

REDDITCH BOROUGH COUNCIL

Executive 12 July 2022

Revenue Monitoring Report Period 1 2022/23

Relevant Portfolio Holder	Councillor – Karen Ashley Portfolio Holder for Finance and Enabling
Portfolio Holder Consulted	Yes
Relevant Head of Service	Peter Carpenter
Wards Affected	All Wards
Non-Key Decision	

1. SUMMARY

This report sets out the new “On System” format for reporting financial that will be used for the 2022/23 financial year as well as the approach being taken by Officers to ensure that the budget is balanced within the year and for future financial years.

2. RECOMMENDATIONS

Executive are asked to:

- Note Future monitoring returns will be in the “on system” format.
- Approve the approach being taken by Officers to balance the 2022/23 budget and future years budget deficit positions.
- Approve the addition to the monitoring report of the additional financial health indicators.

3. KEY ISSUES

Financial Implications

- 3.1 This report sets out how financial performance of the Council for the 2022/23 financial year will be reported. It also sets out the steps being taken by Officers to balance the 2022/23 budget and future years Medium Term Financial Strategy (MTFS) deficits. IN addition, it also sets out additional financial indicators that will form part of the financial monitoring report.
- 3.2 The approved revenue budget, as per the Executive and Council meetings held in February 2022 is £10.520m. The budget resolution assumed that £0.282m of General Fund balances would be used to meet this expenditure.
- 3.3 The Capital Programme is set at £4.3m. However, this does not take account of:
- any underspending from 2021/22 (see the Outturn Report) or
 - 22/23 Grant for Towns Fund initiatives (based on business cases)

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- 3.4 The HRA Revenue budget for the year has been set at £25.390m with an associated Capital budget of £14.180m.
- 3.5 The Council has been working with its software provider Tech1 to deliver an on system financial reporting tool which will be used for the first time in 2022/23.

Appendix A gives an example of what Managers see on system (the example being Local Planning Development). The system gives the ability:

- To RAG rate individual budget lines depending on risk levels;
- Add comments both from a finance and budget manager view-point;
- Automatically or manually create forecasts;
- Compare outcomes to the previous period.

With the finance team having recruited to their vacant positions there will be a clear split between the management accountancy team, who will be working with budget managers on creating the forecasts, and the corporate finance team who will be checking and challenging the outputs.

The approach to meet the Budget Deficit in 2022/23 and future Years

- 3.6 The table below sets out the General Fund Support required to ensure the budget is balanced over the next three years.

Financial Year	2022-23	2023-24	2024-25
	£000	£000	£000
General Fund Support	282	949	833
General Fund Closing Balance	2,010	1,061	228
Unallocated saving	347	347	347

Clearly, using reserves to this level is not sustainable as this will lead to an inadequate level of General Fund Reserves at the end of the 3-year MTFS period.

- 3.7 Officers are taking the following approach to addressing the in-year use of reserves to balance the budget. The key objectives are
- To reconcile organisational priorities to available resources (identifying which areas require investment and which disinvestment).
 - Integrate this into an organisation-wide business plan (to translate organisational priorities and financial constraints into an agreed action framework and budget).
 - This plan will have short-, medium- and long-term objectives to support a move away from short term financial thinking. Individual service plans will be the building blocks of this plan.

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3.8 Work is already underway with

- Finance;
 - Setting out present base budgets, historic places where over/underspend occur, and views of potential savings options.
 - Linkage to the 2021/22 Outturn position.
 - Engaging with our Treasury Consultants Arlingclose to review our Minimum Revenue Provision, use of debt and investment policies.
- Heads of Service and their managers;
 - Assessing present levels of service and associated requirements in the new post C-19 environment to identify where different delivery models will lead to further savings

3.9 The first Officer Review, to set the parameters of the review took place on the 18th May and the Corporate Management Team are set to review initial options on the 24th June. Once options are clarified they will move into the Member environment.

Financial Health Indicators

3.10 Along with the normal Capital and Revenue monitoring data, it is proposed that the monitoring reports going forward also include the following financial data. This is in draft format for the initial month of the 2022-23 financial year

- Payment performance monitoring
 - 726 Payments processed in April
- Tax Collection Rates
 - Council Tax - Collected 9.93%. Target 9.70%
 - National Non-Domestic Rates - Collected 9.49%. Target 9.0%
- Grant Administration
 - Delivery of Government Grant Initiatives (in this case Fuel Grants)

At 30th April

Council Tax Band	1st April Estimate of Eligible households	Paid/Under Verification	Available for application
A	7,521	2,565	4,311
B	11,845	6,312	4,793
C	7,770	5,561	1,917
D	4,350	3,396	854
Disabled Band E	32	27	8
Total	31,518		

At 31 May

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Council Tax Band	1st April Estimate of Eligible households	Paid/Under Verification	Available for application
A	7,521	4,016	2,860
B	11,845	8,434	2,671
C	7,770	6,545	933
D	4,350	3,871	379
Disabled B and E	32	29	6
Total	31,518		

Debtor and Housing Benefit indicators will be added in due course.

3.11 Earmarked Reserves

The position will be updated following the approval of the Outturn report for 2021/22.

3.12 General Fund Position

The position will be updated following the approval of the Outturn report for 2021/22. Given the data in Section 3.6 above, significant work is underway to ensure reserves are maintained and not reduced.

The Council's 2020/21 accounts have not been formally approved and audited at the time of writing.

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

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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.

7. RISK MANAGEMENT

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

8. APPENDENCES

Appendix A – Revenue Monitoring by Service – New Template

AUTHOR OF REPORT

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Appendix A - Revenue Monitoring by Service - New Template

Account Number	Entity Description	Cost Centre	Cost Centre Desc...	Activity	Activity Description	Nominal	Nominal Description
10-0-1000-90010-41139	Redditch Borough Council	1000	Finance	90010	Redditch Charge Only	41139	Efficiency Savings
10-0-1000-90010-41140	Redditch Borough Council	1000	Finance	90010	Redditch Charge Only	41140	Fees and Charges Income
10-0-1000-90010-41282	Redditch Borough Council	1000	Finance	90010	Redditch Charge Only	41282	SLA Income
10-0-1000-90010-41312	Redditch Borough Council	1000	Finance	90010	Redditch Charge Only	41312	Other - Insurance Commission

2022/23 Original Budget	2022/23 Working Budget	2022/23 Actuals	YTD to P1 Budget	YTD to P1 Actuals	Un-Invoiced Receipts	YTD to P1 Spend	YTD to P1 Variance	YTD to P1 Variance %	*INFO ONLY* Outstanding PO
(50,000)	(50,000)		(4,167)				4,167	100	
(10)	(10)		(1)				1	100	
(42,000)	(42,000)		(3,500)				3,500	100	
(9,000)	(9,000)		(750)				750	100	

Forecast Description (please choose from the drop down list)	Auto Forecast	Adjustments	Final Forecast	Variance to Budget	Forecast Variance %	RAG Calc 2	RAG Text
To Budget	(50,000)		(50,000)				Green
To Budget	(10)		(10)				Green
To Budget	(42,000)		(42,000)				Green
To Budget	(9,000)		(9,000)				Green

Account Number	Final Forecast Last Period	Movement	Budget Holder Comments	Accountancy Comments
10-0-1000-90010-41139		(50,000)		
10-0-1000-90010-41140		(10)		
10-0-1000-90010-41282		(42,000)		
10-0-1000-90010-41312		(9,000)		