

Quarter 1 2023-24 – Financial and Performance Report

Relevant Portfolio Holder	Councillor Court
Portfolio Holder Consulted	Yes
Relevant Head of Service	Michelle Howell Deborah Poole
Report Authors	Head of Finance and Customer Services michelle.howell@bromsgroveandredditch.gov.uk Head of Business Transformation, Organisational Development and Digital Strategy d.poole@bromsgroveandredditch.gov.uk
Wards Affected	All Wards
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	All
Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	
This report contains exempt information as defined in Paragraphs 3 and 4 of Part I of Schedule 12A to the Local Government Act 1972, as amended	

1. 1. RECOMMENDATIONS

The Executive is asked to RESOLVE that:

- 1) The current overspend position in relation to Revenue and Capital Budgets for the period April to June and the full year overspend position of £557k be noted.**
- 2) Those procurements over £200k due to be delivered during 2023/4 be added to the forward plan.**
- 3) The Q1 Performance data for the Period April to June 2023 be noted.**

That Executive is asked to RECOMMEND to Council

- 4) Allocating £557k from the Utilities Reserve to mitigate the overspend position in 2023/4.**
- 5) Changes to the Capital Programme with an ongoing revenue cost of £101k as set out in 3.17, £2k Leisure Changing Places and £99k Fleet replacement.**
- 6) Approving the £18.2k increase to the Engineering Services base budget from the General Fund and £4.9k increase from the HRA in 2023/4 from reserves and including this change in the 2024/25 Medium Term Financial Plan.**

- 7) Approving the £23k increase to the Bereavement Services base budget in 2023/4 from reserves and including this change in the 2024/25 Medium Term Financial Plan.**
- 8) That the underspend of £4,114 from the Grants to Voluntary Bodies scheme be allocated to Citizens Advice Redditch and Bromsgrove to fund the costs of room hire to enable residents to access face to face appointments.**

2. BACKGROUND

- 2.1 This report presents at Quarter 1 (April – June) 2023/24
 - the Council's forecast outturn revenue monitoring position for 2023/24 based on data to the end of Quarter 1
 - An update on progress on the 2023/24 budget process
 - Procurement pipeline projects (over £200k)
 - The organisations performance against the strategic priorities outlined in the Council Plan Addendum, including operational measures to demonstrate how the council is delivering its services to customers.
 - 2.2 The 2022/23 Financial Outturn position is also being presented to Executive in September. Both reports will need to be read to give an overall view of the financial position as the 2022/23 Outturn Report
- 9) Will directly affect reserve levels
 - 10) Will set out the final Capital budgets coming forward into 2023/24 by project.

3. DETAILED PERFORMANCE

Financial Performance

- 3.1 As part of the monitoring process a detailed review has been undertaken to ensure that issues are considered, and significant savings and cost pressures are addressed. This report sets out, based on the position at the end of Quarter 1, the projected revenue outturn position for the 2023/24 financial year and explains key variances against budget.

3.2 The £10.7m full year revenue budget included in the table below is the budget that was approved by Council in April 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
	10,749,965	2,687,491	181,700	-42,500	2,826,692	139,200	556,801
Corporate Financing	-10,749,965	-2,687,491	0	0	-2,687,491	0	1
Overall Total	0	0	181,700	-42,500	139,201	139,201	556,802

Budget Variances

3.3 The draft position is set out in the above table. As this is expenditure at Q1 it is important to note that, at this stage in the financial year there are a number of instances where annual expenditure or accruals may distort the profiling as reflected in the Q1 actual. The above profiles have assumed Support services and grant are adjusted to budgetary levels and accruals are netted out of the figures.

3.4 In addition to this, it is also important to note that the Council is yet to close its accounts for the 2020/21, 2021/22 and 2022/23 financial years. This could therefore result in adjustments to the actual expenditure/income and forecast outturn positions as reported in the table above. Further updates will be provided to Members throughout the financial year (this work is being led by the Audit Governance and Standards Committee).

3.5 Overall, the Council is currently forecasting a revenue overspend at Quarter 1 in the region of £139k. This is due to the pay award yet to be ratified and projects to a full year overspend of £557k. 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 2023/24.

3.6 This in-year budget forecast reflects the best information available at the present time, however it is important to note that there are a number of key factors that may impact upon the financial position which are not yet reflected fully within the forecast, including:

- The present cost of living crisis and the impact that this may have upon demand for council services, including the impact of

homelessness and the cost of bed and breakfast temporary accommodation costs.

- Inflationary increases – general inflation is coming down but is still running at over 8% and will impact upon transport costs, utilities and contracts in particular.
- Pay negotiations – a 2023/24 pay award similar to the 2022/23 £1,925 level per pay point plus on costs has been offered by the Employers. This is yet to be accepted by the Unions. The table at 3.2 gives the estimated impact of these changes.
- It is estimated that utilities increases are running at 70%. In the 2023/4 budget we assumed a 100% increase in budget and also set up a reserve for the same amount. The table at 3.2 gives the estimated impact of these changes.

- 3.7 The full year effect of a £557k 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 assuming reducing by £570k a year to mitigate increased costs. Given that this increase has not happened to this magnitude it is proposed that £557k of this reserve is used to mitigate the overspend position as set out in 3.2 above. The ongoing 2023/4 pay increases position, once it is finalised and ratified later this year would then need to be resolved as part of the 2024/5 MTFP process.

Additional Funding Requirements

- 3.8 The following reports have been to CMT over the past three months requesting additional Funding.
- 3.9 The first is for a change in the structure of the Bereavement Service which is set out in a Paper at **Appendix G**. Further information can be found in Appendix G.
- 3.10 There is a paper attached at **Appendix G** which sets out making permanent the current temporary restructuring of the Environmental Services, Engineering and Design Team (EDT).

Grants to Voluntary Bodies

- 3.11 The 2023/24 Grants to Voluntary bodies have been awarded following the annual grants process. The budget of £100k was allocated with a small underspend of £4,114.

- 3.12 In light of the current Cost of Living situation, Citizens Advice Redditch and Bromsgrove is keen to get a physical presence back into Redditch as an interim provision ahead of the opening of the Council Hub. Whilst their phone and e-mails services are supporting many Redditch residents (over 2,300 in 2022/2023 dealing with over 11,500 issues) there will always be clients who will benefit from a face to face appointment because of the nature of their enquiry, or their personal circumstances. Their aim is to hire two rooms in the Old Needleworks, a VCS Hub near the Kingfisher Centre, and provide an appointment service for both our caseworkers and for general advice on Wednesday mornings and afternoons.
- 3.13 The Committee is therefore asked to consider allocating the £4k underspend to the Citizens Advice for this purpose. The Portfolio Holder has been consulted and supports this proposal.

Capital Monitoring

- 3.14 A capital programme of £10.6m was approved in the Budget for 2023/24 in March 2023. Many of these schemes are already in partial delivery in the 2022/23 financial year. By approving this list, the Council also agreed sums not spent in 2022/23 (and 2021/22 by default if schemes originated earlier than 2022/23 as sums have been carried forward through to the 2021/22 MTFs Report) to be carried forward into 2023/4. The table also splits amounts by funding Source, Council or third party.

Financial Year	Total Budget £000	Council Funded £000	External Funded £000
2021/22	5,671	2,243	3,428
2022/23	5,431	2,033	3,398
2023/24	12,651	2,015	10,636
2024/25	16,185	5,255	10,930
2025/26	4,863	1,915	2,948

- 3.15 Included in this funding the Council also have the following Grant Funded Schemes which are being delivered in 2022/23:
- The three Towns Fund schemes – Innovation Centre, Public Square, and Public Realm which are funded via £15.2m of Government Funding, an application will need to be made to Birmingham and Black Country LEP once Innovation Centre plans are more detailed for a further funding of £1.9m, and the Council is funding £0.4m of works.

- The refurbishment of the Town Hall for £5.2m. This is being funded via Capital Receipts.
 - UK Shared Prosperity Schemes totalling £2.5m (although it should be noted that these grant funded schemes are a mix of capital and revenue).
- 3.16 The spend at quarter 1 is £0.583m against the overall 2023/24 capital budget totalling £12.651m is detailed in Appendix A. It should be noted that as per the budget decision carry forwards of £3.292m will be added to this figure to take account of slippage from 2022/23.
- 3.17 The following changes are requested for approval (allowing for slippage as set out in 3.14 above):
- Ipsley Church Lane Cemetery transfer 23/4 budget to 24/5
 - Leisure Changing Places budget for Redditch of £21,750 is required. The Changing Places Facility will provide a state of the art toilet facility for visitors to Redditch town centre who have profound and multiple disabilities. This will transform access and provide a “worry free day out” to residents and visitors who want to participate in business, retail and leisure and culture facilities across the town centre area.
 - At 20 year debt at 5.85% interest this has a yearly cost of (£1k MRP + £1.2k interest) £2.2k per year.
 - Fleet replacement – increased costs. This is a £585k increase in 24/5 and a £26k increase for 25/6. This £611k increase over 10 years at an interest rate of 5.63% is a cost of (MRP £61k interest £38k) £99k per year.
- 3.18 Capital Programmes (21/22 and 22/23) are set out in **Appendix A**.

Earmarked Reserves and their application

- 3.19 The position as reported to Council in February 2023 as per the 2023/24 – 2025/26 Medium Term Financial Plan is shown in **Appendix B**. This is linked to the Outturn Report which is also coming to this Executive and will be updated to reflect those figures.
- 3.20 As was noted in paragraph 3.7 above, £570k of the utilities reserve was planned to be utilised in 2023/4 for increased costs. At the moment the increased costs are around 70% - not the 200% expected. However, the proposed pay award is significantly more than expected. Therefore, it is requested that £557k of the utilities reserve is repurposed for this requirement in 2023/24.

Procurement

- 3.21 A report came to Executive in July, which was debated at the Finance and Budget working Group on the 7th July requesting that:
- On a quarterly basis a “Approval to Spend Report” will be provided to Executive which sets out the Council’s Procurement Pipeline for approval to be included on the forward plan and an analysis of spending over the past 4 years.
 - This report will also identify spending with suppliers over the £200k limit to ensure this spending is converted to properly contracted expenditure.
 - That the Council investigate and put in place processes that allow local businesses to access Council procurements more easily, following the passage of the Procurement Bill.
 - The Key Decision threshold is raised to £200k.
 - The “Approval to Spend Report” report also provides a list of all procurement between £50k and £200k, which Executive can request further detail and subject to additional scrutiny where they see fit.
 - That items from the initial pipeline report at the appropriate Key Decision level are added to the forward plan.
- 3.22 The table in **Appendix C** sets out those procurements (Capital and Revenue) over £200k which are delegated for approval to Executive or Officers over the next year. It is proposed that these are added to the forward plan. There are 15 contracts listed.
- 3.23 A list of all procurement between £50k and £200k are set out in **Appendix D**. Executive can request further detail and subject to additional scrutiny where they see fit. There are 11 contracts listed here.
- 3.24 As the Council runs a shared service, a number of procurements that impact on Redditch will be procured through Bromsgrove. For reference these are also included in **Appendix E**.

Housing Revenue Account

- 3.25 The table below details the financial position for the Housing Revenue Account (HRA) for the period April - March 2024. The major variances are due to the following:
- Repairs & Maintenance - vacancies pending restructure of service areas.

REDDITCH BOROUGH COUNCIL

Executive

12 September 2023

- Supervision & Management - the variance is predominantly due to vacant posts.

HOUSING REVENUE ACCOUNT (HRA)						
REVENUE 2023/24 PROVISIONAL OUTTURN Q1						
	2023/24 Full Year Budget £'000	2022/24 Budget Apr - Mar £'000	2022/24 Actual Outturn Apr - Mar £'000	2023/24 Variance Apr - Mar £'000	2023/24 Projected Outturn £'000	2023/24 Projected Variance £'000
INCOME						
Dwelling Rents	-25,658	-6,414	-3,474	2,940	-25,644	14
Non-Dwelling Rents	-572	-143	-384	-241	-572	0
Tenants' Charges for Services & Facilities	-618	-155	-193	-39	-618	0
Contributions towards Expenditure	-53	-13	-17	-4	-53	0
			0			
Total Income	-26,902	-6,726	-4,069	2,657	-26,887	15
EXPENDITURE						
	6,528	1,632	3,265	1,633	6,245	-283
Repairs & Maintenance						
Supervision & Management	8,690	2,173	945	-1,227	8,471	-219
Rent, Rates, Taxes & Other Charges	259	65	73	9	259	-0
Provision for Bad Debts	538	135	0	-135	538	-0
Depreciation & Impairment of Fixed Assets	6,259	1,565	0	-1,565	6,259	0
Interest Payable & Debt Management Cost	4,179	1,045	0	-1,045	4,179	0
Total Expenditure	26,453	6,613	4,284	-2,330	25,950	-503
Net cost of Services	-449	-112	215	327	-937	-488
Net Operating Expenditure	-449	-112	215	327	-937	-488
Interest Receivable	-234	-58	0	58	-234	-0
Revenue Contribution to Capital Outlay	0	0	0	0	0	0
Planned use of Balances	682	171	0	-171	1,171	488
Transfer to Earmarked Reserves	0	0	0	0	0	0
(Surplus)/Deficit on Services	-0	-0	215	215	-0	-0

In capital terms

HRA Capital Outturn Quarter 1		2023/24	2023/24	2023/24	2023/24	2023/24	2023/24
Project	Project Description	Full Year Budget £'000	Budget to Date Apr - June £'000	Actuals + Comm Apr - June £'000	Variance Apr - June £'000	Projected Outturn £'000	Projected Variance £'000
100050 - Housing 1-4-1 p	- Housing 1-4-1 p	3,000,000.00	750,000.00	208,303.96	-541,696	3,000,000.00	-
100053 - Asbestos Genera	- Asbestos Genera	100,000.00	25,000.00	6,617.51	-18,382	100,000.00	-
100054 - Structural Repa	- Structural Repa	75,000.00	18,750.00	37,578.34	18,828	75,000.00	-
100055 - Electrical Upgr	- Electrical Upgr	100,000.00	25,000.00	37,701.32	12,701	100,000.00	-
100056 - Boiler Replacem	- Boiler Replacem	850,000.00	212,500.00	129,238.48	-83,262	850,000.00	-
100059 - Disabled Adapta	- Disabled Adapta	500,000.00	125,000.00	163,982.42	38,982	500,000.00	-
100060 - Environmental E	- Environmental E	250,000.00	62,500.00	55,131.70	-7,368	250,000.00	-
100062 - Stock Condition	- Stock Condition	150,000.00	37,500.00	-	-37,500	150,000.00	-
100063 - Housing Managem	- Housing Managem	-	-	24,455.52	24,456	-	-
100066 - Design and Supe	- Design and Supe	500,000.00	125,000.00	-	-	500,000.00	-
100066 - Door Entry/CCTV	- Door Entry/CCTV	100,000.00	25,000.00	15,425.00	-9,575	200,000.00	100,000.00
100067 - Door Entry/CCTV	- Door Entry/CCTV	-	-	-	-	-	-
100068 - HRA Hard Wire S	- HRA Hard Wire S	300,000.00	75,000.00	141,720.48	66,720	300,000.00	-
100074 - Balcony Replace	- Balcony Replace	100,000.00	25,000.00	541.00	-	100,000.00	-
100082 - HRA Property pu	- HRA Property pu	-	-	1,611.26	1,611	-	-
100082 - HRA Compartment	- HRA Compartment	1,000,000.00	250,000.00	867,309.32	-	1,500,000.00	500,000.00
100083 - HRA Compartment	- HRA Compartment	-	-	-	-	-	-
100084 - Major Voids wor	- Major Voids wor	500,000.00	125,000.00	345,900.40	220,900	500,000.00	-
100098 - HRA-Energy Effi	- HRA-Energy Effi	750,000.00	187,500.00	13,773.00	-173,727	750,000.00	-
100115 - HRA Stock Remod	- HRA Stock Remod	100,000.00	25,000.00	18,308.69	-6,691	100,000.00	-
100116 - HRA Estates Gar	- HRA Estates Gar	-	-	-	-	-	-
110001 - INTERNAL REFURB	- INTERNAL REFURB	2,500,000.00	625,000.00	669,668.40	44,668	1,800,000.00	- 700,000.00
110003 - HIGH TREES PROJ	- HIGH TREES PROJ	350,000.00	87,500.00	168,694.75	81,195	350,000.00	-
110004 - DISREPAIR CASES	- DISREPAIR CASES	50,000.00	12,500.00	47,479.80	-	50,000.00	-
110005 - External Improvements	- External Improvements	300,000.00	75,000.00	19,496.53	-55,503	300,000.00	-
110006 - Community Safety	- Community Safety	-	-	67,368.15	-67,368	-	-
110022 - Garage Improvem	- Garage Improvem	150,000.00	37,500.00	-	-37,500	150,000.00	-
		11,725,000.00	2,931,250.00	2,905,569.73	- 528,510.39	11,675,000.00	- 100,000.00

Performance Report

3.26 The first section of this report shows the organisations performance against the strategic priorities outlined in the Council Plan Addendum. Additional comments and updates have been provided for the success measures to explain progress/activity. The final section of the report includes some operational measures to demonstrate how the council is delivering its services to customers.

3.27 The process of performance reporting will develop iteratively, however this document is a snapshot in time and very much a temperature check of the organisation, the layout comprises:

- Strategic Priorities – success measures
- Operational Measures – by service area
- Financial Data (separate report on this occasion)
- Corporate Projects (by exception)

3.28 The Council has an approved Council Plan in place that was completed before the Covid-19 outbreak., the Council then developed the Council Plan Addendum to take the potential shift in priorities bought about by the pandemic into consideration. The current key priorities are:

1. Economic Development and Regeneration
2. Housing Growth
3. Work and Financial Independence

4. Improved Health and Wellbeing
5. Community Safety and Anti-Social Behaviour
6. Green Thread
7. Financial Stability
8. Organisational Sustainability
9. High Quality Services

3.29 **Appendix F** sets out the Strategic Priorities and Performance Measures in detail. For the 9 priorities there is data contained in the Appendix on:

- The Performance Measure being used.
- An update on how it is being used.
- Where relevant, contextual information.

3.30 In addition, **Appendix F** also sets out Operational Service Measures.

4. FINANCIAL IMPLICATIONS

4.1 The financial implications are contained in the body of the report.

5. LEGAL IMPLICATIONS

5.1 There are no direct legal implications arising as a result of this report.

6. STRATEGIC PURPOSES - IMPLICATIONS

Relevant Strategic Purpose

6.1 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 district and our communities. Our Financial monitoring and strategies are integrated within all of our Strategic Purposes

Climate Change Implications

6.2 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.

7. OTHER IMPLICATIONS

Equalities and Diversity Implications

- 7.1 There are no direct equalities implications arising as a result of this report.

Operational Implications

- 7.2 Managers meet with finance officers to consider the current financial position and to ensure actions are in place to mitigate any overspends.

8. RISK MANAGEMENT

- 8.1 The financial monitoring is included in the corporate risk register for the authority.

9. APPENDICES and BACKGROUND PAPERS

Appendix A – Capital Programme
Appendix B – Reserves Position
Appendix C – Strategic and Operational Performance Measures
Appendix D – Procurement Pipeline (over £200K) - Exempt
Appendix E – Procurements between £50k and £150k - Exempt
Appendix F - Procurements undertaken by Bromsgrove on behalf of Redditch - Exempt
Appendix G – Background Reports for Bereavement and Engineering Services - Exempt

10. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Councillor Luke Court,	22/8/23
Lead Director / Head of Service	Peter Carpenter, Interim Director of Finance	22/8/23
Financial Services	Michelle Howell, Head of Finance and Customer Services	22/8/23