

**Financial Savings Monitoring Report**

Relevant Portfolio Holder	Councillor Ashley – Portfolio Holder for Finance and Governance
Portfolio Holder Consulted	Yes
Relevant Head of Service	Michelle Howell
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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, Governance and Standards Committee RECOMMEND that:**

- 1) Progress on 2022/23 Departmental Savings be noted.**
- 2) Progress on Efficiency Savings be reported back to this Committee following allocations as part of Quarter 2 2022/23 monitoring be noted**
- 3) Present Council overspend position for 2022-23 and actions to mitigate this be noted.**

**2. BACKGROUND**

- 2.1 As part of the 2022/23 budget, which was agreed at Council in February 2022, there were several savings options approved to deliver the balanced budget for the year. These amounted to £304k of Departmental Savings. In addition, a further £595k of existing efficiency savings were carried forward from the 2021/22 financial year. These savings require allocation to departmental budgets. Both sets of savings are shown in Appendix A.
- 2.2 The Quarter 2 Finance and Performance Monitoring report was on the Executive Agenda for the 6<sup>th</sup> December 2022.
- 2.3 The financial section of the report sets out progress against budget. The £10.52m original revenue budget included in the table below is the budget that was approved by Council in March 2022. The projected

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outturn figure at Q2 is a £369k overspend, which is a significant increase on the £21k underspend position Reported in Q1.

	2022/23 Full Year Budget	2022/23 Cross- cutting saving allocation	2022/23 Revised Budget	2022/23 Q2 Actuals	2022/23 Adjusted Forecast Outturn	2022/23 Adjusted Forecast Outturn Variance (Under) / Over spend
Regulatory Client	391,190		391,190	150,115	333,594	(57,597)
Business Transformation & Organisational Development	1,794,085	(76,055)	1,718,030	883,683	1,784,825	66,795
Chief Executive	(1,934,525)		(1,934,525)	566,564	(1,939,311)	(4,786)
Community & Housing GF Services	8,076	(154,853)	1,423,223	649,080	1,685,768	262,544
Environmental Services	2,779,319		2,779,319	422,217	2,963,582	184,264
Financial & Customer Services	1,905,007	(244,943)	1,660,064	9,067,146	1,683,401	23,337
Legal, Democratic & Property Services	2,238,105	(184,457)	2,053,648	849,054	2,099,985	46,338
Planning, Regeneration & Leisure Services	1,293,154	(83,106)	1,210,048	524,456	1,206,992	(3,055)
Cross cutting savings and efficiency targets	(595,012)	743,414	148,402	0	0	(148,402)
RBC Rubicon Client	1,070,604		1,070,604	460,750	1,070,604	0
<b>Grand Total</b>	<b>10,520,000</b>	<b>0</b>	<b>10,520,000</b>	<b>13,573,066</b>	<b>10,889,439</b>	<b>369,439</b>

2.4 This over-spend position includes the allocation of non-allocated savings and efficiency targets from previous years which totalled £595k at the start of this financial year. In addition to this, additional underspends identified at Q1 totalling £148k were collated centrally as this also looked to partially mitigate a £195k overspend position in Environmental Services. As highlighted in the October report, these savings and efficiencies have been allocated predominantly against employee budgets as per the table above. The table below sets out the adjusted Q1 position compared against the Q2 position, which is a £385k deterioration in position.

2.5 The main reason for this variance (Q1 to Q2) are two areas.

Within Community and Housing General Fund Services there are two services in particular that have a significant variance against budget:

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- Housing Options (£211k overspend) – This is predominantly as a result of increasing expenditure linked to increases in demand for housing support and temporary accommodation costs. It is important to note that, the present cost of living crisis may result in increases in demand for council services, which at the point of writing cannot be fully quantified in this forecast.
- Community Transport (£65k underspend) – This is mainly as a result of a forecast reduction in income for the service.

Within Business Transformation & Organisational Development, the forecast overspend is predominantly due to purchases within the ICT service. Following the installation of a new HR software package, recruitment is underway to recruit to vacant posts within the service

	<b>Q1 Position</b>	<b>Allocation of Efficiency Target</b>	<b>Revised Q1 Position</b>	<b>Q2 Position</b>	<b>Var Q1 to Q2</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Regulatory Client	(58)	0	(58)	(58)	<b>0</b>
Business Transformation & Org Development	(83)	76	(7)	67	<b>74</b>
Chief Executive	(1)	0	(1)	(5)	<b>(4)</b>
Community & Housing GF Services	(155)	155	0	263	<b>263</b>
Environmental Services	196	0	196	184	<b>(12)</b>
Financial & Customer Services	(245)	245	0	23	<b>23</b>
Legal, Democratic and Customer Services	(184)	184	0	46	<b>46</b>
Planning, Regeneration & Leisure Services	(86)	83	(3)	(3)	<b>0</b>
RBC Rubicon Client	0	0	0	0	<b>0</b>
Cross Cutting Savings and Efficiency Target	595	(743)	(148)	(148)	<b>0</b>
	<b>(21)</b>	<b>0</b>	<b>(21)</b>	<b>369</b>	<b>390</b>

2.6 Departmental Savings (as per the 2022/23 MTFP) are shown to be on track for delivery as per the data contained in Appendix A.

2.7 The monitoring report summarises the detailed position in each services area. These are shown in Appendix B.

- 2.8 However, **the £369k overspend position is just as at Q2**. We also need to adjust for the following factors
- The £1,925 per pay point pay award was paid in December to staff. This has an overall effect of increasing cost in year by another **£773k**. This funding imbalance has been mitigated in the ongoing budgets. This is the forecast impact for the year as per December payroll data.
  - The **£282k** of reserves which were already supporting the budget as per the 2022/23 Medium Term Financial Plan (MTFP).

This means that in 2022/23 the Council has an in year **overspend position of £1.424m** which will reduce General Fund Reserves from their opening position of £2.069m to £0.645m.

- 2.9 The Council are looking at ways to mitigate this in year overspend position and using initiatives such as those set out in the MTFP Report which will be discussed at Executive on the 7<sup>th</sup> February 2023.

### **3. FINANCIAL IMPLICATIONS**

- 3.1 The two sets of savings have significant financial implications.
- 3.2 The Departmental Savings totalling £304k is on track for delivery
- 3.3 £743k of savings have been allocated, which is more than the £595k Cross Cutting savings target by £148k. This over recovery has been applied in order to partially mitigate overspending in Environmental Services in Quarter 1.
- 3.4 This is however only part of the picture. There are also £773k of additional employee costs following the national pay award this year and £282k of reserves already supporting the budget. These also require monitoring and mitigation as they have a significant impact on our General Fund reserve levels.

### **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. 2022/23 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 2022/23 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 with changes to what was agreed by Council in February 2022.

**8. APPENDICES and BACKGROUND PAPERS**

Appendix A – Redditch Savings Monitoring 2022/23  
Appendix B – Q2 Revenue Monitoring Narrative

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**Appendix A – Redditch Savings Monitoring 2022/23**

Department	Strategic Purpose	Description of saving	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000	RAG Status	Comments
Business Transformation	Enabling of the Authority	Addition of one Business Improvement Advisor funded by HRA	-40	-40	-40	-40	Green	24/25 and 25/26 to be funded from savings made from Advisors & service outcomes
Corporate Administration / Central Post Opening	Enabling of the Authority	Non recruitment to vacancy post	-30	-30	-31	-31	Green	Actioned via main salaries
Corporate Administration / Central Post Opening	Enabling of the Authority	Non recruitment to vacancy post	-3	-3	-3	-3	Green	Actioned via main salaries
Corporate Administration / Central Post Opening	Enabling of the Authority	Non recruitment to vacancy post	-6	-6	-6	-6	Green	Actioned via main salaries
Corporate Administration / Central Post Opening	Enabling of the Authority	Non recruitment to vacancy post	19	19	20	20	Green	Loss of Shared Service Income From Bromsgrove
Grants	Enabling the Authority	Salary saving on Grants Officer post by reducing hours in RBC.	4	4	4	4	Green	
Environmental Services	Communities which are Safe, Well Maintained and Green	Savings on Agency salary	15	15	15	15	Amber	This related to Hedgcutting
Bereavement Services	Communities which are Safe, Well Maintained and Green	Additional Income from premiums	18	0	0	0	Amber	
Environmental Services	Communities which are Safe, Well Maintained and Green	Savings from vacant post	27	27	27	27	Green	removal of one of environmental services TL role - grade 9
Environmental Services	Communities which are Safe, Well Maintained and Green	Bulky waste income	10	10	10	10	Green	delivered via developing a combined team with bin deliveries that covers both RBC and BDC - staff numbers do not change but would deliver efficiencies and more commercial opportunities and as a fully shared services there would be more income potential
Democratic Services	Enabling the Authority	Services restructure	5	5	5	5	Green	Actioned via main salaries on BDC so this is included in SS rechange adjustment
Democratic Services	Enabling the Authority	Services restructure - shared services rechange	3	3	3	3	Green	Actioned via main salaries on BDC so this is included in SS rechange adjustment
Lifeline	Living independent, active & healthy lives	Future income generation options	20	20	20	20	Amber	
Customer Services	Enabling the Authority	Alternative cash payments	0	40	40	40	Amber	Actioned on DBS - 27.01.22
Financial services	Enabling of the Authority	Life insurance scheme saving	35	35	35	35	Amber	There is only a budget of £30k - Actioned on DBS 26.01.22
Corporate Administration / Central Post Opening	Enabling of the Authority	Reduction in consumables eg paper and reduction of MFDS in print contract	14	14	14	14	Amber	With WiFi the usage of paper has been much less. Reduce the number of MFDS at the sites
Business Development - Business	Run and grow successful business	Service redelivery	100	100	100	100	Green	Actioned on DBS - 26.01.22 on cc.2403 Chief Exec.
<b>TOTAL</b>			<b>-304</b>	<b>-326</b>	<b>-326</b>	<b>-327</b>		

**Appendix B – Q2 Revenue Monitoring Narrative**

**Business Transformation & Organisational Development – £67k overspend**

Within Business Transformation & Organisational Development, the forecast overspend is predominantly due to purchases within the ICT service. This is after the absorption of £76k cross cutting efficiency savings targets based upon forecast underspends within Human Resources at quarter 1 due to vacancies within the service. Following the installation of a new HR software package, recruitment is underway to recruit to vacant posts within the service.

**Chief Executive - £5k underspend**

There is a small underspend forecast within the Chief Executive area.

**Community and Housing General Fund Services - £263k overspend**

Within Community and Housing General Fund Services there are two services in particular that have a significant variance against budget:

- Housing Options (£211k overspend) – This is predominantly as a result of increasing expenditure linked to increases in demand for housing support and temporary accommodation costs. It is important to note that, the present cost of living crisis may result in increases in demand for council services, which at the point of writing cannot be fully quantified in this forecast.
- Community Transport (£65k underspend) – This is mainly as a result of a forecast reduction in income for the service.

This overall overspend forecast is after the absorption of cross cutting efficiency savings targets totalling £155k based upon forecast underspends within Housing Options and Community Safety/CCTV at quarter 1 due to vacancies within the service.

**Environmental Services - £184k overspend**

Within Environmental Services there are two service areas with significant forecast overspends against budget:

- Engineering & Design (£113k overspend) – the forecast overspend is mainly as a result of expenditure on non adopted highways due to health and safety works.
- Tree Management (£71k overspend) – The forecast overspend in this service is as a result of insurance claims.



This forecast overspend will be kept under review throughout 2022/23. In the event that efficiencies across other budgets are not identified during the latter part of the year, a proposal will be brought forward to seek approval to fund this pressure through earmarked reserves.

**Finance & Customer Services - £23k overspend**

Within Finance & Customer Services there is a forecast overspend totalling £23k, this is after the absorption of £245k cross cutting efficiency savings targets based upon forecast underspends at quarter 1. This will continue to be reviewed in light of pressures within the service, with further updates provided during 2022/23.

**Legal, Democratic and Property Services - £46k overspend**

Within Legal, Democratic and Property Services there are two service areas with significant forecast outturn variances against budget. Business Development (£18k underspend) is currently forecasting an underspend as a result of vacancies within the team. The underspend is offset by the forecast cost of Elections totalling £63k. The service overall has absorbed £184k cross cutting efficiency savings targets based upon forecast underspends at quarter 1.

**Planning, Regeneration and Leisure Services - £3k underspend**

There is a small forecast underspend totalling £3k within this service after the absorption of £83k cross cutting efficiency savings targets based upon forecast underspends at quarter 1.

**Cross cutting savings and efficiency targets - £148k underspend**

Organisational efficiency targets totalling £595k have been allocated to service areas based upon forecast underspends as at quarter 1; predominantly linked to vacancies. This will be kept under review as we progress through the financial year.

**Regulatory Client - £58k underspend**

A £58k underspend on the Licencing Client is forecast due to increased General Licencing and Taxi licensing income.