

**Financial Savings Monitoring Report**

Relevant Portfolio Holder	To be confirmed
Portfolio Holder Consulted	-
Relevant Head of Service	Debra Goodall
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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 RESOLVE that:**

- 1) The final position on the 2023/24 Departmental Savings Programme be noted, including any potential implications for future years.**

**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 3 2023/24 Finance and Performance Monitoring report was reviewed by Executive in March 2024. The final Outturn Report for 2023/4 will be presented to the first Executive Committee of this financial year on the 9<sup>th</sup> July.
- 2.4 The Quarter 3 position was a £383k overspend position following the application of the 23/4 Utilities Reserve. The £11.1m full year revenue budget included in the table below is the budget that was approved by Council in February 2023.

## REDDITCH BOROUGH COUNCIL

### Audit, Governance and Standards Committee 28<sup>th</sup> May 2024

	2023/24 Approved Budget	2023/24 Forecast Outturn	2023/24 Forecast Variance from Budget
Business Transformation and Organisational Development	1,767,562	2,077,769	310,207
Community and Housing GF Services	1,576,893	1,706,302	129,408
Corporate Financing	344,035	344,035	0
Corporate Services	(1,558,136)	(1,548,734)	9,402
Environmental Services	2,615,992	2,849,311	233,319
Financial and Customer Services	1,777,749	2,066,533	288,784
Legal, Democratic and Property Services	2,071,581	2,068,217	(3,364)
Planning, Regeneration and Leisure Services	1,282,538	1,120,304	(162,235)
Regulatory Client	451,038	426,905	(24,133)
Rubicon Client	764,746	933,707	168,961
<b>Net Budget</b>	<b>11,094,000</b>	<b>12,044,349</b>	<b>950,349</b>
Utilities Reserve		(567,000)	(567,000)
<b>Overall Total</b>	<b>11,094,000</b>	<b>11,477,349</b>	<b>383,349</b>

2.5 The full year effect of a £950k overspend will be mitigated in part by the application of £557k from the Utilities Reserve as approved at Quarter 1. **This leaves a £383k overspend position.** The ongoing 2023/24 pay increases position has been reflected as a budget pressure in the 2024/25 MTFP process.

2.6 Forecasting for Quarters 2, 3 and the present work being done on the final outturn position have been delivered on TechOne following a series of training sessions in August and September 2023. 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 forecast overspend is predominantly due to:

- the implications of the 2023/24 pay award - £1,925 level per pay point plus on costs has been offered by the Employers and was agreed on 1<sup>st</sup> November 2023. This was paid in the December payroll and backdated to 1<sup>st</sup> April 2023.
- temporary and interim staff requirements - whilst there are several 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.
- higher than expected ICT costs in Business Transformation and Organisational Development
- higher than expected share of service cost in from Bromsgrove in Environmental Services

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 set up a reserve for the same amount.
- anticipated additional income across various services.

- lower than expected costs in various services.
- higher than expected grant income in Community and Housing
- higher than expected fees and charges in Planning and Leisure

2.8 Departmental Savings are shown to be on track for delivery as per the data contained in Appendix A. There were two items highlighted in yellow which require careful monitoring and one in red in the January Savings Monitoring Report:

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

The position at year end is that the two Amber items still require careful monitoring:

- The Service Review figure as per the text in the table is more than covered by the difference between Establishment Staffing vacancies and Agency staff. However, this savings figure increases significantly in 2024/5 but should still be covered by the difference. A full Council Establishment Review is being undertaken in May 2024 which will confirm the ongoing position and also put in place processes which keep tight control of staffing changes – which account for almost 50% of the Council’s controllable budgets.
- The Capacity Grid project, recouping old Council Tax and Business Rates debt is in mid flow. Presently levels for pre 2023/4 are £337k of Council Tax and £32k of Business Rates. We are assessing £3.5m of Council Tax Debt and £468k of Business Rates debt.

The red items will not be delivered. additional resource has been bought in to get the accounts up to date. Following a recruitment drive in Q4, 5 staff have been recruited and they all start early in the 2024/5 financial year. This will reduce costs over the present Agency charges. The plan is that the accounts will be bought up to date by the end of the Summer and as such the team should be at Establishment and the ongoing budget position rectified.

The Grants section has been updated for the Grant amounts included in the 2024/5 MTFP, although it should be noted that the Local Government Settlement was only one year.

The largest savings are on pension costs which link to the 2023 triennial revaluation. These revised figures run for three years. There is a risk for the 2026/7 financial year that these figures will go up when the next triennial revaluation takes place.

### **3. FINANCIAL IMPLICATIONS**

3.1 The savings have significant financial implications if not delivered.

- 3.2 The Council presently has an estimated £2.575m in General Fund Reserves to cover one off issues, and £5.242m in Earmarked Reserves for specific purposes as per the MTFP that was approved in February. These are the only recourse, apart from additional reductions in spending/additional income, that the Council has to mitigate the present overspend position.

**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 effect 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.

**REDDITCH BOROUGH COUNCIL**

**Audit, Governance and Standards Committee 28<sup>th</sup> May 2024**

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**8. APPENDICES and BACKGROUND PAPERS**

Appendix A – Redditch Savings Monitoring 2022/23

**9. REPORT SIGN OFF**

<b>Department</b>	<b>Name and Job Title</b>	<b>Date</b>
Portfolio Holder		
Lead Director / Head of Service	Pete Carpenter	
Financial Services	Debra Goodall	
Legal Services	Claire Felton	
Policy Team (if equalities implications apply)		
Climate Change Officer (if climate change implications apply)		

**REDDITCH BOROUGH COUNCIL**

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**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 Establishment review is now taking place in May 2024. Monitoring position is £2.9m of vacancies covered by £1.6m of Agency staff. This is being evaluated for the savings required as part of the Establishment Review process as savings increase in 24/5 significantly.
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		This savings will not be delivered in 2023/4 as additional resource has been bought in to get the accounts up to date. Following a recruitment drive in Q4, 5 staff have been recruited and they all start early in the 2024/5 financial year. This will reduce costs over Agency charges. The plan is that the accounts will be bought up to date by the end of the Summer and as such at that point the team should be at Establishment.
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 pre 2023/4 are £337k of Council Tax and £32k of Business Rates. We are assessing £3.5m of Council Tax Debt and £468k of Business Rates debt.
Engage Capacity Grid (One Off)	-300	-300	0		On Track - all implemented and being monitored
10% Increase in Fees and Charges	-339	-340	-342		
<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

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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>		
<b>Government Funding</b>					
New Homes Bonus	-19	-28			One Year additional funding in 24/5 LGFS
Services Grant	-86	-14			Confirmed figure for 24/5
Funding Guarantee	-493	-672			Confirmed figure for 24/5 – combine with Funding Guarantee figure
New Grant		-103			This is a new Grant in Feb 2024
C Tax Base Reduction	130	130			Is a baseline adjustment of £130k in 24/5 MTFP
Business Rates/Investment Inc Rebaseline	-466	-250	-250		As per 24/5 MTFP, 25/6 is an estimate
Future Years Settlements - assumption			-450		This is an estimate as settlement was only for 2024/5.
<b>Total Government Funding</b>	<b>-934</b>	<b>-937</b>	<b>-700</b>		