

REDDITCH BOROUGH COUNCIL

Executive

9th July 2024

Combined Financial Outturn and Quarter 4 Financial Monitoring Report (Including Update on the Fleet)

Relevant Portfolio Holder	Councillor Woodall
Portfolio Holder Consulted	Yes
Relevant Head of Service	Debra Goodall
Report Authors	Head of Finance and Customer Services Debra.Goodall@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.	

1. SUMMARY

The purpose of this report is to set out the Council's draft Revenue and Capital Outturn position for the financial year April 2023 – March 2024 (subject to final accounts closedown procedures and audit).

2. RECOMMENDATIONS

The Executive Committee is asked to RESOLVE to note that:

- 1) The 2023/24 provisional outturn position in relation to revenue budgets is a projected revenue overspend of £386k after applying £557k from the Utilities Reserve as approved at Quarter 1. (Q3 was £383k).
- 2) The 2023/24 provisional outturn position in relation to Capital expenditure is £3.2m against a total an approved programme of £10.9m. (Q3 was £2.586m).
- 3) The provisional outturn position in respect of the General Fund Reserves which will stand at £3.721m on the 31st March 2024.
- 4) The provisional outturn position in respect of Earmarked Reserves as shown at Appendix B.
- 5) HRA net revenue expenditure is break even at £0.0m (same as Q3) and Capital Expenditure is £0.2m more than budget (Q3 was a £105k underspend).

REDDITCH BOROUGH COUNCIL

Executive

9th July 2024

- 6) At the time of writing the Council is yet to formally close its accounts for the 2021/22 and 2022/23 financial years. 2020/21 has been closed and submitted for public inspection but not audited. This could therefore result in adjustments to actual income and expenditure in those years and could have a consequential impact on the 2023/24 accounts.
- 7) Work continues to refine the position including addressing the backlog of entries that are in suspense and any miscoding from 2021/2 through to 2023/4, therefore the provisional position detailed in this report is subject to change and a further update will be presented to Members in due course.

The Executive Committee is asked to RESOLVE that (subject to Council approving the overall funding):

- 8) The Dial a Ride, crematorium sound system and market schemes, as shown at paragraphs 3.26 – 3.29, be approved.
- 9) Executive approve the revised fleet replacement programme

The Executive Committee are asked to RECOMMEND that:

- 10) the reprofiling of the Capital Fleet Replacement budget, relating to the Domestic Waste Collection Service, be approved.
- 11) The underspend position as part of the Medium Term Financial Plan (MTFP) be reduced by £81k to fund the crematorium sound system, street market and Dial A Ride change be approved.
- 12) Subject to the agreement of recommendation 10, the consequential reduction of Dial a Ride charges to £2.50 and medical fares to £3.50, in the Council's Fees and Charges Scheme, be approved.

3. KEY ISSUES

Financial Implications

- 3.1 This report sets out the draft financial outturn revenue and capital performance of the Council for 2023/24 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 February 2023.
- 3.3 Whilst the Council has been on a finance recovery programme since April 2022, following the implementation of a new financial system in February 2021 which led to a deterioration of the Council's financial position, it is important to note that at the time of writing the Council is yet to formally close its accounts for the 2021/22 and 2022/23 financial years. It has closed its accounts for 2020/21 and presented for public inspection

REDDITCH BOROUGH COUNCIL

Executive

9th July 2024

but they have not been audited. This could therefore result in adjustments to the actual expenditure and income in those years and could have a consequential impact on the 2023/24 accounts.

- 3.4 The Finance team have undertaken a detailed review of the 2023/24 accounts since year end. There are a number of assumptions and manual adjustments that have been made to arrive at the provisional revenue outturn position, mainly as a result of transactions still being cleared from suspense. Those assumptions and manual adjustments include:
- Anticipated accruals and prepayments,
 - Recharges have been made to and from the Housing Revenue Account (HRA),
 - Grants are applied to known expenditure and remaining balances are carried forward,
 - Reserves are applied to known expenditure,
 - Shared service recharges between Redditch Borough and Bromsgrove District Councils where a shared service arrangement exists and
 - Transfers between the Collection Fund and the General Fund.
- 3.5 Work continues to refine the position including addressing the backlog of entries that are in suspense and any miscoding. Therefore, the provisional position detailed in this report is subject to change, and a further update will be presented to Members in due course. Taking this into account, the provisional revenue outturn position is anticipated to be a £386k overspend. This is comparable with the reported Q3 forecasted overspend of £383k.

	2023/24 Full Year Budget	2023/24 Actual	2023/24 Shared Service and Manual Adjustments	2023/24 Adjusted Provisional Outturn	2023/24 Adjusted Provisional Outturn Variance
Regulatory Client	451,038	449,798	0	449,798	(1,240)
Business Transformation & Organisational Development	1,767,562	1,543,082	194,294	1,737,376	(30,186)
Corporate Budgets & Services	(1,558,136)	(3,371,386)	586,000	(2,282,323)	(724,187)
Community & Housing GF Services	1,576,893	1,489,806	335,570	1,825,376	248,483
Environmental Services	2,615,992	3,734,118	(50,000)	3,181,055	565,063
Financial & Customer Services	1,777,749	1,619,152	648,808	2,267,960	490,211

REDDITCH BOROUGH COUNCIL

Executive

9th July 2024

Legal, Democratic & Property Services	2,071,581	2,317,444	(304,724)	2,012,720	(58,861)
Planning, Regeneration & Leisure Services	1,282,538	1,072,011	272,954	1,344,965	62,427
RBC Rubicon Client	764,746	1,232,643	(77,000)	1,155,643	390,897
Net Budget	10,749,963	10,086,668	1,605,902	11,692,570	942,607
Utilities Reserve	0	(557,000)	0	0	(557,000)
Overall Total	10,749,963	9,529,668	1,605,902	11,692,570	385,607

3.4 The following paragraphs set out the variances for each service area against the 2023/24 revenue budget:

Business Transformation & Organisational Development – draft outturn position £30k underspend

Within Business Transformation & Organisational Development there are increased phone costs of £60k together with increased HR costs of £60k offset by savings within Corporate Staff costs due to vacancies within Training amounting to £110k and additional Name & Numbering income of £30k. There are a number of smaller unders/overs within the service amounting to a net £10k underspend.

Corporate Services – draft outturn position £724k underspend

Within Corporate Services, there is a large underspend due to the necessary reallocation of corporate provisions on salaries, inflation and utilities. The Council is currently undergoing an establishment exercise which will ensure the correct allocation of these provisions across all services.

Community and Housing General Fund Services - draft outturn position £248k overspend

Within the Community and Housing General Fund Services the overspend is due to a number of factors. Most significantly these are: increased Bed & Breakfast (£74k) and Homelessness costs (£174k) arising from the national impact of increased demand for social housing (new legislation in respect of domestic abuse and private landlords ending tenancies/selling properties has impacted); income from Dial A Ride and Shopmobility being less than anticipated; and the requirement to undertake a stock condition survey report of the private rented sector.

REDDITCH BOROUGH COUNCIL

Executive

9th July 2024

Environmental Services – draft outturn position £565k overspend

Within Environmental Services there are two key areas that impact on budgets, fleet costs and salaries. As per the Corporate Services section, salaries overspends have been offset by allocation of the Corporate Salaries provision. Within fleet costs there is a £390k overspend due to maintenance, fuel and Insurance costs. The fleet used across the service area is generally beyond its life cycle, especially within the waste service. A revised fleet replacement programme is designed to ensure we have a more reliable fleet across the service which will result in lower maintenance costs and associated hire costs in order to deliver statutory responsibilities. A reprofiled fleet programme is included in this report.

Within Bereavement Services there has been a reduction of £170k in anticipated burial and cremation fees. There has also been a £25k reduction in bulky waste income.

Within the service area as a whole and in particular the Tree Team there have been a number of insurance claims which have cost the Council £70k within the financial year.

There were a number of smaller underspends amounting to £90k within the service.

Financial & Customer Services - draft outturn position £490k overspend

Within Financial & Customer Services, there is an overspend of £620k within Finance due to agency staff covering vacant posts. This spend is required to close the backlog of Accounts work and comply with Recommendations in the External Auditors Annual Report. This is offset by a number of smaller underspends within the service.

Legal, Democratic and Property Services – draft outturn position £59k underspend

Within Legal, Democratic and Property Services there was an increase in forecasted income for property rental income offset by an overspend on agency fees. There was also an overspend on the Market and on Legal Services which mitigated the additional income.

Planning, Regeneration and Leisure Services – draft outturn position £62k overspend

Within Planning, Regeneration and Leisure Services there is a draft overspend in the region of £62k. This is predominately due to an overspend within Economic Development and Development Management due to costs of temporary support and professional fees. Planning income has been lower than anticipated. There are a number of draft underspends across other services within this area that offset the draft overspend.

Rubicon Client – draft outturn position £391k overspend

The original base budget of £765k was exceeded due to high maintenance costs particularly on the Abbey Stadium, Forge Mill Museum and the Palace Theatre. Additional costs were incurred due to an increased management fee.

REDDITCH BOROUGH COUNCIL

Executive

9th July 2024

3.5 Cash Management

Borrowing

- As of the 31st of March 2024, there was no short term borrowing, and long term borrowing had not changed from the previous year's amount of £103.9m

Investments

- As at the 31st March 2024 there were £9.0m of short term investments held.

Capital Monitoring

3.6 A capital programme of £10.9m was approved in the Budget for 2023/24 in March 2023. Many of these schemes were 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.

3.7 Many of these schemes are already in partial delivery in the 2023/24 financial year. By approving this list, the Council also agreed sums not spent in 2023/24 (and 2022/23 by default if schemes originated earlier than 2023/24 as sums have been carried forward through to the 2022/23 MTFS Report) to be carried forward into 2024/25. 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

3.8 Included in this funding the Council also have the following Grant Funded Schemes which are being delivered in 2023/24:

- 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 County LEP once Innovation Centre plans are more detailed for a further funding of £1.9m, and the Council is funding £0.4m of works.

REDDITCH BOROUGH COUNCIL

Executive

9th July 2024

- The Library project will overrun the present end date of the 31st March 2026. DLUHC's view is that they could not come to a view and April 2026 is too far away to make that decision now.
- The three schemes as part of the Towns Fund Project all now moving into design and delivery phases:
 - o Innovation Centre – Present estimated costs £10.1m
 - £8m from the Towns Fund
 - Tenders are in for design and project management teams.
 - Additional requirement of £2.1m – Greater Birmingham and Solihull LEP funding being sought through detailed business case. Initial application has been made by NWedR however this will now be superseded by the total funds being split £2.45m per Council.
 - Police have vacated the site and are in the Kingfisher Centre.
 - Tenders have been approved by Executive in January 2024 for the Project Managers Gardiner and Theobold and the Design Team AHR.
 - Very tight timescales for delivery – must be delivered by 31st March 2026.
 - o Public Realm – £3.4m
 - £3.0m from Towns Fund, Section 106 - £0.176m, Council funding £0.224m
 - Specification was delivered to the County Council by the end of March for them include in their Capital Programme.
 - o New Town Square - £4.2m
 - With the change in administration, this scheme is likely not to go forward. The Council has been in correspondence with DLUHC about alternate use of the funds and there are a number of options available to the Council. This includes additional investment in the Innovation Centre or undertaking another scheme with similar outputs to the Library scheme.
 - Project managers Gardiner and Theobold appointed by Executive in January 2024, although minimal costs have been accrued to date.
 - If a change of scheme is required, a DLUHC Project Alternative Requirement form and associated approval process will need to be undertaken. This will include getting approval of the Towns Board for the change.

3.9 The outturn spend is £3.2m against the overall 2023/24 capital budget totalling £10.9m is detailed in Appendix B. It should be noted that as per the budget decision carry forwards of £3.292m has been rolled forward from 2022/23 into 2023/24 to take account of slippage from 2022/23.

Earmarked Reserves

3.10 The position as reported to Council in February 2024 as per the 2024/25 – 2026/27 Medium Term Financial Plan (MTFP) is shown in Appendix C. This has been adjusted

REDDITCH BOROUGH COUNCIL

Executive

9th July 2024

for the actual 2023/24 Outturn position, which was only estimated based on Q3 monitoring information at the time of the MTFP. As part of the MTFP, all reserves were thoroughly reviewed for their requirement and additional reserves set up for inflationary pressures such as utility increases. At the 31st March 2024 the Council holds £5.242m of Earmarked Reserves.

General Fund Position

- 3.11 The General Fund Balance as at the 31st March 2024 is £3.712m and is projected to rise in the MTFP to £5.094m at the 31st March 2026. 2020/21 has now been submitted for Audit in June 2024. The submission of these final figures has increased General Fund balances from the provisional Outturn by £1.520m. 2021/22 and 2022/23 are still to be closed and approved by Audit, these figures are subject to change. Progress on the Accounts has been reported to Executive through the Finance Recovery Plan Report and is reviewed at every Audit Committee.

HRA Position

- 3.12 The HRA budget totalling £26.4m was approved in February 2023 and funded from rents and tenants' contributions. The approved capital programme for 2023/24 totals £11.7m.
- 3.13 It is currently anticipated that the HRA will break even. This is summarised in the table below:

REVENUE 2023/24 PROVISIONAL OUTTURN							
		2023/24 Full Year Budget £'000	2023/24 Budget Apr - Mar £'000	2023/24 Actual Apr - Mar £'000	2023/24 Variance Apr - Mar £'000	2023/24 Projected Outturn £'000	2023/24 Projected Variance £'000
INCOME							
Dwelling Rents	DR	-25,658	-25,658	-25,753	-95	-25,753	-95
Non-Dwelling Rents	NDR	-572	-572	-522	50	-522	50
Tenants' Charges for Services & Facilities	CSF	-618	-618	-664	-45	-664	-45
Contributions towards Expenditure	CTE	-11	-11	-135	-124	-135	-124
Total Income		-26,860	-26,860	-27,074	-214	-27,074	-214
EXPENDITURE							
Repairs & Maintenance	R&M	6,528	6,528	7,278	750	7,278	750
Supervision & Management	S&M	8,648	8,648	8,271	-377	8,271	-377
Rent, Rates, Taxes & Other Charges	RRT	259	259	399	140	399	140
Provision for Bad Debts	BDP	538	538	228	-310	228	-310
Depreciation & Impairment of Fixed Assets	DEP	6,259	6,259	6,417	158	6,417	158
Interest Payable & Debt Management Costs	INT	4,179	4,179	4,174	-5	4,182	3
Total Expenditure		26,411	26,411	26,767	356	26,775	364
Net cost of Services		-449	-449	-307	142	-299	150
Net Operating Expenditure		-449	-449	-307	142	-299	150
Interest Receivable	IR	-234	-234	0	234	-234	-0
Revenue Contribution to Capital Outlay	RCCC	0	0	0	0	0	0
Planned use of Balances	UB	682	682	0	-682	533	-149
Transfer to Earmarked Reserves	TER	0	0	0	0	0	0
(Surplus)/Deficit on Services		-0	-0	-307	-307	0	0

3.14 The main variances that have contributed to this surplus are:

- Repairs & Maintenance – Overspend mainly on agency staff but offset by underspend in other areas (staffing vacancies).
- Supervision & Management – Variance is mainly due to vacancies, posts left vacant due to the ongoing review of the Housing Services function.
- Rent, Rates, Taxes & Other Charges – Increase in insurance premiums, disrepair claims by tenants have increased.
- Provision for Bad Debts – Arrears did not increase year on year as anticipated. Minimal increase in total from 22-23.
- Depreciation & Impairment of Fixed Assets – Increase in the average price of key components of HRA dwellings.

3.15 In addition to this, it is currently anticipated that the HRA capital programme budget will outturn with a spend of £14.9m against a £14.7m budget. The £0.2m overspend is primarily as a result of:

- **Major Voids Works - £575k Overspend**
This budget is based on reactive voids that require two or more elements to be replaced (eg Kitchen and bathroom). The volume and condition of these varies year on year. Work is currently underway to assess future reductions in scope and therefore cost.
- **HRA Energy Efficiency - £490k Underspend**
External funding for Social Housing Decarbonisation Funding has been utilised in the 23/4 financial year.
- **Internal Refurbishment - £374k Underspend**
The contractors have mobilised and undertaken significant works through the financial year. Underspend will need to be rolled forward to 24/5 to assist in meeting the demand and programme planned.
- **Window Replacement - £530k Overspend**
Through the financial year there have been large numbers of mainly front and rear doors to properties that have failed and need replacement. As such, in order to ensure our properties are safe new doors have been fitted. Other works as part of this budget have been the need to replace failed windows that can no longer be repaired.
- **Disabled Adaptations - £175k Overspend**
This contract has been running for 16 months and has now cleared the backlog of priority cases requiring adaptation works including level access showers. Demand is still high however, there are ongoing discussions with Occupational Therapists in dealing with demand. The backlog of old properties has now been cleared, with newly arising need now dealt with in a more timely manner.

REDDITCH BOROUGH COUNCIL

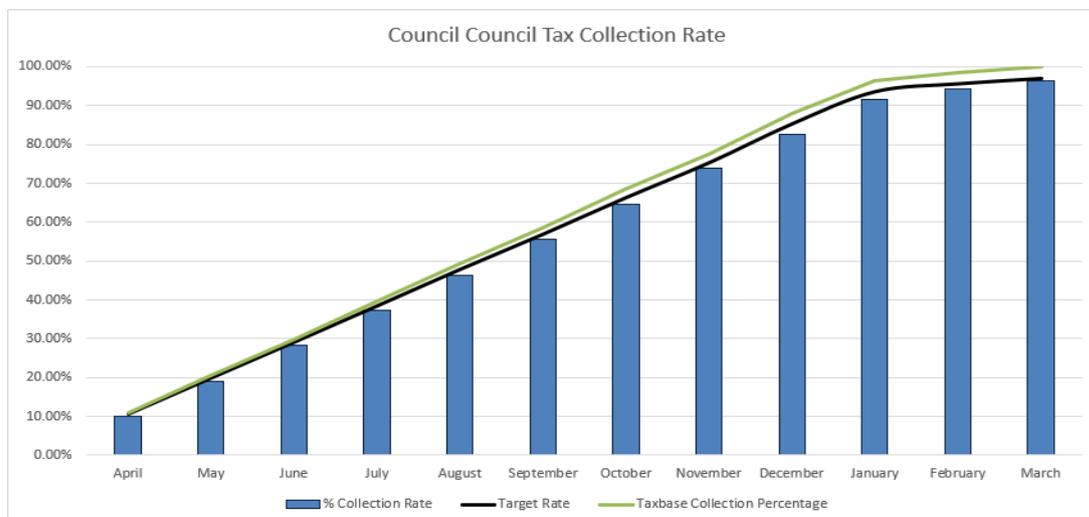
Executive

9th July 2024

- **Door Entry/CCTV - £270k Overspend**
Following delays to project delivery in 22/3 the schemes and underspend was brought forward. Through the course of the year 4 new systems were also replaced due to age and being uneconomical to repair in order to maintain and enhance security to the blocks of flats affected.
- **External Improvements - £420k Overspend**
The external improvements included roof replacements which were reactive and could not be predicted.
- **HRA Hard Wire - £150k Overspend**
With changes in legislation, an accelerated programme of smoke alarm installation was undertaken to improve compliance. Through Q4 there was a change of contractor and delays in invoicing has caused significant impact on the outturn budget.
- **Disrepair Cases - £100k Overspend**
The number of cases significantly increased in 22/3 and 23/4 and our ability to identify the scope of works and access to properties is reliant on the tenant and their legal representatives.
- **Housing 1-4-1 New Build/Purchases - £1.15m Underspend**
No Buybacks in 23-24 as planned and delays to new build start on site.

Financial Performance

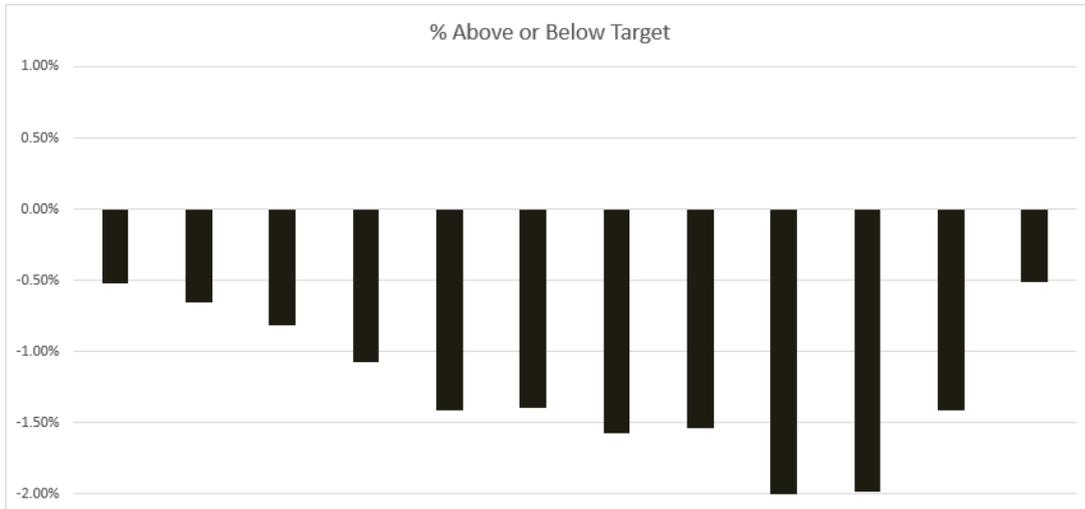
3.16 Council Tax collection rate data for the financial year 2023/24 is set out in the following tables. Overall, collection was 0.5% below target.



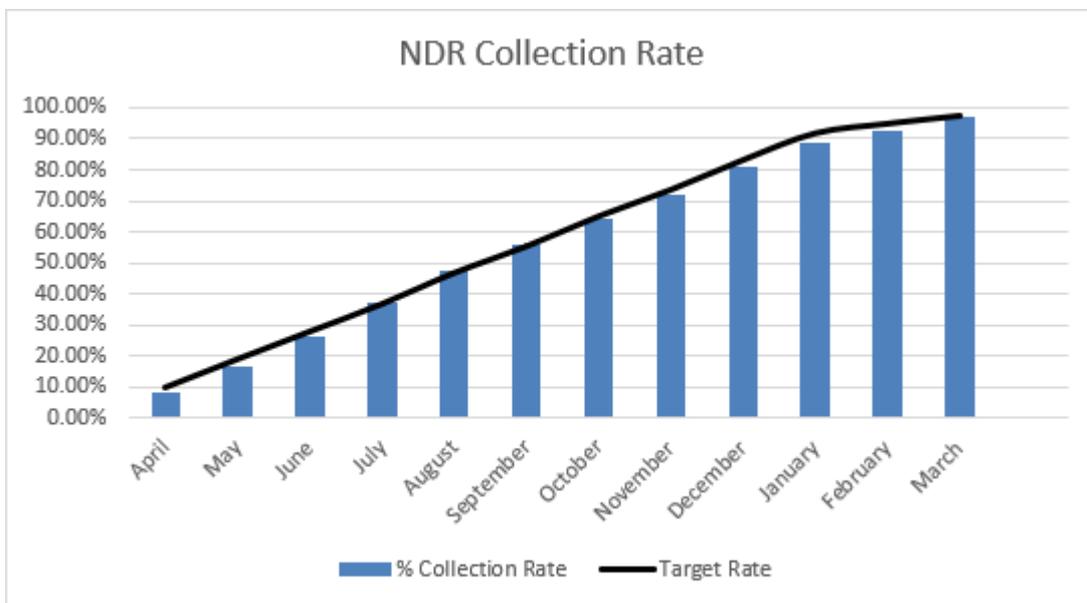
REDDITCH BOROUGH COUNCIL

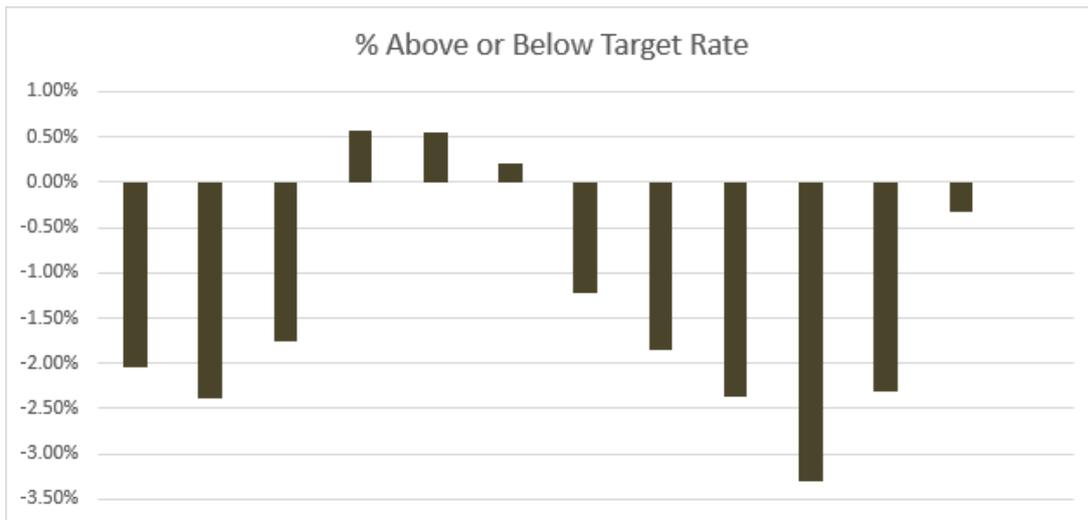
Executive

9th July 2024



3.17 The National Non-Domestic Rates collection rate data for the financial year 2023/24 is set out in the following tables. Overall, collection was just under 0.5% below target.





2024/5 Capital Requirements

3.18 There is the requirement to seek approval of Executive and Council for Capital Works that will need to be undertaken in the 2024/5 financial year.

Reprofiling of the Fleet

3.19 The first of these is the reprofiling of the Capital Fleet Replacement budget relating to the Domestic Waste Collection Service.

3.20 In 2021, as part of a review of Council finances, the decision was taken to extend the life of operational vehicles by an extra year before replacement, and also to start refurbishing Waste Collection Vehicles to extend their life by a further period in order to reduce the capital expenditure on new vehicles, and make savings that could be put towards the increased costs of more expensive energy efficient vehicles as part of our Climate Change ambitions in the future.

3.21 When this adjustment was made, no allowance was given for the operational impact of refurbishment, which removed multiple vehicles from the operational services for extended periods, requiring the use of hire vehicles to support service delivery, and introducing an additional unbudgeted revenue pressure.

3.22 In addition to this, the first few vehicles took nearly 12 months to be refurbished as a result of parts and supply issues that were confirmed as affecting the sector during 2022/23, and subsequent vehicles have all over run on planned timescales.

3.23 Due to significant mechanical failures with these older vehicles on our existing fleet, in addition to the normal operational requirements for vehicles to be in for servicing, MOT's, and day to day repairs, we are currently reliant on a number of hire vehicles to maintain our minimum service at additional un-planned cost.

- 3.24 In light of the increased costs and operational challenges arising from the extended vehicle operational lifespans, refurbishment experience, and staffing issues within our workshop, it is proposed to revert to a seven-year replacement cycle on our Waste fleet, and re-profile the Capital Fleet Replacement budgets to support the purchase of replacement vehicles that will reduce the maintenance pressure on our workshop and support our operational service delivery.
- 3.25 In light of the proposed continuance of using ICE vehicles for the Waste Collection Service, we will also be exploring the options for further investment in HVO as part of the medium-term financial plan to ensure that we maximise our Carbon benefits by reducing our usage of fossil fuels in the operation of our Fleet. **Full detail is set out in Appendix C.**

Crematorium Sound System

- 3.26 Following a high profile, well attended, funeral we have identified a budget pressure as a result of the need to upgrade the sound system and streaming service associated with Redditch Crematorium. The existing system is a combination of old and relatively new equipment however, following a review of the system and the impact on quality of sound associated with it, especially when streaming, the old equipment is effectively redundant and having a negative impact on the services we provide. With more people now requesting access to this service it is becoming an essential part of delivering Modern Bereavement Services and its paramount that Redditch offers the very best for its public. **Full detail is set out in Appendix D.**

2024/5 Revenue Requirements

Street Market

- 3.27 The administration wish to reinstate the Market. Their “alternate budget” presented and rejected by Council in February when they were in Opposition. This budget request is as per that report. The administration wants to invigorate the area running down from the Church past the library with a static market, which for Four days in the week would be a normal market and on Saturdays be a specialist Market. The Council need to ensure that it attracts footfall to this area to attract business both to the Market and existing shops. As such we propose investing in 20 high quality Stalls (such as Wells) which would cost £50k. This equates to a capital cost of £5k a year (over 20 years) and net running costs of £33k a year - £38k in total. Running costs (income and expenditure) are based on present delivery at Bromsgrove.

Dial a Ride

- 3.28 The administration will reduce standard Dial a Ride fares to £2.50 and medical fares to £3.50. Predicted income with charges of £5 for non-medical and £6 for medical is £87k per annum. Predicted income with charges of £2.50 for non-medical and £3.50 for medical is £44k per annum. This is an additional cost of approximately £43k per annum. Demand for the service is likely to increase with the reduction in price and therefore we may undertake more trips than last year (16,641 non-medical and 695 medical).

REDDITCH BOROUGH COUNCIL

Executive

9th July 2024

- 3.29 The net cost of these revenue changes is £81k a year. This would reduce the surplus budget agreed in the 2024/5 budget by the following amounts
- 2024/5 £105k surplus reduces to a £24k surplus.
 - 2025/6 £97k surplus reduces to a £16k surplus.
 - 2026/7 £98k surplus reduces to a £17k surplus.

4. Legal Implications

- 4.1 No Legal implications have been identified.

5. Strategic Purpose 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 of our Strategic Purposes.

Climate Change Implications

- 5.2 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.

6. Other Implications

Customer / Equalities and Diversity Implications

- 6.1 None as a direct result of this report.

Operational Implications

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

7. RISK MANAGEMENT

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

8. APPENDENCES

Appendix A – Capital Outturn

Appendix B – Reserves Position

Appendix C – Report to Reprofile the Capital Fleet Replacement Budget

Appendix D – Requirement for an Upgraded Sound System at the Crematorium

REDDITCH BOROUGH COUNCIL

Executive

9th July 2024

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REDDITCH BOROUGH COUNCIL

Executive

9th July 2024

Appendix A - 2023/24 Capital Outturn - Reprofiled Programme

Description	Approved budget date	Original approved Budget £	duration (years)	Department	22/23 Spend £	c/f	2023/24 Total £	23/24 Spend Q4 £
Large Schemes								
Towns Fund		17,587,000						
- Innovation Centre		8,000,000		Planning, Regeneration & Leisure Services	71,000	429,000	2,500,000	0
- Library		4,200,000		Planning, Regeneration & Leisure Services	90,611	409,389	2,000,000	611,449
- Public Realm		3,000,000		Planning, Regeneration & Leisure Services	-796,500	1,296,500	1,500,000	18,574
Town Hall Redevelopment		5,200,000		Legal, Democratic and Property Services	210,822	189,178	1,000,000	596,960
UK Shared Prosperity Fund		2,522,050						
- Capital Element				Planning, Regeneration & Leisure Services		108,500	0	32,500
- Revenue Element				Planning, Regeneration & Leisure Services		195,147	0	0
- Remainder (to be allocated)				Planning, Regeneration & Leisure Services		20,000	607,294	0
Schemes Agreed to Continue in Tranche 1								
Car Park Maintenance				Environmental Services	3,055	21,945	150,000	34,228
Footpaths						0	75,000	66,444
Disabled Facilities Grant	21/22	839,000	4	Community & Housing GF Services	850,979	-11,979	839,000	796,216
Energy & Efficiency Installs.	21/22	110,000	1	Community & Housing GF Services	305	109,695	55,000	10,350
GF Asbestos	2020/21	40,000	3	Finance & Customer Services	1,770	38,230	0	763
Improved Parking Scheme (includes locality funding)				Environmental Services	0	400,000	0	0
Improvement to Morton Stanley Open Space				Planning, Regeneration & Leisure Services	256	-256	0	0
Improvements at Business Centres				Planning, Regeneration & Leisure Services	17,861	-17,861	0	18,916

Description	Approved budget date	Original approved Budget £	duration (years)	Department	22/23 Spend £	c/f	2023/24 Total £	23/24 Spend Q4 £
Morton Stanley Play, Sport and Open Space Improvements (General)				Planning, Regeneration & Leisure Services	40,022	-40,022	0	4,579
New Finance Enterprise	2019/20	455,000	1	Finance & Customer Services	228,991	-228,991	0	7,668
Public Building	2019/20	250,000	4	Finance & Customer Services	336,260	-86,260	250,000	224,097
Fleet Replacement new line	New				12,750	437,250	843,000	16,750
Removal of 5 weirs through Arrow Valley Park			0	Planning, Regeneration & Leisure Services	93,143	-73,143	414,000	0
Sports Contributions to support improvements to Outdoor facilities at Terry			0	Planning, Regeneration & Leisure Services	6,781	-6,781	0	0
Wheelie Bin purchase			0	Environmental Services	53,579	31,421	100,000	42,079
New Digital Service	2020/21	86,450	0	Community & Housing GF Services	149,270	-98,768	50,502	145,037
Environmental Services Computer System	2020/21	38,200	1	Environmental Services	80,793	-80,793	0	26,248
Café and Infrastructure Morton Stanley Park	2020/21	100,000	1	Planning, Regeneration & Leisure Services	61,464	-61,464	0	0
Green Lane Studley								20,358
Salix	20/21	250,000	1	Legal, Democratic and Property Services	431,367	-431,367	0	0
Greener Homes	20/21	150,000	2	Community & Housing GF Services	-69,444	69,444	0	156,026
Bomford Hill Pathway					31,272	-31,272	0	0

REDDITCH BOROUGH COUNCIL

Executive

9th July 2024

Description	Approved budget date	Original approved Budget £	duration (years)	Department	22/23 Spend £	c/f	2023/24 Total £	23/24 Spend Q4 £
HMO Grants	21/22	25,000	4	Community & Housing GF Services		25,000	25,000	13,500
Home Repairs Assistance	21/22	40,000	4	Community & Housing GF Services		40,000	40,000	0
Improvement to original Pump Track at AVCP				Planning, Regeneration & Leisure Services		0	0	86,092
Replacing 3 fuel pumps and upgrading tank monitoring equipment				Environmental Services		0	25,000	0
Cisco Network Update	22/23		3	Business Transformation and Organisational Development	53,090	471	5,463	0
Server Replacement Est(Exact known Q2 2022)	22/24		4	Business Transformation and Organisational Development	0	83,250	2,000	93,201
Laptop Refresh	22/25		4	Business Transformation and Organisational Development	4,961	39	25,000	11,542
Ipsley Church Lane Cemetary	22/23	195,000	1	Environmental Services		195,000	125,000	2,037
Provide the Crossgate Depot site with a new and Compliant Deisel Fuel	22/23	56,000	1	Environmental Services		56,000	56,000	0
Play Area Changes - Pre Audit							227,000	0
Movement of ICT Cyber Capital Works Forward							50,000	0
Forge Mill and Bordelsey Open Space Improvements	22/23	18,684	1	Planning, Regeneration & Leisure Services	15,787	2,897	0	38
MUGA at Greenlands Sports Pitches. 2018/169/FUL Land	22/23	137,649	1	Planning, Regeneration & Leisure Services	0	137,649	0	115,571

Description	Approved budget date	Original approved Budget £	duration (years)	Department	22/23 Spend £	c/f	2023/24 Total £	23/24 Spend Q4 £
Play area (£34,583.39), Open space (£12,001.36) and Sport (£8,516) improvements at Mayfields Park. 11/019/FUL	22/23	55,101	1	Planning, Regeneration & Leisure Services	53,379	1,722	0	550
Improvement to Sports Pitches infrastructure in Morton Stanley Park				Planning, Regeneration & Leisure Services	51,666	-51,666	0	21,320
Fire compartmentation works in Corporate buildings	22/23	100,000	1	Legal, Democratic and Property Services		120,000	100,000	28,248
Total		218,000			2,137,674	3,292,955	10,939,259	3,201,341

REDDITCH BOROUGH COUNCIL

Executive

9th July 2024

Appendix B - Earmarked Reserves

	Balance at 31/3/22	Transfers In 2022/23	Transfers out 2022/23	Re-baseline 2022/23	Balance at 31/3/23	Transfers in 2023/24	Transfers out 2023/24	Proposed Movements	Balance at 31/3/24	Transfers in 2024/25	Transfers out 2024/25	Balance at 31/3/25	Transfers in 2025/26	Transfers out 2025/26	Balance at 31/3/26
General Fund	3,589		(967)	1,584	4,206	200	(694)		3,712	1,245	0	4,957	97	0	5,054
General Fund Earmarked Reserves:															
Business Rate grants	0				0				0			0			0
Business Rates Retention Scheme	2,832			(1,500)	1,332	(200)			1,132			1,132			1,132
Support for Commercialism	0				0				0			0			0
Community Development	74				74				74			74			74
Community Safety	232	188			420				420			420			420
Corporate Services	149		(150)		(1)				(1)			(1)			(1)
Customer Services	93			(93)	0				0			0			0
Economic Growth	330				330				330			330			330
Electoral Services	49				49				49			49			49
Environmental Vehicles	29				29		(15)		14		(14)	0			0
Equalities	0				0				0			0			0
Equipment replacement	25			(25)	0				0			0			0
Financial Services	87				87				87			87			87
General Risk reserve	45			(45)	0				0			0			0
Housing Benefit Implementation	270			(130)	140				140			140			140
Housing Support	978				978				978			978			978
Land Charges	9				9				9			9			9
Land Drainage	129				129				129			129			129
Leisure	0				0				0			0			0
Mercury Emissions	0				0				0			0			0
Parks & Open spaces	8				8				8			8			8
Planning Services	516				516				516			516			516
Public Donations - Shop mobility	0				0				0			0			0
Sports Development	9				9				9			9			9
Town Centre	7				7				7			7			7
Warmer Homes	16				16				16			16			16
Transformational Growth	100				100				100			100			100
Pensions	200			(200)	0				0			0			0
Regeneration Income	85				85				85			85			85
Utilities Reserve				1,710	1,710		(570)		1,140	(1,140)		0			0
Covid-19 (General)	941			(941)	0				0			0			0
Covid-19 Sales Fees and Charges	100			(100)	0				0			0			0
Covid-19 (Collection Fund)	2,955		(1,478)		1,478		(1,478)		0			0			0
Total General Fund	10,268	188	(1,628)	(1,324)	7,504	(200)	(2,063)		5,242	(1,140)	(14)	4,088	0	0	4,088

Appendix C - Reprofile of Capital Fleet Replacement Budget

1. Context:

- 1.1. In 2021, as part of a review of Council finances, the decision was taken to extend the life of operational vehicles by an extra year before replacement, and also to start refurbishing Waste Collection Vehicles to extend their life by a further period in order to reduce the capital expenditure on new vehicles, and make savings that could be put towards the increased costs of more expensive energy efficient vehicles as part of our Climate Change ambitions in the future.
- 1.2. This was mirroring an approach taken by other Local Authorities, such as neighbouring Wyre Forest, who have refurbished their vehicles previously with positive results to extend the life of their assets.
- 1.3. This would also have given more time for the HGV Electric Vehicle market to develop, as current options are limited in performance and cost more than twice as much as existing internal combustion vehicles.
- 1.4. This saw a reduction on Capital investment from circa £200,000 per vehicle to an intended £70,000, with an expectation of a further five-year operational life before replacement.
- 1.5. When this adjustment was made, no allowance was given for the operational impact of refurbishment, which removed multiple vehicles from the operational services for extended periods, requiring the use of hire vehicles to support service delivery, and introducing an additional unbudgeted revenue pressure.
- 1.6. In addition to this, the first few vehicles took nearly 12 months to be refurbished as a result of parts and supply issues that were confirmed as affecting the sector during 2022/23, and subsequent vehicles have all over run on planned timescales.
- 1.7. This has resulted in a backlog of vehicles that have exceeded their operational life, and we currently have three vehicles that should have been refurbished/replaced by the end of the 2023/24 financial year, that haven't.
- 1.8. Due to significant mechanical failures with these older vehicles on our existing fleet, in addition to the normal operational requirements for vehicles to be in for servicing, MOT's, and day to day repairs, we are currently reliant on a number of hire vehicles to maintain our minimum service at additional un-planned cost.

REDDITCH BOROUGH COUNCIL

Executive

9th July 2024

- 1.9. It has also been identified in conjunction with our corporate procurement team that the refurbishment and vehicle hire done to date has not been arranged through a compliant procurement route, and so further work has been paused whilst reviewing our options regarding the capital replacement schedule.
- 1.10. Having extended the operational life of our Waste Collection vehicles from seven years to eight, it has become apparent that the level of failure and breakdowns associated with these vehicles has increased considerably as a result of the volume of work and mechanical wear and tear experienced.
- 1.11. In parallel with these pressures, the workshop providing maintenance for all of the Environmental Services vehicles has been understaffed for over five years now as result of high demand for HGV mechanics in the private sector and lower public sector salaries. The recent departure of one of our HGV mechanics for the private sector has now left us with 50% of the mechanics built into our staffing structure.
- 1.12. This is a similar picture at our Bromsgrove workshop under the shared services model as well, which also supports our shared fleet across the two authorities, and is also running at 50% of planned staffing levels.
- 1.13. We currently have four mechanic vacancies that we are attempting to recruit to across the two sites, and this has necessitated increased use of third parties to support the maintenance of our fleet and avoid service failure, as well as associated delays as a result of capacity pressures on the private sector as well.
- 1.14. In conjunction with the reduced staffing currently in place at our Workshops, the extended life of Refuse vehicles and associated increased mechanical failure has put considerable pressure on our already reduced workshop teams to maintain an operational fleet each day, and those vehicles that have been refurbished have continued to see mechanical failure arising from the age of the chassis and elements that were not included in the refurbishment specification, which was primarily targeted at the body of the vehicle and waste compaction systems.
- 1.15. This need to prioritise work on the Waste Collection fleet has impacted on the availability of other vehicles required for statutory services such as road sweepers, Place Team vans for litter picking and fly tip removal. It has also impacted on discretionary and chargeable services such as the District Public Toilet cleaner's vehicle, and WRS's dog warden van, which has impacted on their income generation as well.

2. Background:

- 2.1. The combined collection fleet for Domestic Waste in Environmental Services consists of eight 26ton vehicles and one 18ton vehicle operating from the Redditch Depot, and sixteen 26ton vehicles, one 18ton vehicle, and three smaller trucks operating from the Bromsgrove Depot. Services require a minimum of twenty 26ton vehicles, one 18ton vehicle, and one small RCV daily to operate the service across the two Authority areas.

REDDITCH BOROUGH COUNCIL

Executive

9th July 2024

2.2. Due to the legal requirement for regular inspections and servicing to maintain a safe and compliant fleet, as well as routine maintenance and repairs on an operational fleet that collects waste from nearly 80,000 households each week across the two Council areas, it is best practice to operate a number of spare vehicles, and they have all been utilised as front line vehicles in recent months due to the aforementioned pressures.

2.3. The Bromsgrove information is included for reference, as the shared service operates jointly across the two Local Authorities areas.

3. Proposals:

3.1. In light of the increased costs and operational challenges arising from the extended vehicle operational lifespans, refurbishment experience, and staffing issues within our workshop, it is proposed to revert to a seven-year replacement cycle on our Waste fleet, and re-profile the Capital Fleet Replacement budgets to support the purchase of replacement vehicles that will reduce the maintenance pressure on our workshop and support our operational service delivery.

3.2. In light of the proposed continuance of using ICE vehicles for the Waste Collection Service, we will also be exploring the options for further investment in HVO as part of the medium-term financial plan to ensure that we maximise our Carbon benefits by reducing our usage of fossil fuels in the operation of our Fleet.

4. FINANCIAL IMPLICATIONS

4.1. It is proposed to re-profile the existing Capital replacement budget apportioned to the Waste Fleet as shown below, which illustrates the timeframe consistent with the 7 year life span of the vehicles currently on our fleet:

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	Total Spend
Current Cap Programme	280,000	290,000	0	1,800,000	0	1,800,000	450,000	0	4,620,000
No. of Vehicles	4 (Refurb)	2 (1 Refurb, 1 New)	0	4 (Electric)	0	4	1	0	
Proposed Reprofiling	-140,000	1,100,000	0	115,000	0	0	0	0	2,110,000
No. of Vehicles	1	4	0	5	0	0	0	0	0

REDDITCH BOROUGH COUNCIL

Executive

9th July 2024

Impact on Revenue Repayments (MRP)	-23,940	22,230	137,944	100,894	8,037	-94,563	-351,706	-327,766	-528,869
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5. Environmental/Climate Change Implications

- 5.1. Previous discussions had been looking at the possible transition to alternative energy efficient vehicles from 2026/27, but it has been identified that until parallel discussions around the future of the existing depots have been resolved and implemented, it is unknown what infrastructure will be achievable to support a transition to such vehicles.
- 5.2. With no current timescale for a rationalisation/relocation of our current space limited Depot Spaces, it is unlikely that we will be in a position to invest in alternative vehicles before 2030.
- 5.3. A decision has already been made to make greater use of HVO¹ as a Diesel alternative that provides sustainable carbon savings over fossil fuels at an approximate cost increase of 20% at current prices.
- 5.4. Current plans have been built into the Medium-Term Financial Plan for 30% of our Diesel usage to be replaced with HVO from the 2024/25 financial year on, and this will support a Carbon benefit to the authority alongside on-going use of ICE vehicles when compared with our previous arrangements.
- 5.5. The use of HVO in 2024/25 will reduce the Carbon impact from our Domestic Refuse service by an estimated 162 Tons of CO2 per year in comparison with the use of Diesel alone.
- 5.6. Although HVO is more expensive than Diesel, and so places a pressure on revenue budgets, this will defer the higher financial pressure associated with converting the fleet to Electric or other alternative energy sources until such a time as technology and funding allows for a further review of the fleet and investment in appropriate vehicle technology to support delivery of improvements in line with the Climate Emergency declaration that the Council made in 2019.

6. LEGAL IMPLICATIONS

- 6.1. The current refurbishment programme has not been compliant with procurement rules, and a return to purchase of vehicles through a compliant framework agreement will prevent further non-compliance.

¹ Hydrotreated Vegetable Oil

REDDITCH BOROUGH COUNCIL

Executive

9th July 2024

- 6.2. As there is no legal agreement or contract linked to the refurbishment programme, there are no legal implications associated with not continuing with this approach.

Appendix D - Requirement for an Upgraded Sound System at the Crematorium

We have identified a budget pressure as a result of the need to upgrade the sound system and streaming service associated with Redditch Crematorium. The existing system is a combination of old and relatively new equipment however, following a review of the system and the impact on quality of sound associated with it, especially when streaming, the old equipment is effectively redundant and having a negative impact on the services we provide. With more people now requesting access to this service it is becoming an essential part of delivering Modern Bereavement Services and its paramount that Redditch offers the very best for its public.

We have received an initial quote and are currently reviewing and refining it. For the purpose of budgets, we estimate that £25k will be needed within 24/5 financial year in order to modernise and upgrade this system and improve sound quality and service.