

## **BROMSGROVE DISTRICT COUNCIL**

### **Audit, Standards and Governance Committee - 10<sup>rd</sup> October 2024**

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#### 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
Report Author	Job Title: Head of Finance & Customer Services Contact email: <a href="mailto:debra.goodall@bromsgroveandredditch.gov.uk">debra.goodall@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.	

#### **1. RECOMMENDATIONS**

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

- 1) The Q1 position on the 2024/25 Departmental Savings Programme be noted, including any potential implications for future years.**

#### **2. BACKGROUND**

- 2.1 As part of the 2024/25 budget, which was agreed at Council in February 2024, 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**. To these those 2023/4 savings items relating to future years have been added.
- 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. This was delivered in the 2023/4 financial year and this is the first report of the 2024/5 year.
- 2.3 The Quarter 1 2024/25 Finance and Performance Monitoring report was reviewed by Cabinet in September 2024.
- 2.4 The Quarter 3 position was a £103k overspend position. The opening £12.5m full year revenue budget was approved in February 2024.

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<b>Service Description</b>	<b>2024-25 Approved Budget</b>	<b>2024-25 Approved Q1 Budget</b>	<b>Q1 Adjusted Spend</b>	<b>Q1 Budget Variance</b>	<b>Full Year Forecast</b>	<b>Full Year Budget Variance</b>
Business Transformation and Organisational Development	1,792,618	437,654	343,594	-94,060	1,764,057	-28,562
Community and Housing GF Services	1,159,987	289,997	-362,771	-652,768	984,081	-175,906
Corporate Services	994,465	248,616	288,260	39,643	1,009,778	15,313
Environmental Services	3,798,721	949,680	3,012,375	2,062,695	4,335,978	537,257
Financial and Customer Services	1,441,300	360,325	1,145,170	1,505,495	1,840,240	398,941
Legal, Democratic and Property Services	1,563,913	390,978	532,843	141,865	1,501,999	-61,913
Planning, Regeneration and Leisure Services	1,365,472	341,368	962,131	620,763	1,529,625	164,153
Regulatory Client	397,337	99,334	136,997	37,663	585,527	188,190
Starting Well	0	0	156,618	156,618	20,138	20,138
<b>Grand Total</b>	<b>12,513,813</b>	<b>3,117,953</b>	<b>3,924,879</b>	<b>806,926</b>	<b>13,571,425</b>	<b>1,057,612</b>
	-	-	-	-	-	-
Corporate Financing	12,513,813	3,117,953	4,262,479	1,096,526	13,468,689	-954,876
	-	-	-	-	-	-
<b>Grand Total</b>	<b>12,513,813</b>	<b>3,117,953</b>	<b>4,262,479</b>	<b>1,096,526</b>	<b>13,468,689</b>	<b>-954,876</b>
<b>TOTALS</b>	<b>0</b>	<b>0</b>	<b>-337,601</b>	<b>-289,600</b>	<b>102,736</b>	<b>102,736</b>

2.5 As this is expenditure at Q1 it is important to note that, at this stage in the financial year there are a number of instances where annual expenditure or accruals may distort the profiling as reflected in the Q1 actual. The above profiles have assumed support services and grant are adjusted to budgetary levels and accruals are netted out of the figures.

2.6 Overall, the Council is currently forecasting a full year revenue overspend of £103k at Quarter 1. This is mainly due to the additional fleet costs described below and also the pay award yet to be ratified and projects to a full year overspend of £1,053k. This position will continue to be reviewed particularly given the impact of the increasing costs linked to inflation and further updates will be provided to Councillors throughout 2024/25.

2.7 This forecast overspend is predominantly due to:

- **Business Transformation £29k underspend** – due to vacant posts
- **Community and Housing GF Services £178k underspend** – due to vacant posts and increased income.
- **Corporate Services £15k overspend** – additional fees and charges income
- **Environmental Services £537k overspend** – forecasted additional expenditure on salaries, fuel and vehicle hire. The overspend, particularly on vehicle hire, has

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been mitigated by ordering a number of new vehicles, however the lead times are long.

- **Financial and Customer Services £399k overspend** – increased forecast expenditure on agency fees due to vacancies
- **Legal, Democratic and Property Services £62k underspend** – increased property rental income with lower maintenance fees
- **Planning, Regeneration and Leisure Services £164k overspend** – salary savings offset by reduced fees & charges income, professional fees and agency staff
- **Regulatory Client £188k overspend** – additional spending due to transfer of Envirocrime and Planning Enforcement from NWEDR
- **Starting Well £20k overspend** – additional salaries

2.8 The above overspends (£1.058m) are offset by additional income (£955k) in Corporate Financing from additional grant income together with increased investment interest receivable and lower interest payable.

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.

2.9 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.

2.10 The red item 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.

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- 2.11 The 2024/5 position is also shown in the table in Appendix A. The vast majority of savings items link to either increases in grant, agreed increases in Tax or items that will not be delivered until future financial years
- 2.12 The largest savings in recent years 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
- 2.13 The following items will require careful tracking in this financial year
- Delivery of the 7% increase on Fees and Charges across the majority of Council chargeable services.
  - The deliverability of Planning income increases.
  - The deliverability of the parking increases.

### **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**

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- 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 and 2024/25 Budget processes.

#### **Operational Implications**

- 6.2 Operational implications will have been dealt with as part of the 2023/24 and 2024/25 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 and February 2024.

#### **8. APPENDICES and BACKGROUND PAPERS**

Appendix A – Bromsgrove Savings Monitoring 2023/24

#### **9. REPORT SIGN OFF**

<b>Department</b>	<b>Name and Job Title</b>	<b>Date</b>
Portfolio Holder	Cllr Colella	01/10/2024
Lead Director / Head of Service	Pete Carpenter	27/09/2024
Financial Services	Debra Goodall	27/09/2024
Legal Services	Claire Felton	27/09/2024
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	2026/27 £000	RAG Status	Narrative
<b>2023/4 Budget Items</b>						
Service Reviews	-140	-330	-405	-405		Establishment review is now taking place. Monitoring position is £2.9m of vacancies covered by £1.6m of Agency staff. This is being evaluated for the savings required and will be reported in the Q2 monitoring. This savings was not delivered in 2023/4 as additional resource has been bought in to get the accounts up to date.
Finance Vacancies	-100	-100	-100	-100		
Engage Capacity Grid (One Off)	-200	-200	0	0		Needs to be carefully monitored as slightly under recovered in 23/4.
Environmental Services Partnership	0	-25	-50	-50		Q1 monitoring suggest slight issue, will be updated in Q2 monitoring.
<b>Total 2023/4 Items</b>	<b>-440</b>	<b>-655</b>	<b>-555</b>	<b>-555</b>		
<b>2024/5 Budget Items</b>						
Utilities increases		-140	-140	-140		Only 60% drawn down in 23/4 – this is the 40% remainder. Not drawn down in 23/4, £125k put in for 24/5
23/4 Inflation Budget		-188	-194	-194		
7% increase Fees & Charges		-273	-273	-273		Will need testing given the £100k reduction in registrars fees
2% C Tax Increase 25/6			-191	-191		This is the present allowable increase level
2% C Tax Increase 26/7				-195		This is the present allowable increase level
2% Fees & Charges 25/6			-101	-101		This is future years
2% Fees & Charges 26/7				-101		This is future years
Gov Grant at 23/4 Levels		-515	-515	-515		As per Government Guidance
Increase in number of Properties (Council Tax Base)		-36	-84	-121		This is 50% of the projected property increases in the Local Plan
Council Tax increase to 3%		-91	-91	-91		Allowable in 2024/5
Planning Income at 25% increase		-145	-145	-145		Not included in original fees and Charges – needs validating

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Parking Income	-100	-100	-100		This is the first increase in a number of years and will require monitoring as is linked to other changes in Parking provision in Bromsgrove.
Impact of 23/4 Pay Award	-125	-125	-125		Budget Review of central items highlighted this savings.
Business Rates Adjustment	-427	-350	-350		Based on the LG Futures model for the Worcestershire Business Rates Pool
Additional Grant announced on 23/1/24	-126	-126	-126		As per Government Guidance
<b>24/5 Savings</b>	<b>-2,166</b>	<b>-2,435</b>	<b>-2,768</b>		