

**Financial Savings Monitoring Report**

Relevant Portfolio Holder		Councillor Hotham – Portfolio Holder for Finance and Governance
Portfolio Holder Consulted		Yes
Relevant Head of Service		Bernard Ofori-Atta
Report Author: Bernard Ofori-Atta	Job Title: Interim Head of Finance & Customer Services Contact email: Bernard.ofori-atta@ <a href="mailto:bernard.ofori-atta@bromsgroveandredditch.gov.uk">bromsgroveandredditch.gov.uk</a>	
Wards Affected		All
Ward Councillor(s) consulted		No
Relevant Strategic Purpose(s)		All
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 is asked to RESOLVE 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 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 2 2023/24 Finance and Performance Monitoring report was reviewed by Cabinet on the 22<sup>nd</sup> November 2023.
- 2.4 The financial section of the report sets out progress against budget. The £11.9m original revenue budget that was approved by Council in March 2022 has been adjusted to £13.8m. The difference to Q1 is the movement of Corporate Budgets from Corporate Financing where they were originally located. The projected outturn figure at Q2 is £815k,

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which is a £37k increase on the £788k overspend reported at Q1. Overall, the Council is currently forecasting a revenue overspend for 2023/24 in the region of £815k, before the application of £351k from the Utilities Reserve as approved at Quarter 1. 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 will be paid in the December payroll and backdated to 1st April 2023.
- temporary and interim staff requirements - whilst there are a number of vacancies within teams across the Council, some posts are being covered by temporary staff and this has therefore resulted in some cost pressures.
- additional fuel and fleet hire costs within the Place and Waste Teams.
- the impact of homelessness and the cost of temporary accommodation costs.

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 was assumed a 100% increase in budget and also set up a reserve for the same amount.
- anticipated additional income across various Waste Services.

2.5 The full year effect of a £815k overspend will be mitigated, as approved in the Q1 Monitoring Report by the application of the 2023/4 portion of the Utilities Reserve of £1,053k which amounted to £351k a year to mitigate increased costs. **This leaves a £464k 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.

	2023/24 Approved Budget	2023/24 Forecast Outturn	2023/24 Forecast Variance to Budget
Business Transformation and Organisational Development	1,745,422	1,720,614	(24,808)
Community and Housing GF Services	1,058,122	1,094,576	36,454
Corporate Budgets	1,455,265	1,455,265	-
Corporate Services	1,378,418	1,496,668	118,250
Environmental Services	3,598,710	4,023,426	424,716
Financial and Customer Services	1,214,717	1,559,175	344,458
Legal, Democratic and Property Services	1,727,443	1,681,696	(45,747)
Planning, Regeneration and Leisure Services	1,384,644	1,373,713	(10,931)
Regulatory Client	259,337	231,981	(27,356)
<b>Net Budget</b>	<b>13,822,078</b>	<b>14,637,114</b>	<b>815,036</b>
Corporate Financing	(13,822,078)	(13,822,078)	-
<b>Overall Total</b>	<b>-</b>	<b>815,036</b>	<b>815,036</b>
Utilities Reserve		(351,000)	(351,000)
<b>Overall Total</b>	<b>-</b>	<b>464,036</b>	<b>464,036</b>

- 2.6 During August and September 2023, budget managers were invited to budget monitoring training which focused on how to predict their financial position for the 2023/24 financial year, as well as how to input that forecast into the TechOne financial system. 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 is the start of a journey for budget managers, but one that we hope in time will form part of regular financial monitoring reported to Members. A detailed review of the financial position input to TechOne has been undertaken by the Finance management team with some adjustments to assumptions reflected. This has included updating forecasts where they have been inadvertently omitted, updating signage, reviewing the forecast position per nominal code and verifying the salary costs including pay award included in the financial position.
- 2.5 Departmental Savings are shown to be on track for delivery as per the data contained in Appendix A. There are two items highlighted in yellow which require careful monitoring and one in red for 23/4.
- 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 Q3 Finance and Performance Monitoring report, which will be reported to Cabinet in February, on the actual impact of the 2023/24 Pay Award, which is paid to staff in December.

**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 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 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 2023/24

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**9. REPORT SIGN OFF**

<b>Department</b>	<b>Name and Job Title</b>	<b>Date</b>
Portfolio Holder	Cllr Charlie Hotham	10.01.2024
Lead Director / Head of Service	Pete Carpenter	09.01.2024
Financial Services	Bernard Ofori-Atta	09.01.2024
Legal Services	Claire Felton	09.01.2024
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
<b>Phase 1 Savings</b>					
Environmental Services Partnership	0	-25	-50		Future year savings
Service Reviews	-140	-330	-405		Establishment review being carried out as part of Tranche 2 of the 24/5 budget. At December, there are £2.9m of vacancies covered by £1.6m of Agency staff. This is being evaluated for the savings required.
Town Hall	-70	-70	-70		On track at Redditch for savings delivery
Finance Vacancies	-100	-100	-100		Linked to Service review point above for future years but overspending in 23/4 due to Agency cover.
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 2023/4 are £104k of Council Tax and £1k of Business Rates. £77k of this amount is at Special Arrangement Stage.
10% Increase in Fees and Charges	-382	-389	-390		On Track - all implemented and being monitored
<b>Tranche 1 Total</b>	<b>-1,655</b>	<b>-1,877</b>	<b>-1,778</b>		
<b>Phase 2 Savings</b>					
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
<b>Tranche 2 Total</b>	<b>-707</b>	<b>-707</b>	<b>-707</b>		
<b>Total Departmental Savings</b>	<b>-2,362</b>	<b>-2,584</b>	<b>-2,485</b>		
<b>Government Funding</b>					
New Homes Bonus	-127	-237			One Year additional funding in 24/5 LGFS
Services Grant	-68				4.9% increase in overall Government Support in 2024/.5
Funding Guarantee	-1,027				4.9% increase in overall Government Support in 2024/.5
C Tax Base Reduction	24				4.9% increase in overall Government Support in 2024/.5
Business Rates/Investment Inc Re-baseline	-300	-200	-200		Business Rates Pool meeting on the 12 <sup>th</sup> January to confirm position

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Future Years Settlements - assumption		-1,000	-1,000		4.9% increase in overall Government Support in 2024/.5
<b>Total Government Funding</b>	<b>-1,498</b>	<b>-1,200</b>	<b>-1,200</b>		