

BROMSGROVE DISTRICT COUNCIL

Audit, Standards and Governance Committee - 5th December 2024

Financial Savings Monitoring Report – Q2 2024/5

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: debra.goodall@bromsgroveandredditch.gov.uk 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 Q2 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 and savings linked to the 2024/5 Medium Term Financial Plan by this Committee in September.
- 2.4 The Quarter 1 position was a £103k overspend position. The opening £12.5m full year revenue budget was approved in February 2024.

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- 2.5 The Q2 position will be reported to the Cabinet on the 10th December. That report sets out that the overspend position has increased to a £344k overspend position. This is summarised in the following table:

Service Description	2024-25 Approved Budget	2024-25 Approved Q2 Budget	Q2 Adjusted Spend	Q2 Budget Variance	Full Year Forecast	Full Year Budget Variance
Business Transformation and Organisational Development	1,792,618	875,308	1,010,785	135,477	1,894,935	102,317
Community and Housing GF Services	1,159,987	579,993	328,431	-251,562	918,164	-241,823
Corporate Services	994,465	497,232	151,678	-345,554	1,112,949	118,484
Environmental Services	3,798,721	1,899,360	3,057,883	1,158,522	4,390,282	591,561
Financial and Customer Services	1,441,300	720,650	-1,823,513	-2,544,163	1,748,555	307,255
Legal, Democratic and Property Services	1,563,913	781,956	1,070,366	288,410	1,505,717	-58,195
Planning, Regeneration and Leisure Services	1,365,472	682,736	1,216,209	533,472	1,728,083	362,610
Regulatory Client	397,337	198,669	146,259	-52,410	578,970	181,633
Starting Well	0	0	29,747	29,747	0	0
Grand Total	12,513,813	6,235,906	5,187,844	-1,048,062	13,877,655	1,363,842
Service Description	2024-25 Approved Budget	2024-25 Approved Q2 Budget	Q2 Adjusted Spend	Q2 Budget Variance	Full Year Forecast	Full Year Budget Variance
Corporate Financing	-12,513,813	-6,331,906	-4,143,598	-1,096,526	-13,533,745	-1,019,932
Grand Total	-12,513,813	-6,331,906	-4,143,598	-1,096,526	-13,533,745	-1,019,932
TOTALS	0	-96,001	1,044,246	-2,144,588	343,910	343,910

- 2.5 Overall, the Council is currently forecasting a full year revenue overspend of £344k at Quarter 2. This is mainly due to the additional fleet costs described below and also the pay award yet to be ratified. 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.
- 2.6 The above overspends (£1.364m) are offset by additional income (£1.02m) in Corporate Financing from additional grant income together with increased investment interest receivable and lower interest payable.
- 2.7 This forecast overspend is predominantly due to:
- **Business Transformation £102k Overspend (Q1 £29k u/s)** – due to increased contract costs.
 - **Community and Housing GF Services £241k Underspend (Q1 £178k u/s)** – due to vacant posts and increased income/specific grants.
 - **Corporate Services £118k Overspend (Q1 – £15k o/s)**– mostly due to increased pension costs.
 - **Environmental Services £591k overspend (Q1 £537k o/s)** forecasted additional expenditure on salaries, fuel and vehicle hire. The overspend, particularly on vehicle hire, has been mitigated by ordering a number of new vehicles, however the lead times are long. Other areas are also seeing increases in Agency costs and there is reduced car parking income.
 - **Financial and Customer Services £307k overspend (Q1 £399 o/s)** – increased forecast expenditure on agency fees due to vacancies

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- **Legal, Democratic and Property Services £58k underspend (Q1 £62k u/s)** – increased property rental income with lower maintenance fees and net elections income.
 - **Planning, Regeneration and Leisure Services £362k overspend (Q1 £164k o/s)** – salary savings offset by reduced fees & charges income, professional fees and agency staff
 - **Regulatory Client £181k overspend (Q1 £188k o/s)** – additional spending due to transfer of Envirocrime and Planning Enforcement from NWEDR
 - **Starting Well Break-even position (Q1 £20k o/s)** – additional salaries
- 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 2023/4 was 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 has been undertaken in May 2024 which is confirming 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. This will be updated as part of Tranche 2 of the 25/6 budget.
 - 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 Finance 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. And we are almost up to date with bthe delivery of accounts, which will happen in this financial year to bring budgets back to establishment levels..
- 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

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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. As we have seen in section 2.7, there are issues in income delivery in 2024/5 in some areas which will require careful monitoring and mitigation.
 - The deliverability of the new Planning income increases, as the moment although income is up year on year it is not at the targeted levels.
 - The deliverability of Parking increases are projecting to be circa £100k below the budgeted amount – This is now signified as Red although will be reviewed through the Christmas period.
 - The Environment Partnership has not started, and we have an overspend in this area – this will be red until the partnership can begin.

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

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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 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 2024/25

9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Cllr Colella	25/11/24
Lead Director / Head of Service	Pete Carpenter	25/11/24
Financial Services	Debra Goodall	25/11/24
Legal Services	Claire Felton	25/11/24
Policy Team (if equalities implications apply)		
Climate Change Officer (if climate change implications apply)		

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Appendix A – Bromsgrove Savings Monitoring 2024/25

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	RAG Status	Narrative
2023/4 Budget Items						
Service Reviews	-140	-330	-405	-405	Yellow	23/4 position was £2.9m of vacancies covered by £1.6m of Agency staff. This position, following the establishment review, is still being evaluated for the savings required and final ongoing allocations. 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	Red	
Engage Capacity Grid (One Off)	-200	-200	0	0	Yellow	Needs to be carefully monitored as slightly under recovered in 23/4.
Environmental Services Partnership	0	-25	-50	-50	Red	As per the Q2 monitoring, there is a significant overspend in this area and the envisioned partnership has not yet materialised.
Total 2023/4 Items	-440	-655	-555	-555		
2024/5 Budget Items						
Utilities increases		-140	-140	-140	Green	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	Green	
7% increase Fees & Charges		-273	-273	-273	Yellow	Will need testing given the £100k reduction in registrars fees
2% C Tax Increase 25/6			-191	-191	Green	This is the present allowable increase level
2% C Tax Increase 26/7			-101	-101	Green	This is the present allowable increase level
2% Fees & Charges 25/6			-101	-101	Green	This is future years
2% Fees & Charges 26/7			-101	-101	Green	This is future years
Gov Grant at 23/4 Levels		-515	-515	-515	Green	As per Government Guidance
Increase in number of Properties (Council Tax Base)		-36	-84	-121	Green	This is 50% of the projected property increases in the Local Plan
Council Tax increase to 3%		-91	-91	-91	Green	Allowable in 2024/5
Planning Income at 25% increase		-145	-145	-145	Yellow	This is ahead of 23/4 income level at 6 months but not to the level of the 25% increase.

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				-100		
Parking Income	-100	-100				This is the first increase in a number of years and is linked to significant other changes in Parking provision in Bromsgrove. At Q2 the projected income for the year was circa £200k under budget, however this is more than the actual parking figures at this point in 2023/4. This difference will improve with PCN income which to date is only £7k. PCN income usually returns circa £100k a year which would bring the deficit back to around the £100k figure.
Impact of 23/4 Pay Award	-125	-125		-125		
Business Rates Adjustment	-427	-350		-350		Budget Review of central items highlighted this savings. 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
24/5 Savings	-2,166	-2,435		-2,768		