
Financial Savings Monitoring Report

Relevant Portfolio Holder	Councillor Court – Portfolio Holder for Finance and Enabling
Portfolio Holder Consulted	Yes
Relevant Head of Service	Bernard Ofori-Atta
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Wards Affected	All
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	All
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 is asked to RESOLVE 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 Additionally, an Improvement Recommendation in the Interim Auditors Annual Report on Redditch Borough 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.
- 2.3 The Quarter 2 2023/24 Finance and Performance Monitoring report was reviewed by Executive on the 5th December 2023.
- 2.4 The financial section of the report sets out progress against budget. The £10.7m original revenue budget that was approved by Council in March 2022 has been adjusted to £11.1m. The difference to Q1 is the movement of Corporate Budgets from Corporate Financing where they

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were originally located. The projected outturn figure at Q2 is a £596k overspend, which is £40k more than in Q1. The overspend in general is due to:

- An assumption on the Local Government Pay Award, which at Circa 6% is significantly more than out 2% assumption.

	2023/24 Approved Budget	2023/24 Forecast Outturn	2023/24 Forecast Variance to Budget
Business Transformation and Organisational Development	1,767,562	1,748,748	(18,814)
Community and Housing GF Services	1,576,893	1,991,955	415,062
Corporate Budgets	344,037	344,037	-
Corporate Services	(1,558,136)	(1,637,151)	(79,015)
Environmental Services	2,615,992	2,741,394	125,402
Financial and Customer Services	1,777,749	1,993,962	216,213
Legal, Democratic and Property Services	2,071,581	2,111,634	40,053
Planning, Regeneration and Leisure Services	1,282,538	1,181,594	(100,944)
Regulatory Client	451,038	449,435	(1,603)
Rubicon Client	764,746	764,746	-
Net Budget	11,094,000	11,690,354	596,354
Corporate Financing	(11,094,000)	(11,094,000)	-
Overall Total	-	596,354	596,354
Utilities Reserve		(557,000)	(557,000)
Overall Total	-	39,354	39,354

- 2.5 The full year effect of a £596k overspend will be partially mitigated, as approved in the Q1 Monitoring cycle, by the application of the 23/4 portion of the Utilities Reserve of £1,710k which was set up as part of the 2023/4 budget process. **This application of £557k still leaves a £40k net overspend 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.
- 2.6 During August and September 2023, budget managers were invited to budget monitoring training which focused on how to predict their financial position for the 2023/24 financial year, as well as how to input that forecast into the TechOne financial system. This is the first time that budget managers had been asked to directly input their forecast financial positions into the system since the implementation of TechOne, and budget managers have been supported by the Finance Team throughout this process.
- 2.7 This is the start of a journey for budget managers, but one that we hope in time will form part of regular financial monitoring reported to Members. A detailed review of the financial position input to TechOne has been undertaken by the Finance management team with some adjustments to assumptions reflected. This has included updating forecasts where they have been inadvertently omitted, updating signage, reviewing the forecast position per nominal code and verifying the salary costs including pay award included in the financial position.

- 2.8 Overall, the revenue overspend for of £596k is predominantly due to:
- the implications of the 2023/24 pay award as has already been mentioned in 2.4 above. This will be paid in the December payroll and backdated to 1st April 2023.
 - temporary and interim staff requirements - whilst there are a number of vacancies within teams across the Council, some posts are being covered by temporary staff and this has therefore resulted in some cost pressures.
 - the impact of homelessness and the cost of temporary accommodation costs. A review of grants available to offset the cost pressures is taking place.

This overspend is offset in part by:

- a forecast underspend against the utilities budget provision due to utilities inflation running at 70%. In the 2023/24 budget we assumed a 100% increase in budget and also set up a reserve for the same amount.
 - anticipated additional income across various services.
- 2.5 Departmental Savings are shown to be on track for delivery as per the data contained in Appendix A. There are two items highlighted in yellow which require careful monitoring and one in red for 23/4.
- Service Reviews (£140k in 23/4)
 - Finance Vacancies (£100k in 23/4)
 - Capacity Grid old debt recoupment (£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 Q3 Finance and Performance Monitoring report, which will be reported to Executive in February, on the actual impact of the 2023/24 Pay Award once it has been paid in December 2023.

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 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 changes to what was agreed by Council in February 2023.

8. APPENDICES and BACKGROUND PAPERS

Appendix A – Redditch Savings Monitoring 2023/24

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9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Cllr Luke Court	15/01/2024
Lead Director / Head of Service	Pete Carpenter	12/01/2024
Financial Services	Bernard Ofori-Atta	12/01/2024
Legal Services	Claire Felton	12/01/2024
Policy Team (if equalities implications apply)	N/A	
Climate Change Officer (if climate change implications apply)	N/A	

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Appendix A – Redditch Savings Monitoring 2023/24

	2023/24 £000	2024/25 £000	2025/26 £000	RAG Status	Narrative
Phase 1 Savings					
Environmental Services Partnership	0	-25	-50		Future year
					Establishment review being carried out as part of Tranche 2 of the 24/5 budget. At December, there are £2.2m of vacancies covered by £1.5m of Agency staff. This is being evaluated for the savings required.
Service Reviews	-140	-330	-405		To be reviewed – 2 years away.
Move to All Out Elections	0	0	-170		Future Year by Exec Report 12/9 sets out on Target
Town Hall	0	0	-400		Linked to Service review point above for future years but overspending in 23/4 due to Agency cover.
Finance Vacancies	-100	-100	-100		On Track for Delivery
MRP	-100	-100	-100		On track as per actuarial triennial report
Pension Fund	-580	-580	-580		Presently levels for 2023/4 are £172k of Council Tax and £23k of Business Rates. £225k is at Special Arrangement Stage.
Engage Capacity Grid (One Off)	-300	-300	0		
10% Increase in Fees and Charges	-339	-340	-342		On Track - all implemented and being monitored
Tranche 1 Total	-1,559	-1,775	-2,147		
Phase 2 Savings					
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

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Additional Pensions Savings	-221	-221	-221		On track as per updated actuarial triennial report
Tranche 2 Total	-991	-991	-991		
Total Departmental Savings	-2,550	-2,766	-3,138		
Government Funding					
New Homes Bonus	-19	-28			<p>One Year additional funding in 24/5 LGFS 4.9% increase in overall Government Support in 2024/5. Amounts have changes but overall Government Grant amount is 4.9% more.</p> <p>4.9% increase in overall Government Support in 2024/5. Amounts have changes but overall Government Grant amount is 4.9% more.</p> <p>4.9% increase in overall Government Support in 2024/5. Amounts have changes but overall Government Grant amount is 4.9% more.</p> <p>Business Rates Pool meeting on the 12th January to confirm position. Base budget is in line with the final pool position.</p> <p>4.9% increase in overall Government Support in 2024/5. Amounts have changes but overall Government Grant amount is 4.9% more.</p>
Services Grant	-86				
Funding Guarantee	-493				
C Tax Base Reduction	130				
Business Rates/Investment Inc Rebaseline	-466	-250	-250		
Future Years Settlements - assumption		-450	-450		
Total Government Funding	-934	-700	-700		