix A.

2.7 The monitoring report summarises the detailed position in each services area. These are shown in Appendix B.

2.8 However, **the £342k overspend position is just as at Q2**. We also need to adjust for the following factors

- The £1925 per pay point pay award was paid in December to staff. This has an overall effect of increasing cost in year by another **£720k**. This funding imbalance has been mitigated in the ongoing budgets.
- The **£411k** of reserves which were already supporting the budget as per the 2022/23 Medium Term Financial Plan (MTFP).

This means that in 2022/23 the Council has an in year **overspend position of £1.472m** which will reduce General Fund Reserves from their opening position of £4.485m to £3,013m.

2.9 The Council are looking at ways to mitigate this in year overspend position and using initiatives such as those set out in the MTFP Report which will be discussed at Cabinet on the 18<sup>th</sup> January 2023.

**3. FINANCIAL IMPLICATIONS**

- 3.1 The two sets of savings have significant financial implications.
- 3.2 The Departmental Savings totalling £175k is on track for delivery
- 3.3 £424k of the £477k Cross Cutting savings have been allocated leaving £53k to be allocated. Monitoring the delivery to these signifies a risk to the authority.
- 3.4 This is however only part of the picture. There are also £720k of additional employee costs following the national pay award this year and £411k of reserves already supporting the budget. These also require monitoring.

**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. 2022/23 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 2022/23 Budget process.

**Operational Implications**

- 6.2 Operational implications will have been dealt with as part of the 2022/23 Budget process.

**7. RISK MANAGEMENT**

- 7.1 Non delivery of savings options, depending on their financial magnitude can have either a small or significant affect on the Council's finances. As such mitigations need to be in place to deal changes to what was agreed by Council in February 2022.

**8. APPENDICES and BACKGROUND PAPERS**

- Appendix A – Bromsgrove Savings Monitoring 2022/23  
Appendix B – Q2 Revenue Monitoring Narrative

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**9. REPORT SIGN OFF**

<b>Department</b>	<b>Name and Job Title</b>	<b>Date</b>
Portfolio Holder		
Lead Director / Head of Service		
Financial Services		
Legal Services		
Policy Team (if equalities implications apply)		
Climate Change Officer (if climate change implications apply)		

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**Appendix A – Bromsgrove Savings Monitoring 2022/23**

Department	Strategic Purpose	Description of saving	2022-23 £'000	2023-24 £'000	2024-25 £'000	RAG Status	Comments
Corporate Administration / Central Post Opening	Enabling of the Authority	Non recruitment to vacancy post - Shared Service Ring Reduction	-19	-19	-20	green	This has been actioned via main salaries
Reg Client	Communities which are safe, well maintained and green	Additional WRS Hosting Charge	-10	-10	-10	green	Additional WRS Hosting Charge - Agreed at WRS Board Nov 21 and implemented
Environmental Services	Communities which are Safe, Well Maintained and Green	Increase to promotional budget to support increased income generation.	-10	-10	-10	green	
Environmental Services	Communities which are Safe, Well Maintained and Green	Bromsgrove District Council Place teams review	-30	-30	-30	green	Environmental Services overall is showing a £37k underspend for Q2
Environmental Services	Communities which are Safe, Well Maintained and Green	Bulky waste income	-10	-10	-10	green	Developing a combined team with bin deliveries that covers both BDC and RBC. This will deliver efficiencies and more commercial opportunities. On track as per Q2 Monitoring.
Environmental Services	Communities which are Safe, Well Maintained and Green	Savings from vacant post not required	-52	-52	-52	green	This was removal of one of environmental services TL role - grade 9
Environmental Services	Communities which are Safe, Well Maintained and Green	Savings from vacant post not required	27	27	27	green	This is the impact of the above changes across both Councils.
Lifeline	Living independent, active & healthy lives	Future income generation options	-20	-20	-20	green	Lifeline is showing delivery to budget in Q2 monitoring
Financial services	Enabling of the Authority	Life insurance scheme saving	-35	-35	-35	green	Actioned on DBS 28.01.22. Delivered on budget
Corporate Administration / Central Post Opening	Enabling of the Authority	Reduction in consumables eg paper and reduction of MFDs in print contract	-14	-14	-14	green	This is being monitored as cross Council but Agile Working significantly helps delivery
Democratic Services	Enabling the Authority	Services restructure	-3	-3	-3	green	Actioned via main salaries
<b>TOTAL</b>			<b>-176</b>	<b>-176</b>	<b>-176</b>		
Corporate Services	Enabling Services	Efficiency Savings	-316	-416	-336	Green	As per report £422k and the total £478k of savings have been delivered leaving £54k
Corporate Services	Enabling Services	Salary Vacancy Target - 2%	-162	-162	-162	Amber	As per report £422k and the total £478k of savings have been delivered leaving £54k
<b>TOTAL</b>			<b>-478</b>	<b>-578</b>	<b>-498</b>		

**Appendix B – Q2 Revenue Monitoring Narrative**

***Business Transformation & Organisational Development – breakeven position***

Within Business Transformation & Organisational Development there is a forecast breakeven position at quarter 2. This is after the absorption of £157k cross cutting efficiency savings targets based upon forecast underspends at quarter 1 within ICT due to anticipated budget efficiencies and Human Resources due to vacancies within the service.

***Chief Executive – £60k underspend***

Within the Chief Executive area there is a forecast underspend due to anticipated budget efficiencies against expenditure budgets.

***Community and Housing General Fund Services - £14k overspend***

Within Community and Housing General Fund Services there are two services in particular that have a significant forecast outturn variance against budget:

- Housing Options (£74k overspend) – This is mainly as a result of increasing expenditure linked to increases in demand for housing support. It is important to note that, the present cost of living crisis may result in increases in demand for council services, which at the point of writing cannot be fully quantified in this forecast.

- Community Safety/CCTV (£55k underspend) – This is mainly as a result of vacancies within the team.

This overall overspend forecast is after the absorption of £80k cross cutting efficiency savings targets based upon forecast underspends at quarter 1.

***Environmental Services – £57k underspend***

Within Environmental Services there are four services in particular that have a significant forecast outturn variance against budget:

- Place Teams (£47k underspend) – This is mainly as a result of vacancies within the team.

- Car Parks (£42k underspend) – This forecast position is due to projected increases in usage of car parks following recovery from the Covid-19 pandemic.

- Stores & Depots (£26k underspend) – This is mainly as a result of vacancies within the team.

- Engineering & Design (£46k overspend) – This forecast position has arisen due to increases in grounds maintenance works.

This overall underspend position is after the absorption of £42k cross cutting efficiency savings targets based upon forecast underspends at Quarter 1 within Engineering & Design and Place Teams due to vacancies and budget efficiencies respectively.



***Finance & Customer Services - £6k overspend***

Within Finance & Customer Services there is a small forecast overspend after the absorption of £87k cross cutting efficiency savings targets based upon forecast underspends at quarter 1. This position will continue to be reviewed in light of pressures within the service, with further updates provided during 2022/23.

***Legal, Democratic and Property Services - £386k overspend***

Within Legal, Democratic and Property Services the overall forecast overspend has arisen largely due to variances within two service areas:

- **Facilities Management/SLM (£408k overspend)** – The Council has a contract with SLM to deliver Leisure Management Services on its behalf at Bromsgrove Sports and Leisure Centre (BSLC). During the Covid-19 pandemic, the BSLC had to temporarily close and received financial support from the Council via the General Covid-19 grant. The Leisure sector continues to recover from the effects of the Covid-19 pandemic, and it is therefore prudent to reflect an anticipated in-year pressure in this area.
- **Democratic Services (£19k underspend)** – There is an underspend forecast due to vacancies within the team at the start of the financial year, which have now been recruited to.

This overall forecast overspend is after the absorption of £4k cross cutting efficiency savings targets based upon forecast underspends at quarter 1.

***Planning, Regeneration and Leisure Services – breakeven position***

A breakeven position is currently forecast within Planning, Regeneration and Leisure Services. This is after the absorption of £50k cross cutting efficiency savings targets based upon forecast underspends at quarter 1 within Development Services and Parks, Open Spaces and Events due to anticipated budget efficiencies and a vacancy respectively.

***Cross cutting savings and efficiency targets - £54k to be delivered***

There is a forecast overspend due to organisational efficiency targets that have not been allocated to service areas and cross council savings and efficiency initiatives. Organisational efficiency targets totalling £424k have been allocated to service areas based upon forecast underspends as at quarter 1; predominantly linked to vacancies. This will be kept under review as we progress through the financial year. It is important to note however that forecast underspends within other service areas, as detailed in this report, will help to achieve this target. This will be kept under review as we progress through the financial year.

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***Regulatory Client***

A breakeven position on the Regulatory Client is currently forecast for the year.