

**Financial Savings Monitoring Report**

Relevant Portfolio Holder	Councillor Court – Portfolio Holder for Finance and Governance
Portfolio Holder Consulted	Yes
Relevant Head of Service	Michelle Howell
Report Author: Michelle Howell	Job Title: Head of Finance & Customer Services Contact email: <a href="mailto:michelle.howell@bromsgroveandredditch.gov.uk">michelle.howell@bromsgroveandredditch.gov.uk</a>
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 2023/24 Departmental Savings be noted.**

**2. BACKGROUND**

- 2.1 As part of the 2023/24 budget, which was agreed at Council in February 2023, 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.
- 2.2 The Quarter 1 2023/24 Finance and Performance Monitoring report was on the Executive Agenda for the 12<sup>th</sup> September.
- 2.3 The financial section of the report sets out progress against budget. The £10.7m original revenue budget included in the table below is the budget that was approved by Council in March 2022. The projected outturn figure at Q1 is a £556k overspend. The overspend in general is due to:
- An assumption on the Local Government Pay Award, which at Circa 6% is significantly more than our 2% assumption.

## REDDITCH BOROUGH COUNCIL

### Audit, Governance & Standards Committee

21st September 2023

Service Description	2023-24 Approved Budget	2023-24 Approved Budget Q1	Payroll Assumptions	Utilities Adjustment	Q1 Adjusted Spend	Q1 Variance to Budget	Full Year Variance to Budget
Business Transformation and Organisational Development	1,767,562	441,891	2,800		444,691	2,801	11,202
Community and Housing GF Services	1,608,893	402,223	22,200		424,423	22,200	88,799
Corporate Services	-1,558,136	-389,534	104,000		-285,534	104,000	416,000
Environmental Services	2,615,993	653,998	0		653,998	0	0
Finance and Customer Services	1,777,749	444,437	35,900		480,337	35,900	143,599
Legal, Democratic and Property Services	2,071,581	517,895	10,700	-42,500	486,095	-31,800	-127,201
Planning, Regeneration and Leisure Services	1,282,538	320,635	6,100		326,735	6,101	24,402
Regulatory Client	451,038	112,760	0		112,760	0	0
Rubicon Client	764,747	191,187	0		191,187	0	0
Starting Well	-32,000	-8,000	0		-8,000	0	0
	<b>10,749,965</b>	<b>2,687,491</b>	<b>181,700</b>	<b>-42,500</b>	<b>2,826,692</b>	<b>139,200</b>	<b>556,801</b>
<b>Corporate Financing</b>	<b>-10,749,965</b>	<b>-2,687,491</b>	<b>0</b>	<b>0</b>	<b>-2,687,491</b>	<b>0</b>	<b>1</b>
<b>Overall Total</b>	<b>0</b>	<b>0</b>	<b>181,700</b>	<b>-42,500</b>	<b>139,201</b>	<b>139,201</b>	<b>556,802</b>

2.4 The full year effect of a £556k overspend will need to be mitigated. In our original MTFP assumptions for 2023-26 we set up a Utilities Reserve of £1,710k which we assume reduces by £570k a year to mitigate increased costs. Given that this increase has not happened to this magnitude it is proposed in the Q1 Monitoring and Performance Report going to Cabinet that £556k of the assumed yearly drawdown of this reserve is used to mitigate the overspend position. **This leaves a break even position.** The ongoing 2023/24 pay increases position, once it is finalised and ratified later this year, would then need to be resolved as part of the 2024/25 MTFP process.

2.5 Departmental Savings are shown to be on track for delivery as per the data contained in Appendix A. There are three items highlighted in yellow which require careful monitoring.

- Service Reviews (£140k in 23/4)
- Finance Vacancies (£100k in 23/4)
- Capacity Grid old debt recoupmnt (£300k in 23/4)

### **3. FINANCIAL IMPLICATIONS**

3.1 The savings have significant financial implications if not delivered.

3.2 The Council presently has an estimated £2.571m in General Fund Reserves to cover one off issues, and £4.088m in Earmarked Reserves for specific purposes. These are the only recourse, apart from additional reductions in spending/additional income, that the Council has to mitigate the present overspend position. The £4.088m Earmarked Reserve position includes accounting for the full utilisation of the utilities reserve over the 3 year MTFP period.

- 3.3 There should be clarity by the Q2 Finance and Performance Monitoring report, which will be reported to Executive in November, on the actual impact of the 2023/24 Pay Award.

**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**

- 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 Budget process.

**Operational Implications**

- 6.2 Operational implications will have been dealt with as part of the 2022/23 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 changes to what was agreed by Council in February 2023.

**8. APPENDICES and BACKGROUND PAPERS**

Appendix A – Bromsgrove Savings Monitoring 2022/23

**REDDITCH BOROUGH COUNCIL**

**Audit, Governance &  
Standards Committee**

**21st September 2023**

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**9. REPORT SIGN OFF**

<b>Department</b>	<b>Name and Job Title</b>	<b>Date</b>
Portfolio Holder	Councillor Court	13/09/2023
Lead Director / Head of Service	Pete Carpenter	13/09/2023
Financial Services	Michelle Howell	13/09/2023
Legal Services	Claire Felton	13/09/2023

**REDDITCH BOROUGH COUNCIL**

**Audit, Governance &  
Standards Committee**

**21st September 2023**

**Appendix A – Redditch Savings Monitoring 2023/24**

	2023/24 £000	2024/25 £000	2025/26 £000	RAG Status	Narrative
<b>Phase 1 Savings</b>					
Environmental Services Partnership	0	-25	-50		Future year
Service Reviews	-140	-330	-405		Being Monitored
Move to All Out Elections	0	0	-170		
Town Hall	0	0	-400		Future Year by Exec Report 12/9 sets out on Target
Finance Vacancies	-100	-100	-100		Being Monitored
MRP	-100	-100	-100		On Track for Delivery
Pension Fund	-580	-580	-580		On track as per actuarial triennial report
Engage Capacity Grid (One Off)	-300	-300	0		Being Monitored
10% Increase in Fees and Charges	-339	-340	-342		On Track - all implemented and being monitored
<b>Tranche 1 Total</b>	<b>-1,559</b>	<b>-1,775</b>	<b>-2,147</b>		
<b>Phase 2 Savings</b>					
Conversion of 50% of Utilities to a Reserve	-570	-570	-570		Reserve change done as part of 23/4 budget process
Correction of Salary £1,925 amount	-200	-200	-200		Based on actual salary amounts
Additional Pensions Savings	-221	-221	-221		On track as per updated actuarial triennial report
<b>Tranche 2 Total</b>	<b>-991</b>	<b>-991</b>	<b>-991</b>		
<b>Total Departmental Savings</b>	<b>-2,550</b>	<b>-2,766</b>	<b>-3,138</b>		

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**21st September 2023**

<b>Government Funding</b>					
New Homes Bonus	-19				As per Local Government Settlement
Services Grant	-86				As per Local Government Settlement
Funding Guarantee	-493				As per Local Government Settlement
C Tax Base Reduction	130				As per Local Government Settlement
Business Rates/Investment Inc Rebaseline	-466	-250	-250		As per Local Government Settlement
Future Years Settlements - assumption		-450	-450		Estimate - which 20% lower than 23/4 Amount
<b>Total Government Funding</b>	<b>-934</b>	<b>-700</b>	<b>-700</b>		