

**REDDITCH BOROUGH COUNCIL**

**Audit, Governance and Standards Committee    26<sup>th</sup> Sept 2024**

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**Financial Savings Monitoring Report**

Relevant Portfolio Holder	Cllr Ian Woodall Cabinet Member for Finance
Portfolio Holder Consulted	Yes
Relevant Head of Service	Debra Goodall
Report Author	Job Title: Head of Finance & Customer Services Contact email: <a href="mailto:debra.goodall@bromsgroveandredditch.gov.uk">debra.goodall@bromsgroveandredditch.gov.uk</a> Contact Tel:
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 RECOMMEND that:**

**1) The Q1 position on the 2024/25 Departmental Savings Programme be noted, including any potential implications for future years.**

**2. BACKGROUND**

- 2.1 As part of the 2024/25 budget, which was agreed at Council in February 2024, 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**. To these those 2023/4 savings items relating to future years have been added.
- 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. This was delivered in the 2023/4 financial year and this is the first report of the 2024/5 year.
- 2.3 The Quarter 1 2024/25 Finance and Performance Monitoring report was reviewed by Executive in September 2024.
- 2.4 The Quarter 1 position is a £164k overspend. The £10.8m full year revenue budget included in the table below is the budget that was approved by Council in February 2024.

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<b>Service Description</b>	<b>2024-25 Approved Budget</b>	<b>2024-25 Approved Q1 Budget</b>	<b>Q1 Adjusted Spend</b>	<b>Q1 Budget Variance</b>	<b>Full Year Forecast</b>	<b>Full Year Budget Variance</b>
Business Transformation and Organisational Development	1,781,837	445,459	638,201	192,742	1,988,102	206,264
Community and Housing GF Services	1,742,562	435,640	177,580	-258,061	1,876,553	133,990
Corporate Services	-1,996,267	-499,067	-592,553	-93,486	-2,355,834	-359,567
Environmental Services	2,701,088	675,272	-3,212,388	-3,887,660	3,681,746	980,657
Financial and Customer Services	2,067,408	516,852	399,903	-116,949	3,262,726	1,195,318
Legal, Democratic and Property Services	2,098,369	407,379	479,310	71,931	2,197,911	99,542
Planning, Regeneration and Leisure Services	1,067,182	253,802	269,861	16,060	1,344,309	277,127
Regulatory Client	562,038	140,510	144,440	3,931	652,390	90,352
Rubicon Client	777,747	194,437	247,556	53,119	943,679	165,932
Starting Well	0	0	24,581	24,581	0	0
<b>Grand Total</b>	<b>10,801,965</b>	<b>2,570,285</b>	<b>-1,423,510</b>	<b>-3,993,794</b>	<b>13,591,582</b>	<b>2,789,616</b>
<b>Service Description</b>	<b>2024-25 Approved Budget</b>	<b>2024-25 Approved Q1 Budget</b>	<b>Q1 Adjusted Spend</b>	<b>Q1 Budget Variance</b>	<b>Full Year Forecast</b>	<b>Full Year Budget Variance</b>
Corporate Financing	-10,801,965	-2,570,285	-3,381,251	-673,509	-13,291,964	-2,460,999
<b>Grand Total</b>	<b>-10,801,965</b>	<b>-2,570,285</b>	<b>-3,381,251</b>	<b>-673,509</b>	<b>-13,291,964</b>	<b>-2,460,999</b>
Rubicon Reserve Contribution					-165,000	-165,000
<b>TOTALS</b>	<b>0</b>	<b>0</b>	<b>-4,804,760</b>	<b>-4,667,304</b>	<b>134,618</b>	<b>163,617</b>

2.5 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.

2.6 Overall, the Council is currently forecasting a full year revenue overspend of £164k at Quarter 1. This is mainly due to the additional fleet costs described below and also the pay award yet to be ratified and projects to a full year overspend of £642k. 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 2024/25

2.7 This includes service projections as follows:

- Business Transformation £206k overspend – additional expenditure on professional fees, training and other employee costs.
- Community and Housing GF Services £134k overspend – numerous variances including salaries, agency staff, ICT purchases, grants and subscriptions.

- Corporate Services £360k underspend – additional external audit fees and postage costs.
  - Environmental Services £981k overspend – forecasted additional expenditure on salaries, property utilities, fuel and vehicle hire. The overspend, particularly on vehicle hire, has been mitigated by ordering a number of new vehicles, however the lead times are long.
  - Financial and Customer Services £1,195k overspend – increased forecast expenditure on agency fees due to vacancies.
  - Legal, Democratic and Property Services £100k overspend – overspend forecast due to additional agency costs, room hire and postage costs.
  - Planning, Regeneration and Leisure Services £277k overspend – reduced fees and charges income, agency costs, professional fees, equipment purchase and UKSPF fees.
  - Regulatory Client £90k overspend – additional spending due to transfer of Envirocrime and Planning Enforcement from NWEDR.
  - Rubicon Client £166k overspend – forecast overspend due to a VAT surcharge to be paid by Redditch together with additional spend on buildings maintenance. A contribution from the Rubicon reserve will be made to mitigate this overspend. This reserve will be prepared and set up while completing the 2021/22 final accounts.
- 2.8 The above overspends of £2.79m are offset by additional income of £2.46m in Corporate Financing from additional grant income (£1.81m) together with increased investment interest receivable (£260k) and lower interest payable (£386k)
- 2.8 The position at year end 2023/4 in terms of Departmental Savings was 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 was undertaken in May 2024 which is confirming 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.
- 2.9 The red item 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.

- 2.10 The 2024/5 position is also shown in the table in Appendix A. The vast majority of savings items link to either increases in grant, agreed increases in Tax or items that will not be delivered until future financial years.
- 2.11 The largest savings in recent years 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.
- 2.12 The following items will require careful tracking in this financial year
- Movement to fill the £400k Town Hall savings item with new tenants.
  - Delivery of the 7% increase on Fees and Charges across the majority of Council chargeable services.
  - The deliverability of Planning income increases.

### **3. FINANCIAL IMPLICATIONS**

- 3.1 The savings have significant financial implications if not delivered.
- 3.2 The Council presently has an estimated £5.054m in General Fund Reserves to cover one off issues, and £4.088m in Earmarked Reserves for specific purposes as per the MTFP that was approved in February (now updated for the 2020/21 Accounts. 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.

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#### **Climate Change Implications**

- 5.2 The green thread runs through the Council Plan. 2024/25 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 2024/25 Budget process.

##### **Operational Implications**

- 6.2 Operational implications will have been dealt with as part of the 2024/25 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 2024.

#### **8. APPENDICES and BACKGROUND PAPERS**

Appendix A – Redditch Savings Monitoring 2024/25

#### **9. REPORT SIGN OFF**

<b>Department</b>	<b>Name and Job Title</b>	<b>Date</b>
Portfolio Holder	Cllr Ian Woodall	17/09/2024
Lead Director / Head of Service	Pete Carpenter	16/09/2024
Financial Services	Debra Goodall	16/09/2024
Legal Services	Claire Felton	16/09/2024
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 2024/25**

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	RAG Status	Narrative
<b>23/4 Line Items</b>						
Service Reviews	-140	-330	-405	-405	Yellow	Establishment review is now taking place. Monitoring position is £2.9m of vacancies covered by £1.6m of Agency staff. This is being evaluated for the savings required and will be reported in the Q2 monitoring. This savings was not delivered in 2023/4 as additional resource has been bought in to get the accounts up to date.
Finance Vacancies	-100	-100	-100	-100	Red	
Engage Capacity Grid (One Off)	-300	-300	0	0	Yellow	Needs to be carefully monitored as slightly under recovered in 23/4.
Environmental Services Partnership	0	-25	-50	-50	Yellow	Q1 monitoring suggest slight issue, will be updated in Q2 monitoring.
Move to All Out Elections	0	0	-170	-170	Green	This needs to be reviewed in 25/6 budget
Town Hall	0	0	-400	-400	Yellow	Not an issue for 24/5, although over £150k is already being delivered. Issue is in the following year.
<b>Total 23/4 Items</b>	<b>-540</b>	<b>-755</b>	<b>-1,125</b>	<b>-1,125</b>		
<b>24/5 Line Items</b>						
Utilities increases		-228	-228	-228	Green	Only 60% drawn down in 23/4 – this is the 40% remainder.
23/4 Inflation Budget		-269	-274	-274	Green	Not drawn down in 23/4, £125k put in for 24/5
7% increase Fees & Charges		-238	-241	-243	Yellow	Will need testing given the £100k reduction in registrars fees
2% C Tax Increase 25/6			-144	-144	Green	This is the present allowable increase level
2% C Tax Increase 26/7				-147	Green	This is the present allowable increase level

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2% Fees & Charges 25/6			-69	-71		This is future years
2% Fees & Charges 26/7				-74		This is future years
Gov Grant at 23/4 Levels	-148	-148	-148	-148		As per Government Guidance
Council Tax increase to 3%	-67	-67	-67	-67		Allowable in 2024/5
Planning income 25%	-60	-60	-60	-60		Not included in original fees and Charges – needs validating
22/23 Pay Award savings	-100	-100	-100	-100		Based on budget review in January
Impact of Budgets on Pay Award	-150	-150	-150	-150		Based on budget review in January
Changes in other Central Grants	-244	-140	-140	-140		As per Government Guidance
Additional Government Grant (Feb 24)	-103	-103	-103	-103		As per Government Guidance
<b>Total 24/5 Items</b>		<b>-1609</b>	<b>-1,725</b>	<b>-1,949</b>		