

**Financial Savings Monitoring Report Q3**

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

**1) The Q3 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 2 2024/25 Finance and Performance Monitoring report was reviewed by Executive in November 2024.
- 2.4 The Quarter 2 position was a £299k overspend. The £10.8m full year revenue budget included in the table below is the budget that was approved by Council in February 2024.

**REDDITCH BOROUGH COUNCIL**

**Audit, Governance and Standards Committee**

**5<sup>th</sup> March 2025**

2.5 Overall, the Council is currently forecasting a full year revenue overspend of £138k at Quarter 3. This is mainly due to the additional fleet costs described below. 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. This compares to an overspend position of £299k at Q2 (a £161k decrease).

Service Description	2024-25 Approved Budget	2024-25 Approved Q3 Budget	Q3 Adjusted Spend	Q3 Budget Variance	Full Year Forecast	Full Year Budget Variance
Business Transformation and Organisational Development	1,781,837	1,336,378	1,441,760	105,382	1,856,453	74,616
Community and Housing GF Services	1,742,562	1,306,921	1,009,408	-297,513	1,858,454	115,892
Corporate Services	-1,996,267	-1,497,200	981,049	2,478,249	-2,295,037	-298,770
Environmental Services	2,701,088	2,025,817	2,813,034	787,217	3,844,342	1,143,254
Financial and Customer Services	2,067,408	1,550,556	-4,663,136	-6,213,692	2,914,686	847,278
Legal, Democratic and Property Services	2,098,369	1,573,776	1,679,193	105,417	2,233,969	135,600
Planning, Regeneration and Leisure Services	1,067,182	800,387	949,043	148,656	1,166,359	99,177
Regulatory Client	562,038	421,529	333,132	-88,397	605,598	43,560
Rubicon Client	777,747	583,310	1,145,995	562,685	777,747	0
Starting Well	0	0	73,377	73,377	0	0
<b>Grand Total</b>	<b>10,801,965</b>	<b>8,101,474</b>	<b>5,762,855</b>	<b>-2,338,619</b>	<b>12,962,571</b>	<b>2,160,606</b>

Service Description	2024-25 Approved Budget	2024-25 Approved Q3 Budget	Q3 Adjusted Spend	Q3 Budget Variance	Full Year Forecast	Full Year Budget Variance
Corporate Financing	-10,801,965	-8,101,474	-7,276,672	824,802	-12,824,004	-2,022,039
<b>Grand Total</b>	<b>-10,801,965</b>	<b>-8,101,474</b>	<b>-7,276,672</b>	<b>824,802</b>	<b>-12,824,004</b>	<b>-2,022,039</b>
<b>TOTALS</b>	<b>0</b>	<b>0</b>	<b>-1,513,817</b>	<b>-1,513,817</b>	<b>138,567</b>	<b>138,567</b>

2.6 The above overspends of £2.161m are offset by additional income of £2.022m in Corporate Financing from additional grant income £1.69m together with increased investment interest receivable £248k and lower interest payable £82k.

2.7 This includes overspends as follows:

**Business Transformation £75k overspend**

Within Business Transformation, HR is overspending by £191k due to salaries and professional fees, while there are underspends in Corporate Staff Costs of £84k due to vacancies and £32k within Commercialism due to savings on professional fees.

**Community and Housing GF Services £116k overspend**

Within Community and Housing GF Services there is a projected overspend due to expenditure on telephones £21k, loss on income on Community Transport of £27k, additional utility expenditure in Street Lighting of £19k and temporary accommodation £295k offset by salary savings of £246k.

**Corporate Services £298k underspend**

Within Corporate Services, the main variance is due to savings on pensions £347k as there are a number of staff vacancies. Postage costs have increased by £31k while there is an expected overspend on external audit costs of £18k.

**Environmental Services £1,143k overspend**

Within Environmental Services there are a number of variances as detailed below:

- Redditch Waste Collection Team is forecast to overspend by £207k due to additional fuel costs of £24k, costs linked to delayed fleet replacement programme £87k, fleet maintenance of £84k and vehicle hire £12k.
- Redditch Place Teams is forecast to overspend by £226k due to an income shortfall of £18k on bulky waste, £51k on fleet maintenance, £21k on General Materials and increased shared service charges of £136k.
- There is a drop in expected income from Bereavement Services and Cremation Fees of £159k, increase in utility expenditure of £97k and professional fees of £50k.
- Shared Service arrangements across a number of departments are forecast to overspend by £404k. This is linked to the delayed fleet replacement programme which is being finalising for the wider ES fleet but has knock on implications in other areas.

**Financial and Customer Services £847k overspend**

Within Finance and Customer Services, there are overspends in Finance due to agency staff £853k which are offset by salary savings of (£153k) due to issues with recruitment in finance which is a national issue and therefore we have higher agency staff costs as a result of this. There are also overspends on ICT purchases £327k and costs relating to TechOne £76k offset by additional income due to £256k shared services.

**Legal and Democratic Services £136k overspend**

Legal, Democratic and Property Services are forecast to overspend £136k. While there are some underspends due to staff savings within Learning Online £43k and savings in Property Services of £14k on agency costs, these savings are offset by additional expenditure within Building Management due to agency and shared services £70k, expenditure within Elections of £67k, salary overspends within Building Services of £14k, salary overtime in Council Market £10k and £32k in various smaller overspends.

**Planning, Leisure & Culture Services £99k overspend**

Within Planning, Leisure & Culture Services there are a number of variances:

- Allotments expenditure overspend £23k due to agency staff

- Parks Team Leisure is forecast above budget at £45k due to agency staff
- Sports Development is projected to overspend £31k due to additional general expenditure

**Regulatory Client £44k overspend**

Within Regulatory Client, there are overspends in Pest Control £8k and Pollution £13k due to additional professional fees while there are additional costs for WRS amounting to £23k.

**Rubicon Client £0k overspend**

Within Rubicon Client, while there are overspends of £89k on the Management Fee and £40k on General Fees, these overspends are covered by the Rubicon Reserve of £580k.

**Starting Well £0k overspend**

Within Starting Well, there are overspends on salaries amounting to £86k which are offset by additional income for room hire at £12k. These additional costs are grant funded.

- 2.8 The position at year end 2023/24 in terms of departmental savings was that the two Amber items still require careful monitoring:
- The Service Review figures have been analysed following Establishment Review work undertaken in the second half of 2024. The combination of spending on establishment salaries and Agency is above the budgeted figures and as such this is still a significant risk.
  - The Capacity Grid project, recouping old Council Tax and Business Rates debt is nearing the end of its allocated time. As per the Council Tax Resolution Report that went to Council on the 24<sup>th</sup> February we have a surplus in the collection fund of £1.004m, of which £0.125m relates to Redditch Borough Council. Overall amounts for all members of the collection fund are significantly higher than expected.
- 2.9 The Red item in relation to finance will not be delivered. Additional resources has been bought in, and all accounts up to the 2023/24 financial year have now been closed. This task was completed in January 2025. In 2025/26 we will now be able to move back to the correct establishment.
- 2.10 The 2024/25 position is shown in Appendix A. The vast majority of savings items link either to increases in grant, agreed increases in Tax or items that will not be delivered until future financial years.
- 2.11 As has been stated in previous reports, the largest savings in recent years have been on pension cost which link to the 2023 triennial revaluation. These revised figure run for 3 years and as such are a risk from the 2026/7 year if they change.

Initial advice from actuaries in December is that it is highly likely that these will not change from present levels in the next revaluation.

2.12 The following items still require careful tracking:

- Movement to fill the £400k Town Hall savings with new tenants. Strip out work has started on the building but securing a new anchor tenant must be a priority.
- Validation of delivery of Fees and Charges income. There are delivery issues in a few areas highlighted in Appendix A.
- Increasing Waste Costs and their linkage to the possible Waste partnership. This now might be impacted by Local Government Re-organisation.

### **3. FINANCIAL IMPLICATIONS**

3.1 The savings have significant financial implications if not delivered.

3.2 The Council presently has, following the closure of the 2023/4 accounts, an estimated £7.312m in General Fund Reserves to cover one off issues, and £14.868m 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. 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 – Bromsgrove 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	24/02/2025
Lead Director / Head of Service	Pete Carpenter	21/02/2025
Financial Services	Debra Goodall	21/02/2025
Legal Services	Claire Felton	24/02/2025
Policy Team (if equalities implications apply)	N/A	
Climate Change Officer (if climate change implications apply)	N/A	

**REDDITCH BOROUGH COUNCIL**

**Audit, Governance and Standards Committee**

**5<sup>th</sup> March 2025**

**Appendix A – Redditch Savings Monitoring 2024/25/2**

	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	<p>This position, following the establishment review and a review of budgets at Q3, is an overspend against budget and is a risk to be mitigated.</p> <p>This savings was not delivered in 2023/4 as additional resource has been bought in to get the accounts up to date.</p> <p>As per the 2025/26 Council Tax Resolution the Council has a Collection Fund surplus of £1.004m of which £125k related to Redditch.</p> <p>As per the Q3 monitoring, there is a significant overspend in this area (Waste) and the envisioned partnership has not yet materialised</p> <p>This needs to be reviewed in 25/6 budget and the impending Local Government Reorganisation.</p> <p>Not an issue for 24/5, although over £150k is already being delivered. Issue is in the following year.</p>
Finance Vacancies	-100	-100	-100	-100	Red	
Engage Capacity Grid (One Off)	-300	-300	0	0	Yellow	
Environmental Services Partnership	0	-25	-50	-50	Red	
Move to All Out Elections	0	0	-170	-170	Green	
Town Hall	0	0	-400	-400	Yellow	
<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	Significant area of difficulty highlighted in Q3 monitoring returns are in Bulky Waste, Bereavement Services and Allotment Income.
2% C Tax Increase 25/6			-144	-144	Green	This is the present allowable increase level

**REDDITCH BOROUGH COUNCIL**

**Audit, Governance and Standards Committee**

**5<sup>th</sup> March 2025**

2% C Tax Increase 26/7				-147		This is the present allowable increase level
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
				-60		Not included in original fees and Charges. This was at 23/4 income level at 6 months but not to the level of the 25% increase. Q3 is not flagging a difference.
Planning income 25%	-60	-60	-60	-60		Based on budget review in January
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>		