

## **BROMSGROVE DISTRICT COUNCIL**

### **Audit, Standards and Governance Committee - 20<sup>th</sup> March 2025**

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#### Financial Savings Monitoring Report – Q3 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: <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 Q3 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 2 2024/25 Finance and Performance Monitoring report was reviewed by Cabinet in December 2024 and savings linked to the 2024/5 Medium Term Financial Plan by this Committee in December.
- 2.4 The Quarter 2 position was a £344k overspend position. The opening £12.5m full year revenue budget was approved in February 2024.

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- 2.5 Overall, the Council is currently forecasting a full year revenue underspend of £53k at Quarter 3. This compares to an overspend figure of £344k reported at Quarter 2 – a £397k improvement of the Council's position. The underspend is mainly due to the additional grants received. 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.

Service Description	2024-25 Approved Budget	2024-25 Approved Q3 Budget	Q3 Adjusted Spend	Q3 Budget Variance	Full Year Forecast	Full Year Budget Variance
Business Transformation and Organisational Development	1,792,618	1,312,963	1,544,321	231,358	1,957,113	164,495
Community and Housing GF Services	1,159,987	869,990	582,338	-287,652	794,009	-365,978
Corporate Services	994,465	745,849	252,617	-493,232	629,666	-364,799
Environmental Services	3,798,721	2,849,041	2,973,009	123,968	4,862,838	1,064,117
Financial and Customer Services	1,441,300	1,080,975	5,657,701	4,576,726	1,748,555	307,255
Legal, Democratic and Property Services	1,563,913	1,172,934	1,573,674	400,740	1,004,340	-559,573
Planning, Regeneration and Leisure Services	1,365,472	1,024,105	2,023,143	999,038	1,861,169	495,697
Regulatory Client	397,337	298,003	218,224	-79,779	579,989	182,652
Starting Well	0	0	44,618	44,618	0	0
<b>Grand Total</b>	<b>12,513,813</b>	<b>9,353,860</b>	<b>14,869,645</b>	<b>5,515,785</b>	<b>13,437,679</b>	<b>923,866</b>
Service Description	2024-25 Approved Budget	2024-25 Approved Q3 Budget	Q3 Adjusted Spend	Q3 Budget Variance	Full Year Forecast	Full Year Budget Variance
Corporate Financing	-12,513,813	-9,497,860	-7,620,608	-1,096,526	-13,490,735	-976,922
<b>Grand Total</b>	<b>-12,513,813</b>	<b>-9,497,860</b>	<b>-7,620,608</b>	<b>-1,096,526</b>	<b>-13,490,735</b>	<b>-976,922</b>
<b>TOTALS</b>	<b>0</b>	<b>-144,000</b>	<b>7,249,037</b>	<b>4,419,259</b>	<b>-53,056</b>	<b>-53,056</b>

- 2.6 The above overspends (£0.923m) are offset by additional income (£0.977m) in Corporate Financing from additional grant income together with increased investment interest receivable and lower interest payable.

- 2.7 This includes overspends as follows:

#### **Business Transformation £164k overspend**

Within Business Transformation & Organisational Development, ICT salaries are overspending by £330k which is offset by savings in Equalities of £24k on salaries, savings of £83k within Business Transformation due to salaries and shared service arrangements, savings of £35k in Corporate Training and £24k within HR.

#### **Community and Housing GF Services £366k underspend**

Within Community and Housing GF Services there is a projected underspend due to additional grants received £342k and additional Lifeline shared services £244k income offset by increased expenditure on Homelessness of £139k and Social Prescribing of £81k.

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#### **Corporate Services £365k underspend**

There are a number of variances within Corporate Services:

- A saving of £678k following the release of a pay award provision offset by an overspend of £33k on external audit fees within Corporate Expenses
- An underspend of £49k on professional fees and charges in Treasury Management and Bank Fees
- An overspend of £269k due to council pension costs.
- An overspend of £20k on recruitment costs for the positions of Chief Executive and Executive Director Finance and Resources
- A £40k reduction of shared service income for Redditch Partnership (LSP)

#### **Environmental Services £1,064k overspend**

Within Environmental Services there are a number of variances as detailed below:

- Bromsgrove Domestic Waste Collection service is forecast to overspend by £742k due to additional staff and agency costs of £173k, vehicle hire of £250k and fleet maintenance of £319k.
- Bromsgrove Place Teams is forecast to overspend by £38k due to additional staff and agency costs of £70k, insurance £9k and an income shortfall of £14k on bulky waste.
- Car Parking is forecast to have reduced income of £136k income, consultancy fees of £72k, however utilities are underspending by £17k

#### **Financial and Customer Services £307k overspend**

Within Finance and Customer Services there are overspends in Finance due to agency staff amounting to £290k (we have had issues with recruitment in finance which is a national issue, and have had to complete 4 years accounts to deliver to the Government's Backstop dates and therefore we have higher agency staff costs as a result of this) together with £17k in unachieved efficiency savings within Customer Services.

#### **Legal, Democratic and Property Services £560k underspend**

Legal, Democratic and Property Services are forecast to underspend £560k due to additional elections income of £313k and salary savings of £221k in Legal due to vacancies. Democratic Services are showing a small underspend of £14k due to staff vacancies. There is also a small underspend of £12k on utilities in the Parkside building.

#### **Planning, Regeneration and Leisure Services £496k overspend**

Within Planning, Regeneration and Leisure Services there are a number of variances:

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- Development Management is forecast to overspend budget at £459k due to a shortfall in Planning Application income of £186k, (it was assumed that central Government changes to planning fees nationally would have a bigger positive impact on income. An extra £145k income was anticipated that has not been achieved) £97k on agency fees due to staffing shortage and £176k on professional fees, This £176k overspend includes unavoidable costs for running of service, for example subscriptions to online resources, archaeology/archive support from County Council. Also, Legal costs, including some legacy work involved in significant enforcement work and legal advice, as well as costs for providing enforcement function prior to July 2024. Other costs are for consultants' advice, some of which is off set via a cost recovery activity.
- Sports Development is overspending by £37k due to agency costs, however expected Income of around £27k is to be moved from Redditch to Bromsgrove to offset some of this spend.

#### **Regulatory Client £183k overspend**

Within Regulatory Client, there is an overspend due to Envirocrime and Planning Enforcement (£154k). This overspend has been rectified in Q4 by actioning virements from Planning and Environment Services which will move the overspend to those services as agreed by Council. There is also a projected shortfall in taxi licensing income (£29k).

- 2.8 The position at year end 2023/24 in terms of departmental savings was that the two Amber items still require careful monitoring:
- The Service Review figures have been analysed following Establishment Review work undertaken in the second half of 2024. The combination of spending on establishment salaries and Agency is above the budgeted figures and as such this is still a significant risk.
  - The Capacity Grid project, recouping old Council Tax and Business Rates debt is nearing the end of its allocated time. As per the Council Tax Resolution Report that went to Council on the 24<sup>th</sup> February we have a surplus in the collection fund of £594k, of which £76k relates to Bromsgrove District Council. Overall amounts for all members of the collection fund are significantly higher than expected.
- 2.9 The Red item in relation to finance will not be delivered. Additional resources has been bought in, and all accounts up to the 2023/24 financial year have now been closed. This task was completed in January 2025. In 2025/26 we will now be able to move back to the correct establishment.
- 2.10 The 2024/25 position is shown in Appendix A. The vast majority of savings items link either to increases in grant, agreed increases in Tax or items that will not be delivered until future financial years.

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2.11 As has been stated in previous reports, the largest savings in recent years have been on Pension costs which link to the 2023 triennial revaluation. These revised figure run for 3 years and as such are a risk from the 2026/7 year if they change. Initial advice from actuaries in December is that it is highly likely that these will not change from present levels in the next revaluation.

2.12 The following items will require careful tracking in this financial year:

- Validation of delivery of Fees and Charges income. There are delivery issues in a few areas highlighted in Appendix A.
- The deliverability of the new Planning income increases, as the moment although income is up year on year it is 186k below the new budget income levels.
- The deliverability of Parking increases are projecting to be circa £136k below the new budgeted amount.
- Increasing Waste Costs and their linkage to the possible Waste partnership. This now might be impacted by Local Government Re-organisation.

**3. FINANCIAL IMPLICATIONS**

3.1 The savings have significant financial implications if not delivered.

3.2 The Council presently has an estimated £12.781m in General Fund Reserves to cover one off issues, and £9.484m 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 £12.781m 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. 2024/25 savings options which had implications on climate change would have been addressed at that time and 2025/26 issues have been assessed as part of the 2025/26 budget process.

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**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 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**

<b>Department</b>	<b>Name and Job Title</b>	<b>Date</b>
Portfolio Holder	Cllr Colella	
Lead Director / Head of Service	Pete Carpenter	
Financial Services	Debra Goodall	
Legal Services	Claire Felton	
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
<b>2023/4 Budget Items</b>						
Service Reviews	-140	-330	-405	-405	Yellow	This position, following the establishment review and a review of budgets at Q3, is an overspend against budget and is a risk to be mitigated.
Finance Vacancies	-100	-100	-100	-100	Red	This savings was not delivered in 2023/4 as additional resource has been bought in to get the accounts up to date.
Engage Capacity Grid (One Off)	-200	-200	0	0	Yellow	As per the 2025/26 Council Tax Resolution the Council has a Collection Fund surplus of £594k of which £76k related to Bromsgrove.
Environmental Services Partnership	0	-25	-50	-50	Red	As per the Q3 monitoring, there is a significant overspend in this area (Waste) and the envisioned partnership has not yet materialised.
<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	Green	Only 60% drawn down in 23/4 – this is the 40% remainder.
23/4 Inflation Budget		-188	-194	-194	Green	Not drawn down in 23/4, £125k put in for 24/5
7% increase Fees & Charges		-273	-273	-273	Green	Apart from Planning and Parking – most seem to delivery targets as per the Q3 monitoring.
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			-515	-515	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	Red	Under-recovery of planning income to budgeted levels by £186k

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Parking Income	-100	-100	-100		Under-recovery on parking of £136k
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>		