

Financial Savings Monitoring Report

Relevant Portfolio Holder	Councillor C. A. Hotham – Portfolio Holder for Finance and Governance
Portfolio Holder Consulted	Yes
Relevant Head of Service	Michelle Howell
Report Author: Michelle Howell	Job Title: Head of Finance & Customer Services Contact email: michelle.howell@bromsgroveandredditch.gov.uk
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) Progress on 2023/24 Departmental Savings be noted.

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 The Quarter 1 2023/24 Finance and Performance Monitoring report was on the Cabinet Agenda for the 13th September.
- 2.3 The financial section of the report sets out progress against budget. The £11.9m original revenue budget included in the table below is the budget that was approved by Council in March 2022. The projected outturn figure at Q1 is a £788k overspend. The overspend in general is due to two main factors:
- An assumption on the Local Government Pay Award, which at Circa 6% is significantly more than our 2% assumption.
 - Additional costs of maintaining the fleet.
- 2.4 The full year effect of a £788k overspend will need to be mitigated. In our original MTFP assumptions for 2023-26 we set up a Utilities Reserve of £1,053k which we assume reduces by £351k a year to

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mitigate increased costs. Given that this increase has not happened to this magnitude it is proposed in the Q1 Monitoring and Performance Report going to Cabinet that the assumed yearly drawdown of £351k of this reserve is used to mitigate the overspend position. **This leaves a £437k overspend position.** The ongoing 2023/24 pay increases position, once it is finalised and ratified later this year, would then need to be resolved as part of the 2024/25 MTFP process.

Service Description	2023-24 Approved Budget	2023-24 Approved Budget Q1	Payroll Assumptions	Utilities & Vehicle Hire Assumption	Q1 Adjusted Spend	Q1 Variance to Budget	Full Year Variance to Budget
Business Transformation and Organisational Development	1,813,586	453,397	12,800		466,197	12,801	51,202
Community and Housing GF Services	1,102,638	275,660	2,900		278,560	2,901	11,602
Corporate Services	1,446,605	361,651	3,300		364,951	3,300	13,199
Environmental Services	3,410,080	852,520	108,800	43,750	1,005,070	152,550	610,200
Finance and Customer Services	1,401,756	350,439	21,000		371,439	21,000	84,000
Legal, Democratic and Property Services	1,181,962	295,491	17,400	-26,250	286,640	-8,851	-35,402
Planning, Regeneration and Leisure Services	1,349,503	337,376	13,300		350,676	13,300	53,201
Regulatory Client	239,870	59,968	0		59,968	0	0
Starting Well	0	0	0		0	0	0
	11,946,000	2,986,500	179,500	17,500	3,123,533	197,001	788,002
Corporate Financing	-11,946,000	-2,986,500	0	0	-2,986,500	0	0
Overall Total	0	0	179,500	17,500	137,033	197,001	788,002

2.5 Departmental Savings are shown to be on track for delivery as per the data contained in Appendix A. There are three items highlighted in yellow which require careful monitoring.

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

3. FINANCIAL IMPLICATIONS

3.1 The savings have significant financial implications if not delivered.

3.2 The Council presently has an estimated £5.226m in General Fund Reserves to cover one off issues, and £5.502m in Earmarked Reserves for specific purposes. These are the only recourse, apart from additional reductions in spending/additional income, that the Council has to mitigate the present overspend position. The £5.226m General Fund figure includes accounting for the additional £437k overspend.

3.3 There should be clarity by the Q2 Finance and Performance Monitoring report, which will be reported to Cabinet in November, on the actual impact of the 2023/24 Pay Award.

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

- 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 2023.

8. APPENDICES and BACKGROUND PAPERS

Appendix A – Bromsgrove Savings Monitoring 2022/23

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9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Councillor C. A. Hotham	6/9/23
Lead Director / Head of Service	Pete Carpenter	5/9/23
Financial Services	Michelle Howell	5/9/23
Legal Services	Claire Felton	6/9/23
Policy Team (if equalities implications apply)	N/A	
Climate Change Officer (if climate change implications apply)	N/A	

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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	Green	Future year savings
Service Reviews	-140	-330	-405	Yellow	Being Monitored
Town Hall	-70	-70	-70	Green	On track at Redditch for savings delivery
Finance Vacancies	-100	-100	-100	Yellow	Being Monitored
MRP	-100	-100	-100	Green	On Track for Delivery
Pension Fund	-663	-663	-663	Green	On track as per actuarial triennial report
Engage Capacity Grid (One Off)	-200	-200	0	Yellow	Being Monitored
10% Increase in Fees and Charges	-382	-389	-390	Green	On Track - all implemented and being monitored
Tranche 1 Total	-1,655	-1,877	-1,778		
Phase 2 Savings					
Additional Pensions Savings	-356	-356	-356	Green	On track as per updated actuarial triennial report
Conversion of 50% of Utilities to a Reserve	-351	-351	-351	Green	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					
New Homes Bonus	-127			Green	As per Local Government Settlement
Services Grant	-68			Green	As per Local Government Settlement
Funding Guarantee	-1,027			Green	As per Local Government Settlement
C Tax Base Reduction	24			Green	As per Local Government Settlement
Business Rates/Investment Inc Re-baseline	-300	-200	-200	Green	As per Local Government Settlement
Future Years Settlements - assumption		-1,000	-1,000	Yellow	Estimate - which 20% lower than 23/4 Amount
Total Government Funding	-1,498	-1,200	-1,200		