

# **BROMSGROVE DISTRICT COUNCIL**

**Cabinet**

**18<sup>th</sup> October 2023**

## **Provisional Financial Outturn Report 2022/23**

Relevant Portfolio Holder	Councillor Hotham – Portfolio Holder for Finance and Governance
Portfolio Holder Consulted	Yes
Relevant Head of Service	Michelle Howell
Report Authors	Head of Finance and Customer Services michelle.howell@bromsgroveandredditch.gov.uk
Wards Affected	All Wards
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	All
Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

### **1. SUMMARY**

The purpose of this report is to set out the Council's draft Revenue Outturn position for the financial year April 2022 – March 2023 (subject to final accounts closedown procedures and audit).

### **2. RECOMMENDATIONS**

**Cabinet are asked to resolve to note that:**

- The 2022/23 provisional outturn position in relation to revenue budgets is a projected revenue overspend in the region of £956k.
- The 2022/23 provisional outturn position in relation to Capital expenditure is £10.856m against a total approved programme of £13.1m.
- The provisional outturn position in respect of the General Fund Reserves, noting that any overspend funded from General Fund Reserves is the use of one-off funding. It is therefore imperative to identify medium-term budget efficiencies to accommodate increasing costs and replenish reserves.
- The provisional outturn position in respect of Earmarked Reserves.
- Financial performance in respect of Council Tax and Non Domestic Rates Collection.
- At the time of writing the Council is yet to formally close its accounts for the 2020/21 and 2021/22 financial years. This could therefore result in adjustments to actual expenditure and income in those years and could have a consequential impact on the 2022/23 accounts.
- Work continues to refine the position including addressing the backlog of entries that are in suspense and any miscoding, therefore the provisional position detailed

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in this report is subject to change, and a further update will be presented to Members in due course.

## **3. KEY ISSUES**

### **Financial Implications**

- 3.1 This report sets out the Council's provisional revenue and capital outturn positions for 2022/23 against budget.
- 3.2 The £12.068m full year revenue budget included in the table overleaf is the budget that was approved by Council in March 2022.
- 3.3 At Quarter 1 of 2022/23, it was noted that the budget included £478k of organisational cross-cutting efficiency targets which had not been allocated to services. This target was offset in the main by forecast underspends across other service areas predominantly due to vacancies. The 2022/23 budget has therefore been revised to reflect the allocation of £424k operational efficiency target to those areas.
- 3.4 Whilst the Council has been on a finance recovery programme since April 2022, following the implementation of a new financial system in February 2021 which led to a deterioration of the Council's financial position, it is important to note that at the time of writing the Council is yet to formally close its accounts for the 2020/21 and 2021/22 financial years. This could therefore result in adjustments to the actual expenditure and income in those years and could have a consequential impact on the 2022/23 accounts.
- 3.5 The Finance team have undertaken a detailed review of the 2022/23 accounts since year end. There are a number of assumptions and manual adjustments that have been made to arrive at the provisional revenue outturn position, mainly as a result of transactions still being cleared from suspense. Those assumptions and manual adjustments include:
- Anticipated accruals and prepayments,
  - Grants are applied to known expenditure and remaining balances are carried forward,
  - Reserves are applied to known expenditure,
  - Shared service recharges between Bromsgrove District and Redditch Borough councils where a shared service arrangement exists, and
  - Transfers between the Collection Fund and the General Fund.
- 3.6 Work continues to refine the position including addressing the backlog of entries that are in suspense and any miscoding. Therefore, the provisional position detailed in this report is subject to change, and a further update will be presented to Members in due course. Taking this into account, the provisional revenue outturn position is anticipated to be a £956k overspend; a £54k increase over the forecast Q3 £902k overspend position. These figures are after the "absorption" of the £424k of non-allocated savings and efficiency targets.

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	<b>2022/23 Full Year Budget</b>	<b>2022/23 Cross- cutting saving allocation</b>	<b>2022/23 Revised Budget</b>	<b>2022/23 Actual</b>	<b>2022/23 Shared Service and Manual Adjustments</b>	<b>2022/23 Adjusted Provisional Outturn</b>	<b>2022/23 Adjusted Provisional Outturn Variance</b>
Regulatory Client	228,063	0	228,063	234,222	0	234,222	6,158
Business Transformation & Organisational Development	1,857,867	(156,971)	1,700,896	1,426,730	85,198	1,511,928	(188,968)
Chief Executive	1,797,361	(3,293)	1,794,068	1,747,793	(44,682)	1,703,112	(90,956)
Community & Housing GF Services	1,093,315	(80,173)	1,013,142	82,546	909,945	992,492	(20,651)
Environmental Services	3,438,085	(42,175)	3,395,910	3,241,239	425,342	3,666,581	270,671
Financial & Customer Services	1,406,322	(87,038)	1,319,284	2,587,750	(629,908)	1,957,842	638,559
Legal, Democratic & Property Services	1,146,850	(4,235)	1,142,615	1,422,207	(30,784)	1,391,423	248,808
Planning, Regeneration & Leisure Services	1,578,027	(50,182)	1,527,845	1,630,093	(63,281)	1,566,812	38,967
Cross cutting savings and efficiency targets	(477,890)	424,067	(53,823)	0	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>12,372,581</b>	<b>651,830</b>	<b>13,024,411</b>	<b>956,412</b>

- 3.7 The following paragraphs set out the variances for each service area against the 2022/23 revenue budget. As noted in the Q3 financial monitoring report, a significant variance across all budgets is the allocation of the £1,925 pay award across all pay scales. This budget pressure was however reflected in the 2023/24 budget.

**Business Transformation & Organisational Development – draft outturn position £189k underspend (Q3 £78k underspend)**

Within Business Transformation & Organisational Development, the draft underspend position is predominantly due to budget underspends within the ICT service.

The overall draft underspend for the service 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

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service. Following the installation of a new HR software package, recruitment is underway to recruit to vacant posts within the service.

## **Chief Executive – draft outturn position £91k underspend (Q3 £33k underspend)**

Within the Chief Executive area, the draft underspend position is due to budget efficiencies against corporate expenditure budgets.

## **Community and Housing General Fund Services - draft outturn position £21k underspend (Q3 £66k overspend)**

Within Community and Housing General Fund Services the draft underspend position is as a result of an anticipated underspend within Community Safety.

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

## **Environmental Services – draft outturn position £271k overspend (Q3 £316k overspend)**

Within Environmental Services there are a number of services that have provisional overspends against budget. This is largely as a result of the implications of the pay award, temporary staffing and fleet costs within Waste Management, Place Teams and Management and Support.

This overall overspend 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.

## **Financial & Customer Services – draft outturn position £639k overspend (Q3 £128k overspend)**

Within Financial & Customer Services there is a draft overspend in the region of £639k. Within this overspend there are £195k insurance recharges which need to be reallocated across other departments. In addition to this, the draft overspend is as a result of the implications of the pay award, temporary staffing requirements within Financial Services and reduced court costs/housing benefits overpayments recovered, however this could change pending income reallocation.

This draft overspend position is after the absorption of £87k cross cutting efficiency savings targets based upon forecast underspends at quarter 1.

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## **Legal, Democratic and Property Services – draft outturn position £249k overspend (Q3 £412k overspend)**

Within Legal, Democratic and Property Services the draft overspend position is predominantly due to a budget pressure within Facilities Management linked to SLM. 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 therefore a cost pressure has been seen in this area. This budget pressure has been offset in part due to staffing underspends as a result of vacancies across Legal and Democratic Services during the financial year.

## **Planning, Regeneration and Leisure Services – draft outturn position £39k overspend (Q3 £34k overspend)**

Within Planning, Regeneration and Leisure Services a draft overspend of £39k is currently anticipated. This is mainly due to the impact of the increased pay award.

## **Regulatory Client – draft outturn position £6k overspend (Q3 £2k overspend)**

A small overspend position on the Regulatory Client is currently anticipated for the year. This takes into account the budgetary increases approved at the Worcestershire Regulatory Services Board Meeting in November 2022.

## **Cross cutting savings and efficiency targets**

Organisational efficiency targets totalling £424k were allocated to service areas based upon forecast underspends as at quarter 1; predominantly linked to vacancies. The allocation of the pay award for 2022/23, which was in excess of budgeted provision, in addition to increased costs linked to fuel and utilities has resulted in overspends across a number of areas that contributed towards the cross-cutting savings target at the start of the year.

- 3.8 Overall, the Council is currently anticipating a provisional revenue outturn in the region of a £956k overspend for the 2022/23 financial year, after reflecting the absorption of cross-cutting savings targets. This provisional revenue outturn position reflects the best information available at the present time, however the position will continue to be reviewed and refined in light of the backlog of entries that are in suspense and any miscoding. Therefore, the provisional position is subject to change, and a further update will be presented to Members in due course.

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### **3.9 Cash Management**

#### Borrowing

- As at the 31st March 2023, there was £3.7m short-term borrowings. The Council has no long-term borrowing.

#### Investments

- On 31st March 2023 there were £1.2m of short-term investments held.

### **Capital Monitoring**

- 3.10 A capital programme of £2.410m was approved in the Budget for 2022/23 in February 2022. This has been fully reviewed as part of the Medium Term Financial Plan (MTFP) using actual data as at the end of December 2022. The table below and detail in Appendix A set out the Capital Programme schemes that are approved for the MTFP time horizon.
- 3.11 A updated capital programme of £8.126m was approved in the Budget for 2022/23 in February 2023. Many of these schemes are already in partial delivery in the 2022/23 financial year. By approving this list, the Council also agreed sums not spent in 2022/23 (and 2021/22 by default if schemes originated earlier than 2022/23 as sums have been carried forward through to the 2021/22 MTFFS Report) to be carried forward into 2023/24. The table also splits amounts by funding source; Council or third party.

<b>Financial Year</b>	<b>Total Budget £000</b>	<b>Council Funded £000</b>	<b>External Funded £000</b>
2021/22	16,511	12,146	4,366
2022/23	8,126	1,485	6,641
2023/24	10,852	1,694	9,158
2024/25	4,921	2,224	2,697
2025/26	3,156	1,558	1,598

- 3.12 Included in this funding the Council also have the following Grant Funded Schemes which are being delivered in 2023/24:
- The two Levelling Up schemes – Old Fire Station and Market which are funded via £14.5m of Government Funding, and the Council is funding £1.6m of works.
  - UK Shared Prosperity Schemes totalling £2.8m.
  - The Burcot Lane development at £10.275m.
- 3.13 The outturn spend is £10.256m against a revised 2022/23 capital budget totalling £13.099m is detailed in Appendix A. It should be noted that as per the budget decision carry forwards of £2.843m will be rolled forward from 2022/23 into 2023/24 to take account of slippage from 2022/23.

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## **Earmarked Reserves**

- 3.14 The position as reported to Council in February 2023 as per the 2022/23 – 2024/25 Medium Term Financial Plan (MTFP) is Shown in Appendix B. This has been adjusted for the draft 2022/23 Outturn position, which was previously estimated based on Q3 monitoring information at the time of the MTFP. As part of the MTFP all reserves were thoroughly reviewed for their requirement and additional reserves set up for inflationary pressures such as utility increases. At the 31<sup>st</sup> March 2023 the Council holds £7.9m of Earmarked Reserves.

## **General Fund Position**

- 3.15 The General Fund Balance at 31<sup>st</sup> March 2022 was £4.485m. The anticipated in-year draft overspend of £956k in addition to the budgeted drawdown from reserves totalling £411k could result in the application of £1.367m from the General Fund Balance in 2022/23. Re-baselining of earmarked reserves during the 2023/24 budget setting process added £2.682m to the General Fund, therefore as at the 31<sup>st</sup> March 2023 it is projected that the General Fund Balance would be £5.8m. With 2020/21 and 2021/22 still to be closed and approved by Audit, these figures are subject to change. Progress on the Accounts has been reported to Cabinet through the Finance Recovery Plan Report and is reviewed at every Audit Committee.
- 3.16 It is important to note that, any overspend funded from the General Fund Balance is the use of one-off funding. It is therefore imperative to identify medium-term budget efficiencies to accommodate increasing costs and replenish reserves.

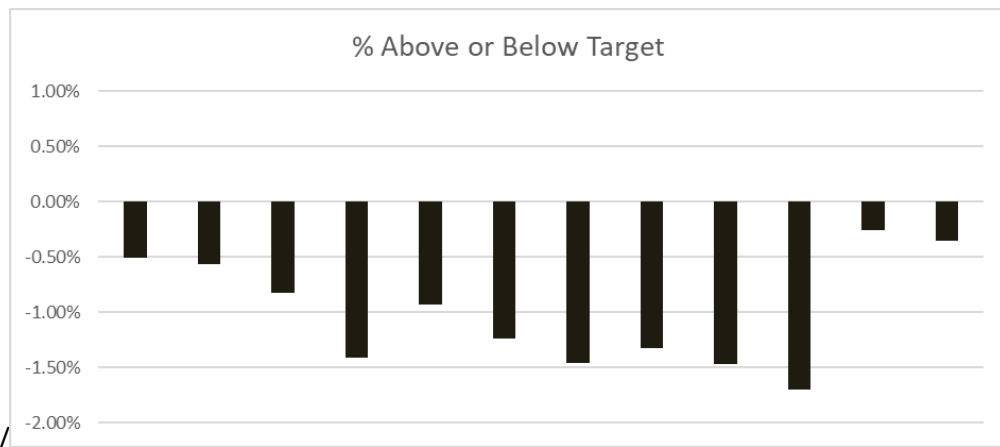
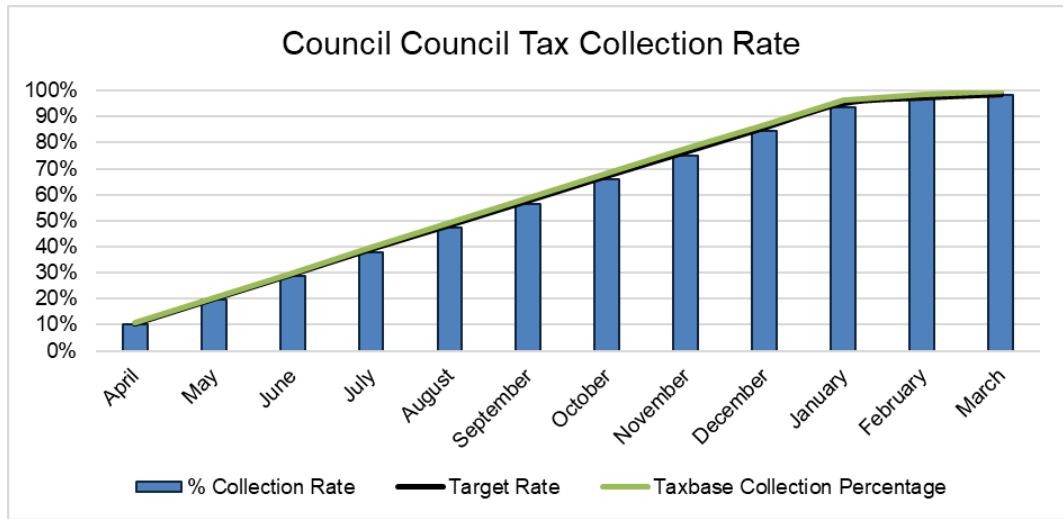
## **Financial Performance**

- 3.17 Council Tax collection rate data as Quarter 4 2022/23 is set out in the following tables. Overall, collection was just under 0.5% below target.

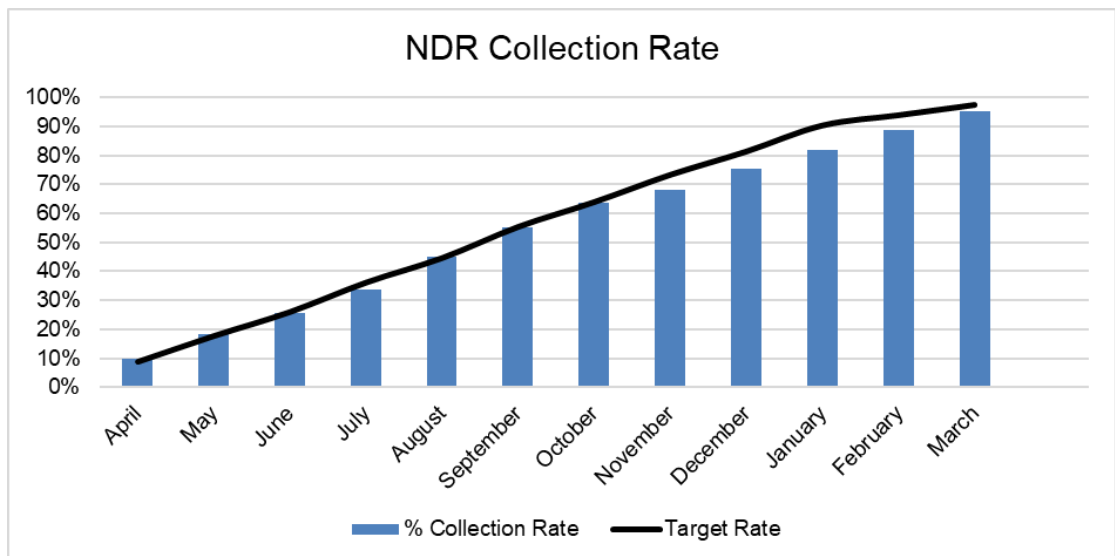
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3.18 The National Non Domestic Rates collection rate data as Quarter 4 2022/23 is set out in the following tables. Overall, collection was just over 2.0% below target, and saw a significant improvement in the final quarter of the year.

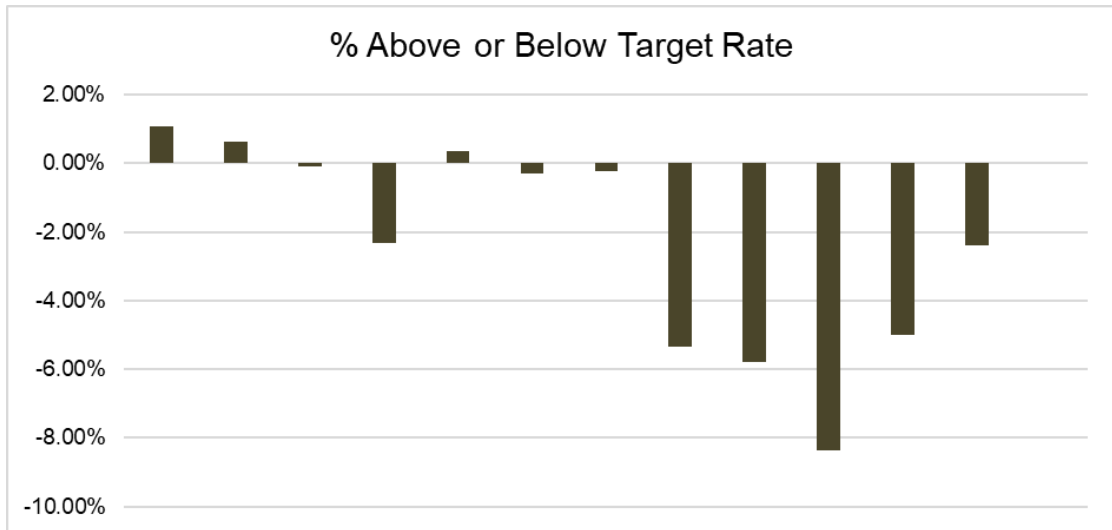




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## 4. Legal Implications

4.1 No Legal implications have been identified.

## 5. Strategic Purpose 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 of our Strategic Purposes.

### Climate Change Implications

5.2 The green thread runs through the Council plan. The Financial monitoring report has implications on climate change and these will be addressed and reviewed when relevant by climate change officers to ensure the correct procedures have been followed to ensure any impacts on climate change are fully understood.

## 6. Other Implications

### Customer / Equalities and Diversity Implications

6.1 None as a direct result of this report.

### Operational Implications

6.2 Managers meet with finance officers to consider the current financial position and to ensure actions are in place to mitigate any overspends.

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**7. RISK MANAGEMENT**

7.1 The financial monitoring is included in the corporate risk register for the authority

**8. APPENDICES**

Appendix A – Capital Outturn

Appendix B – Reserves Position

**AUTHOR OF REPORT**

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## Appendix A - 2022/23 Reprofiled Capital Outturn

Description	Approved budget date	Original approved Budget £	duration (years)	Department	Funding detail	21/22 Spend £	2022/23 Total £	22/23 Spend £	c/f
<b>Large Schemes</b>									
<b>Levelling Up Fund Fund</b>									
- Government Funded		14,492,401		Planning, Regeneration & Leisure Services	Grant Funding	1,600,000	5,329,041	126,902	5,202,139
- Council Funded		1,610,266			Borrowing	281,000	420,133		420,133
									0
<b>UK Shared Prosperity Fund</b>									
- Capital Element		2,825,702		Planning, Regeneration & Leisure Services	Grant Funding		50,000		50,000
- Revenue Element				Planning, Regeneration & Leisure Services	Grant Funding		290,499		290,499
- Remainder (to be allocated)				Planning, Regeneration & Leisure Services	Grant Funding		20,000		20,000
									0
									0
									0
<b>Schemes Agreed to Continue</b>									
Burcot Lane	2019/20	10,275,000		Financial & Customer Services	Public works loan board and grant homes england	1,125,000	4,973,852	7,914,009	-2,940,157
	2019/20	120,000		Community & Housing GF Services	Capital Receipts/Borrowing	28,000	0		0
CCTV									
Funding for DFGs	2020/21	750,000		Community & Housing GF Services	Grant income WCC	620,000	913,000	969,792	-56,792
Home Repairs Assistance	2018/19	50,000		Community & Housing GF Services	Long Term Debtors	-5,000	50,000	4,088	45,912
Energy Efficiency Installation	2018/19	110,000	2	Community & Housing GF Services	Capital Receipts/Borrowing	12,000	110,000	7,810	102,190
Energy Efficiency	2017/18			Community & Housing GF Services	Grant finance	3,000	0		0
Cemetery Extension infrastructure at at North Bromsgrove Cemetery Phase Two	2017/18			Environmental Services	Capital Receipts/Borrowing	0	6,500	15,576	-9,076
New Finance Enterprise system	2019/20	455,000		Financial & Customer Services	Capital Receipts	1,000	0	13,680	-13,680
OLEV ULEV Taxi infrastructure scheme	2019/20	300,000	1	Community & Housing GF Services	Grants & Contributions	296,000	0	700	-700
Fleet Replacemnet new line	New				Borrowing	380,000	356,000	75,292	280,708
Replacement Parking machines	2020/21	120,000		Environmental Services	Capital Receipts/Borrowing	196,000	253,000	123,985	129,015
Wheelie Bin Purchase	2018/19	ongoing		Environmental Services	Capital Receipts/Borrowing	102,000	144,000	169,034	-25,034

Description	Approved budget date	Original approved Budget £	duration (years)	Department	Funding detail	21/22 Spend £	2022/23 Total £	22/23 Spend £	c/f
Footpaths		ongoing		Environmental Services	Borrowing				0
Buildings		Ongoing		Legal and Property	Borrowing				0
Bittell road recreation ground	2020/21	62,000		Planning, Regeneration & Leisure Services	S106 B/2011/0741- Land at Fiery Hill, Barnt Green / 18k balances	17,000	0		0
Salix	2020/21	615,000		Legal, Democratic and property services	Grants & Contributions	65,000	0	533,193	-533,193
Greener Homes	2020/21	180,000	1	Community & Housing GF Services	Grants & Contributions	-227,000	0	192,053	-192,053
Hagley Scouts				Planning, Regeneration & Leisure Services	Capital Receipts/Borrowing	35,000	0		0
Bromsgrove Sporting					Loan	4,000		46,133	-46,133
Car Park Improvements - Oakalls						8,000			0
Woodrush High Schools refurb						134,000			0
Rubery Redevelopment Works				Planning, Regeneration & Leisure Services	Capital Receipts/Borrowing	0	0	9,550	-9,550
Sanders Park dda play provision	2017/18	56,080		Planning, Regeneration & Leisure Services	S106 14/0755 Kidderminster Road and S106 13/0422 Meadows first school	0	0		0
New Digital Service	2020/21	57,400	1	Community & Housing GF Services	Borrowing	0	33,668		33,668
Bus Shelters	2020/21	18,000		Environmental Services	Borrowing	0	18,000		18,000
Fleet Management Computer System	2020/21	17,000		Environmental Services	Borrowing	0	0		0
Environmental Services Computer System	2020/21	38,200		Environmental Services	Borrowing	0	0		0
Cisco Network Update	22/23		3	Business transformation & Organisational Development	Borrowing	0	5,717	18,573	-12,856

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Description	Approved budget date	Original approved Budget £	duration (years)	Department	Funding detail	21/22 Spend £	2022/23 Total £	22/23 Spend £	c/f
Server Replacement Est(Exact known Q2 2022)	22/23		4	Business transformation & Organisational Development	Borrowing	0	83,250	0	83,250
Laptop Refresh	22/23		4	Business transformation & Organisational Development	Borrowing	0	5,000	4,961	39
Town Deal - Innovation Centre	22/23			Business transformation & Organisational Development	Town Deal	0			0
Town Deal - Public Realm	22/23			Business transformation & Organisational Development	Town Deal	0			0
Town Deal - Library	22/23			Business transformation & Organisational Development	Town Deal	0			0
Market Hall (LUF)	22/23			Business transformation & Organisational Development	Levelling Up Fund	0			0
Sanders Park	22/23			Planning, Regeneration & Leisure Services	S106	0		24,511	-24,511
Play Area, POS and Sport improvements at Lickey End Recreation Ground in accordance with the S106 Agreement	22/23	37,956	1	Planning, Regeneration & Leisure Services	S106 19/0137/FUL	0	37,956	6,488	31,468
BDC Combined F/Path & Cycle	2018/19	390,000		Environmental Services	Grants & Contributions	0	0		0
Barnt Green Millenium Park - Toilet				Planning, Regeneration & Leisure Services	S106 B/2011/0741 - Land at Fiery Hill, Barnt Green / 18k balances	0	0		0
<b>Total</b>		<b>424,000</b>				<b>4,675,000</b>	<b>13,099,616</b>	<b>10,256,330</b>	<b>2,843,286</b>

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## Appendix B - Reserves Position

	Balance at 31/3/22	Transf In 2022/23	Transf out 2022/23	Re-baseline 2022/23	Balance at 31/3/23	Transf in 2023/24	Transf out 2023/24	Balance at 31/3/24	Transf in 2024/25	Transf out 2024/25	Balance at 31/3/25	Transf in 2025/26	Transf out 2025/26	Balance at 31/3/26
<b>General Fund Reserve</b>	<b>4,485</b>		(1,367)	2,682	<b>5,800</b>	100	(250)	<b>5,650</b>	244	0	<b>5,894</b>	200	(431)	<b>5,663</b>
<b>General Fund Earmarked</b>														
Building Control Other	7			(7)	0			0			0			0
Building Control Partnerships	82				82			82			82			82
Business Transformation	0				0			0			0			0
Commercialism	0				0			0			0			0
Community Safety	0				0			0			0			0
Community Services	271				271		(125)	146		(125)	21			21
Economic Regeneration	998			(600)	398			398			398			398
Election Services	51				51			51			51			51
Environmental Services	49				49			49			49			49
Financial Services	4,345		0	(1,000)	3,345	638	(150)	3,833			3,833			3,833
Housing Schemes	346				346			346			346			346
ICT/Systems	197				197			197			197			197
Leisure/Community Safety	330				330			330			330			330
Litigation Reserve	0				0			0			0			0
Local Development Framework	0				0			0			0			0
Local Neighbourhood Partnerships	16				16			16			16			16
Other	64			(64)	0			0			0			0
Planning & Regeneration	133				133			133			133			133
Regulatory Services (Partner Share)	46				46			46			46			46
Replacement Reserve (Inc. Recycling)	0				0			0			0			0
Shared Services (Severance Costs)	311			(311)	0			0			0			0
Utilities Reserve	0			1,053	1,053		(351)	702		(351)	351		(351)	0
Covid-19 (General Covid Grant)	1,177				1,177			0			0			0
Covid-19 Sales Fees and Charges	576			(576)	0			0			0			0
Covid-19 (Collection Fund)	3,094		(1,547)		1,547		(1,547)	0			0			0
<b>Total General Fund</b>	<b>12,093</b>	<b>0</b>	<b>(1,547)</b>	<b>0</b>	<b>7,864</b>	<b>638</b>	<b>(2,173)</b>	<b>6,329</b>	<b>0</b>	<b>(476)</b>	<b>5,853</b>	<b>0</b>	<b>(351)</b>	<b>5,502</b>