



Council

Mon 27 Feb
2023

7.00 pm (or, if later, as soon as the Executive Committee meeting immediately preceding Council has finished)

Council Chamber,
Redditch Town Hall,
Walter Stranz Square
Redditch
B98 8AH



**If you have any queries on this Agenda please contact
Jess Bayley-Hill**

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GUIDANCE ON FACE-TO-FACE MEETINGS

At the current time, seating at the meeting will be placed in such a way as to achieve as much space as possible for social distancing to help protect meeting participants.

Please note that this is a public meeting.

If you have any questions regarding the agenda or attached papers, please do not hesitate to contact the officer named above.

GUIDANCE FOR ELECTED MEMBERS ATTENDING MEETINGS IN PERSON

Members and Officers who still have access to lateral flow tests (LFTs) are encouraged to take a test on the day of the meeting. Meeting attendees who do not have access to LFTs are encouraged not to attend the meeting if they have common cold symptoms or any of the following common symptoms of Covid-19 on the day of the meeting; a high temperature, a new and continuous cough or a loss of smell and / or taste.

The meeting venue will be fully ventilated, and Members and officers may need to consider wearing appropriate clothing in order to remain comfortable during proceedings.

PUBLIC ATTENDANCE

Members of the public will be able to access the meeting to observe proceedings if they wish to do so. Members of the public who still have access to lateral flow tests (LFTs) are encouraged to take a test on the day of the meeting. Attendees who do not have access to LFTs are encouraged not to attend the meeting if they have common cold symptoms or any of the following common symptoms of Covid-19 on the day of the meeting; a high temperature, a new and continuous cough or a loss of smell and / or taste.

Notes:

Although this is a public meeting, there are circumstances when Council might have to move into closed session to consider exempt or confidential information. For agenda items that are exempt, the public are excluded.



Council

Monday, 27th February, 2023

7.00 pm

Council Chamber, Redditch
Town Hall, Walter Stranz
Square, Redditch B98 8AH

Agenda

Membership:

Cllrs:

Ann Isherwood
(Mayor)
Tom Baker-Price
(Deputy Mayor)
Salman Akbar
Imran Altaf
Karen Ashley
Joe Baker
Juliet Barker Smith
Joanne Beecham
Juma Begum
Juliet Brunner
Michael Chalk
Brandon Clayton
Luke Court
Matthew Dormer

Peter Fleming
Alex Fogg
Andrew Fry
Lucy Harrison
Bill Hartnett
Sharon Harvey
Joanna Kane
Sid Khan
Anthony Lovell
Emma Marshall
Nyear Nazir
Timothy Pearman
David Thain
Craig Warhurst

- 1. Welcome**
- 2. Apologies for Absence**
- 3. Declarations of Interest**

To invite Councillors to declare any Disclosable Pecuniary Interests or Other Disclosable Interests they may have in items on the agenda, and to confirm the nature of those interests.

- 4. Minutes (Pages 7 - 20)**
- 5. Announcements**

To consider Announcements under Procedure Rule 10:

- a) Mayor's Announcements
- b) The Leader's Announcements
- c) Chief Executive's Announcements.

6. Executive Committee

Minutes of the Executive Committee meeting held on 7th February 2023 (Pages 21 – 32)

6 .1 Independent Remuneration Panel Report 2023/24 (Pages 33 - 48)

6 .2 Pay Policy Statement 2023/24 (Pages 49 - 60)

6 .3 2023/24 Budget and Medium Term Financial Plan 2023/24 to 2025/26
(Including Treasury Management Strategy and Capital Programme)
(Pages 61 - 120)

Note that under the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014, the Council is required to take a named vote when a decision is made on the budget calculation at a budget decision meeting of the Council.

6.3.1 Alternative Budget (Pages 121 – 122)

Note that under the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014, the Council is required to take a named vote when a decision is made on the budget calculation, including in respect of any alternative budgets that are proposed, at a budget decision meeting of the Council.

Recommendations from the Executive Committee meeting held on 27th February 2023

Council will be invited to consider recommendations made at a meeting of the Executive Committee immediately preceding the Council meeting on 27th February 2023.

6 .4 30 year HRA business plan, investment programme and asset management strategy for council housing (Pages 123 - 156)

6.5 Council Tax Resolutions 2023/24

(To follow)

Under Section 106 of the Local Government Finance Act 1992, any Councillor who is 2 or more months in arrears with their Council tax payments cannot participate in any item at the Council meeting concerning the budget.

Note that under the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014, the Council is required to take a named vote when a decision is made on Council tax at a budget decision meeting of the Council.

7. Constitutional Review Working Party - Recommendations (Pages 157 - 178)

8. Overview and Scrutiny Annual Report 2022/23 (Pages 179 - 202)

9. Urgent Business - Record of Decisions

To note any decisions taken in accordance with the Council's Urgency Procedure Rules (Part 9, Paragraph 5 and/or Part 10, Paragraph 15 of the Constitution), as specified.

(None to date).

10. Urgent Business - general (if any)

To consider any additional items exceptionally agreed by the Mayor as Urgent Business in accordance with the powers vested in him by virtue of Section 100(B)(4)(b) of the Local Government Act 1972.

(This power should be exercised only in cases where there are genuinely special circumstances which require consideration of an item which has not previously been published on the Order of Business for the meeting.)

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Council

Monday, 30th January, 2023

MINUTES

Present:

Councillor Tom Baker-Price, Salman Akbar, Karen Ashley, Joe Baker, Joanne Beecham, Juma Begum, Juliet Brunner, Michael Chalk, Brandon Clayton, Luke Court, Matthew Dormer, Peter Fleming, Andrew Fry, Lucy Harrison, Bill Hartnett, Sharon Harvey, Joanna Kane, Sid Khan, Anthony Lovell, Emma Marshall, Timothy Pearman, David Thain and Craig Warhurst

Also Present:

Mr James Fardoe

Officers:

Peter Carpenter, Peter Carpenter, Kevin Dicks and Claire Felton

Principal Democratic Services Officer:

Jess Bayley-Hill

61. WELCOME

The Deputy Mayor welcomed all those present to the meeting.

62. APOLOGIES FOR ABSENCE

Apologies for absence were received on behalf of Councillors Juliet Barker Smith, Alex Fogg, Ann Isherwood and Nyear Nazir.

In the absence of the Mayor, the Deputy Mayor, Councillor Tom Baker-Price, chaired the meeting.

63. DECLARATIONS OF INTEREST

There were no declarations of interest on this occasion.

64. COUNCILLOR GARETH PROSSER

The Deputy Mayor opened this item by leading Members in paying tribute to the late Councillor, Gareth Prosser, by observing a minute's silence.

Chair

Council

Monday, 30th January, 2023

The Deputy Mayor subsequently commented on behalf of the Council about Councillor Prosser's years of service as an elected Member. Council was advised that Councillor Prosser had first been elected as a Councillor in 2015 to represent Crabbs Cross ward. He had been appointed Portfolio Holder for Community Safety in 2018/19 and had also served on a number of Committees during his time as a Councillor. In 2020, Councillor Prosser had been appointed the Mayor of the Borough of Redditch during the height of the Covid-19 pandemic and he had been the first Councillor to go on to serve two full consecutive terms of office as Mayor. In addition, Members were reminded that Councillor Prosser's time serving as a Councillor had followed a career serving in the police force. On behalf of Members, the Deputy Mayor commented that Councillor Prosser would be missed.

Members subsequently went on to pay tribute to Councillor Prosser. Reference was made to Councillor Prosser's time serving as a Councillor and Members commented that he had been kind and considerate, with a good sense of humour. Consideration was given to Councillor Prosser's many years as a supporter of Wolverhampton Wanderers Football Club and his visits to watch the club play at Molineux Stadium.

Many Members made reference to the length of time that they had known Councillor Prosser, with some having first worked alongside him during his time serving in West Mercia Police. There were also tributes paid to Councillor Prosser's wife and family and Members commented that he had been dedicated to his family and devoted to his grandchildren.

65. MINUTES

Members considered the minutes of the meeting of Council held on 14th November 2022.

During consideration of the minutes, reference was made to Minute Item No. 57 - Executive Committee - specifically the record of the debate in respect of the Voluntary Bodies Scheme report. It was suggested that it should have been noted in the minutes that a Member had asked representatives of the Voluntary and Community Sector (VCS) whether they had been consulted on changes to the concessionary rents scheme and had been advised in response that this had not occurred.

RESOLVED that,

subject to the amendment detailed in the preamble above, the minutes of the Council meeting held on 14th November 2022 be approved and signed by the Mayor.

66. ANNOUNCEMENTS

The following announcements were made:

a) The Mayor's Announcements

The Deputy Mayor advised that a record of the civic engagements that had been attended by the Mayor since the previous meeting had been tabled for Members' consideration (Appendix 1).

b) The Leader's Announcements

The Leader explained that he had attended meetings of the West Midlands Combined Authority's (WMCA's) Economic Growth Board. A Worcestershire District Leaders' Board, comprising the Leaders of the District Councils in Worcestershire only, had been established and the Leader had attended meetings of this board together with meetings of the Worcestershire Leaders' Board, the latter of which also involved the Leader of Worcestershire County Council.

c) The Chief Executive's Announcements

The Chief Executive confirmed he had no announcements to make on this occasion.

67. QUESTIONS ON NOTICE (PROCEDURE RULE 9)

There were two Questions on Notice submitted for consideration at the meeting.

Redditch Innovation Centre

Mr James Fardoe asked the Leader the following Question on Notice:

"As a young person, I have a great interest in the project surrounding the Innovation Centre, would you be able to update us on the timeline regarding the demolition of the current police station and the budgeting of this project?"

The Leader responded by explaining that it was anticipated, subject to planning permission, that the construction for the Digital Manufacturing and Innovation Centre would start in winter 2024 with practical completion being achieved in winter 2026. The construction period was anticipated to last 12 – 15 months.

On the current programme, the Police Service was due to vacate Grove Street in Autumn 2023 and the demolition of the current police station would commence from thereon. It was anticipated that Redditch Borough Council would then take possession of a clean development site in Spring 2024 with construction taking place later in the year. The project budget was £8,000,000.00 and this was funded by central Government via the Town's Deal Initiative.

Mr Fardoe was advised that further information could be found on the Town's Deal Board's website.

Mr Fardoe subsequently asked the following supplementary question:

"If the total spend goes over predicted budget where will the extra money come from?"

The Leader commented that a comprehensive answer to this question would be requested from the Council's Finance team to send to Mr Fardoe after the meeting.

Matchborough and Winyates District Centres – Regeneration

Councillor Joe Baker asked the Leader the following Question on Notice:

"To ask the Leader of the Council if he would update the Council on what his plan B is for the regeneration of Winyates and Matchborough District Centres now that Redditch has lost out on his government's funding."

The Leader explained that for Winyates and Matchborough Centres, final proposals for the centres were awaited from consultants. When finalised, the plans would be costed up, by the consultancy team, and the viability gap would then be understood. When received, the proposals would be submitted formally to Members to invite endorsement for the purposes of public consultation. The public consultation, it was suggested, should include information on the viability gap to manage expectations. With proposals, viability information and public comments, the Council would consider all available funding opportunities to progress with the plans.

Councillor Joe Baker subsequently asked the following supplementary question:

"Due to the late submission of the bid and the incompleteness of the report to the Overview and Scrutiny and Executive Committees, will the Leader apologise for Officers losing the £20 million?"

The Leader responded by commenting that the Council had not lost £20 million as this had not been the authority's budget but instead had been applied for in a Government funding scheme. He suggested that he would not apologise and that he did not feel that officers needed to apologise for this. Whilst the report that had been considered by the Overview and Scrutiny Committee had missed some information, the reasons for this had been explained at the time. The Council had submitted all relevant paperwork to the Government in accordance with the established process and further attempts would be made to bid for more Levelling Up funding in the forthcoming third round of the scheme.

68. MOTIONS ON NOTICE (PROCEDURE RULE 11)

There were no Motions on Notice for consideration on this occasion.

69. EXECUTIVE COMMITTEE

Members considered minutes from meetings of the Executive Committee held on 6th December 2022, 13th December 2022 and 10th January 2023.

Council was reminded that at the meeting of the Executive Committee held on 13th December 2022 the Committee had made no recommendations. These minutes had therefore been shared for Members' consideration in case there were any questions of clarification on the content and to enable Council to adopt the minutes.

During consideration of the minutes of these meetings, the following reports, that had been debated at those meetings, were discussed in detail:

Medium Term Financial Plan 2023/24 to 2025/26 – Update

Concerns were raised that the savings detailed in the report could result in staff redundancies as well as a change to the electoral cycle at the Council from a system of elections by thirds. In addition, some Members raised concerns about the proposed fees for services delivered by Worcestershire Regulatory Services (WRS).

Council Tax Base 2023/24

The Portfolio Holder for Finance and Enabling highlighted that the Council was required to set the Council Tax Base on an annual basis. The proposals detailed in the report assumed that the

Council would achieve a 98 per cent collection rate, in respect of Council Tax payments during the 2023/24 financial year. The Council Tax Base had been calculated at £26,304.94. This was lower than for many other Councils in Worcestershire as the calculations were based on the numbers of Council Tax Band D equivalent properties in the local authority area and the majority of houses in the Borough were classified as Bands A – C. The lower Council Tax Base placed the Council at a disadvantage and it was suggested that the Council should encourage the Government to take action to change the system.

Council Tax Support Scheme 2023/24

The Portfolio Holder for Finance and Enabling explained that a draft report on the subject of proposed changes to the Council Tax Support Scheme had been considered by the Executive Committee in October 2022. The proposed changes had subsequently been the subject of public consultation. A total of 94 responses had been received during this consultation, of which 87 per cent had expressed support for the proposed changes.

As part of the process, the Council had consulted with all of the precepting authorities. Worcestershire County Council had responded to Redditch Borough Council and had raised some concerns. However, the issues raised would be offset by the benefits arising for eligible residents in the Borough. Members were asked to note that in Worcestershire, only the District Councils in the north of the county had proposed changes to their Council Tax Support Schemes, all of which were designed to benefit vulnerable local residents.

Housing Revenue Account Rent Setting Report 2023/24

The Portfolio Holder for Housing and Procurement presented the Housing Revenue Account Rent Setting Report 2023/24. Members were advised that the report proposed increasing rents for Council house tenants. The Government had announced that Councils could increase rents for Council properties by 3 per cent, 5 per cent or 7 per cent and the report proposed that in Redditch, Council rents should increase by 7 per cent. This increase would help the Council to cover the increasing costs associated with repairs and maintenance of Council properties and help the authority to ensure compliance with legal standards.

During consideration of this item, Councillor Joe Baker proposed the following recommendation:

“We recommend that the Council defers this until we have clearer and more precise information.”

Council

Monday, 30th January, 2023

The recommendation was proposed by Councillor Baker and seconded by Councillor Juma Begum.

In proposing the recommendation, Councillor Baker commented that in his view the report contained limited information clarifying why the Council had opted to increase rents by 7 per cent rather than 3 per cent or 5 per cent, as permitted by the Government. Councillor Baker raised concerns that this increase was being proposed in a context in which Members were receiving a number of complaints from Council tenants about the condition of Council houses and the speed with which repairs occurred. He suggested that residents might question whether this increase represented value for money.

Members subsequently debated the recommendation in detail and in so doing commented on the following:

- The potential for the Council to increase rents by 3 per cent or 5 per cent and that this information would be useful for comparison with the figures arising from an increase of 7 per cent.
- The need for tenants to have clarity regarding the amount of rent they would be paying for Council properties in the 2023/24 financial year.
- The increases that had been proposed to rents for properties in the private rented sector, which was up to 20 per cent in some places.
- The costs associated with repairs and maintenance of Council houses, which were impacted by the costs of inflation and were also set to increase as a result of new legal duties arising in respect of damp and mould in properties.
- The need for Members to make informed decisions about rent increases based on detailed information about the financial implications for the Council.
- The timescales in which the increases would apply. Concerns were raised that the report appeared to imply that there would be a 7 per cent increase in both 2023/24 and 2024/25.
- The discussions in respect of the report that had taken place at a recent meeting of the Budget Scrutiny Working Group when the item had been pre-scrutinised and the reasons why similar concerns had not been raised on this subject then.
- The level of inflation which was 9 per cent on the date of the Council meeting and the fact that this was higher than the proposed increase to the rent for Council houses.
- The extent to which it was appropriate to increase rents for vulnerable Council house tenants during a cost of living crisis.
- The numbers of new, qualified staff who had been recruited into the Housing Department in recent years.

During consideration of the recommendation, the Interim Section 151 Officer was invited to comment in response to points that had been raised by Members during the debate. Members were informed that detail had been provided at a meeting of the Audit, Governance and Standards Committee held in October 2022 in respect of the financial implications arising from increasing rents by 3 per cent or 5 per cent and this had set out how those figures compared to the proposed 7 per cent rise. ~It was acknowledged that the public consultation undertaken in respect of the proposed rent increases had related to a two-year period but the proposed increase to rents for Council houses of 7 per cent would apply for one year only in 2023/24.

On being put to the vote the recommendation was lost.

Members subsequently returned to discussing the substantive Motion.

In accordance with Procedure Rule 17.5 a recorded vote was taken on the substantive Motion in respect of the Housing Revenue Account Rent Setting Report 2023/24 and the voting was as follows:

Members voting FOR the resolution:

Councillors Salman Akbar, Karen Ashley, Joanne Beecham, Juliet Brunner, Michael Chalk, Brandon Clayton, Luke Court, Matthew Dormer, Peter Fleming, Lucy Harrison, Anthony Lovell, Emma Marshall, Timothy Pearman, David Thain and Craig Warhurst (15).

Members voting AGAINST the resolution:

Councillors Joe Baker, Juma Begum, Andrew Fry, Bill Hartnett, Sharon Harvey, Joanna Kane and Sid Khan (7).

Members voting to ABSTAIN:

No councillors (0).

The vote was therefore carried.

Worcestershire Regulatory Services Board – Budget Recommendations 2023/24

The Portfolio Holder for Finance and Enabling explained that the costs of the Worcestershire Regulatory Services (WRS) shared service were increasing due to a number of factors. In particular, the staff pay award and associated pension costs had increased

Council

Monday, 30th January, 2023

pressures on the budget. Each partner authority contributed to the financial costs involved in operating the shared service and the contribution required from Redditch Borough Council in 2023/24 would be 17.9 per cent.

RESOLVED that

the minutes of the meetings of the Executive Committee held on 6th December 2022, 13th December 2022 and 10th January 2023 be received and all recommendations adopted.

70. OUTSIDE BODY APPOINTMENT

The Deputy Mayor explained that, following the death of the late Councillor, Gareth Prosser, a vacancy had arisen for the Council's lead Member appointed to PATROL – the Traffic Penalty Tribunal (Civil Parking Enforcement).

A nomination was received for Councillor Lucy Harrison to be appointed the Council's lead representative on PATROL – the Traffic Penalty Tribunal.

RESOLVED that

Councillor Lucy Harrison be appointed the Council's lead representative on PATROL – the Traffic Penalty Tribunal for the remainder of the 2022/23 municipal year.

71. URGENT BUSINESS - RECORD OF DECISIONS

Members were advised that no urgent decisions had been taken since the previous meeting of Council.

72. URGENT BUSINESS - GENERAL (IF ANY)

Officers confirmed that there was no urgent business for discussion on this occasion.

The Meeting commenced at 7.00 pm
and closed at 8.08 pm

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Item 6a – The Mayor’s Announcements – Civic Engagements Undertaken Since the Previous Meeting of Council

Date	Event	Organisation
Thursday 16th November	Christmas Launch for Abbey Spa	Abbey Spa
Tuesday 15th November	Issac’s Foodbank promotion	Issacs Foodbank
Wednesday 16th November	Dorothy Terry House	Dorothy Terry House
Wednesday 16 th November	The Anti Violence Bee	West Mercia
Thursday 16th November	Astwood Bank Club Celebration - Gold award BB	ABC
Thursday 17th November	Investment Ceremony	Squirrels
Friday 18th November	Shrek the show	Operatic Society
Saturday 19th November	Redditch Dining Club	RBC
Saturday 19 th November	Masonic Ladies’ Night	RBC
Sunday 20th November	Civic Event (Consort)	MCC
Sunday 20th November	Road Peace	Roadpeace
Monday 21st November	RBL AGM	RBL
Wednesday 23rd November	Jazz Night at Beoley Villiage Hall	Jazz Club
Thursday 24th November	Terry Spring Open Day	Terry Springs
Friday 25th November	Alliance House - Offical Opening	HoW College
Friday 25th November	Stourport Three Kings	Stourport Council
Friday 25th November	Vernia Springs	Vernia Springs
Friday 25 th November	Tour of the Town Hall (Rowan Beavers)	RBC
Friday 25th November	Opening of the Festive Festival	BID
Saturday 26th November	Relief Society of The Church of Jesus Christ of LDS	Relief Society
Saturday 26th November	Switch on of the Lights Astwood Bank	Astwood Bank Club
Saturday 26th November	Redditch Carnival Event	Redditch Bid

Item 6a – The Mayor’s Announcements – Civic Engagements Undertaken Since the Previous Meeting of Council

Saturday 26th November	Winter Ball	Redditch Rugby Cricket & Hockey
Sunday 27 th November	Primrose Fundraiser	When I’m 64
Monday 28th November	Callum Jackson visit to Woodrow (CPR)	Woodrow Resident
Tuesday 29th November	Solid State Tour	Solid State
Tuesday 29th November	Steatite Tour	Steatite
Tuesday 29th November	Sparlongs - spring makers - Tour	Sparlongs
Thursday 1st December	Blessing of the Christmas Tree	Thomas Brothers
Thursday 1st December	30th Anniversary of the Victorian Christmas Fayre	WCC
Thursday 1st December	Christmas Cocktail party	Army Cadet Force
Friday 2nd December	Food bank support (Tesco’s)	Acts of Kindness
Saturday 3rd December	Redditch Association of the Blind Christmas Party	RAB
Saturday 3rd December	Winyates Carols of the Green	Winyates Com Group
Saturday 3rd December	Country and Western Night	Duck Pond
Sunday 4 th December	Primrose Hospice Fun Run	Primrose Hospice
Wednesday 7th December	The Mayors Charity Concert	WCC
Thursday 8th December	Awards for SEN students for Mayoral logo Design	HoW College
Thursday 8th December	25th Anniversary of Nightstop	Night Stop
Thursday 8 th December	Mayoral Christmas Taster Menu Event	RBC
Friday 9th December	Worcester Male Choir @ Pershore Abbey	PDC
Saturday 10th December	Redditch Dinner event	Digbeth Dinner
Saturday 10 th December	Handel’s Messiah	RCS
Tuesday 13th December	Supporting Round Table Santa Route	Morrisons
Wednesday 14 th December	Mendip House – Carol Service and Project	Moon’s Moat First School

Item 6a – The Mayor’s Announcements – Civic Engagements Undertaken Since the Previous Meeting of Council

Wednesday 14 th December	CHBL – Christmas Fayre	CHBL
Thursday 15 th December	Carols at WMCA	WMCA
Thursday 15 th December	Farewell event for Ken Williams	Redditch BID
Thursday 15 th December	The Nativity - The Musical	Box Office Studios
Friday 16 th December	Christmas celebrations for Service Users	MHAG
Friday 16 th December	Thank you meeting with Redditch Local History Museum	RLHM
Friday 16 th December	Opening of Isaac’s second food bank	Isaac’s Food Bank
Saturday 17 th December	Carols in the Park Astwood Bank Association	ABC
Saturday 17 th December	Carol Service and Festive Readings	St Stephens
Sunday 18 th December	Mayoral Christmas Carol Evening - hosted by the Mayor	LDS
Tuesday 20 th December	Woodrow Christmas Festivities	WCG
Tuesday 20 th December	The High Sheriff of Worcestershire’s Blue Light Carol Service	WCC
Wednesday 21 st December	Jo’s Jungle Christmas Party	Jo’s Jungle
Friday 23 rd December	Aroma Café Christmas Raffle	Aroma
Sunday 25 th December	Christmas morning Hospital visits – Alexandra Hospital	NHS
Wednesday 11 th January	Tour of NeoKare	Neokare
Thursday 12 th January	SEN Design Studio opening	HoW College
Thursday 12 th January	Thorlux tour of factory	Thorlux
Sunday 15 th January 3	Polish Fundraiser - Pool Tournament	Redditch Polish Society
Thursday 19 th January	Droitwich Civic Event - Pantomime	Droitwich Council
Wednesday 25 th January	Scouts’ evening (re Civic Hall) Headless Cross Hut	Greenland Scouts
Thursday 26 th January	Holocaust Memorial Event	HDM

Item 6a – The Mayor’s Announcements – Civic Engagements Undertaken Since the Previous Meeting of Council

Friday 27th January	Holocaust Memorial Event	WCC
Saturday 28 th January	Holocaust Memorial Event	RBC
Saturday 28th January	Polish Fundraiser - Pop World	Polish Community Group
Sunday 29 th January	100 th Birthday Celebration of Mr Edmund Szymczak	Tom Wisniewski
Sunday 29th January	Polish Music Festival	Polish Community Group



Executive Committee

Tuesday, 7th February,
2023

MINUTES

Present:

Councillor Matthew Dormer (Chair), Councillor Nyear Nazir (Vice-Chair) and Councillors Karen Ashley, Peter Fleming, Lucy Harrison, Emma Marshall and Craig Warhurst

Also Present:

Councillors Joe Baker, Joanna Kane and Sid Khan

Officers:

Peter Carpenter, Amanda Delahunty, Kevin Dicks, Claire Felton, Sue Hanley and Michelle Howell

Principal Democratic Services Officer:

Jess Bayley-Hill

116. APOLOGIES

Apologies for absence were received on behalf of Councillors Joanne Beecham and Anthony Lovell.

117. DECLARATIONS OF INTEREST

There were no declarations of interest.

118. LEADER'S ANNOUNCEMENTS

The Leader advised that he had no announcements to make on this occasion.

119. MINUTES

RESOLVED that

the minutes of the meeting of the Executive Committee held on 10th January 2023 be approved as a true and correct record and signed by the Chair.

Chair

120. HOMELESSNESS PREVENTION GRANT 2023/24

The Housing Strategy and Enabling Manager presented a report focusing on the Council's Homelessness Prevention Grant funding for 2023/24.

The Council had been awarded a total of £325,375 in Homelessness Prevention Grant by the Government for the 2023/24 financial year. In addition, there had been a £35,000 underspend in the fund in the 2022/23 financial year which would be available to use the following year. The funding was ring fenced to support initiatives designed to prevent homelessness. In considering the content of the report, Members were asked to note that the Council had a statutory duty under the Housing Act 1996 (as amended), to assist people threatened with homelessness as well as additional duties relating to preventing homelessness and rough sleeping.

The report outlined the various different local schemes that officers were proposing should be supported using funding from the Homelessness Prevention Grant in 2023/24. The proposed schemes included initiatives delivered by partner organisations in the Voluntary and Community Sector (VCS) which would help many residents including vulnerable groups at particular risk of becoming homeless, such as people leaving prison and young people. There was a risk that if the Council did not support these schemes, the authority might need to cover increasing costs for the provision of temporary accommodation in Bed and Breakfast establishments.

Following the presentation of the report, the Portfolio Holder for Housing and Procurement commented that he welcomed the Homelessness Prevention Grant funding and the positive impact that use of this funding could have on tackling homelessness in the Borough. In particular, he highlighted the work to help vulnerable groups at greater risk of becoming homeless and the excellent work that various VCS organisations were already delivering in the local community to address this issue.

During consideration of this item, the Portfolio Holder for Housing and Procurement proposed an alteration to the wording of the second recommendation detailed in the report. This proposed that, in respect of the delegation to the Head of Community and Housing Services to use any unallocated grant funding during the year and to make further adjustments where appropriate, the delegation should apply following consultation with both the Portfolio Holder for Housing and Procurement as well as the Portfolio Holder for Community Services and Regulatory Services. This proposal was made on the basis of the importance of this funding to the local community. The alteration was agreed by Members.

Executive Committee

Tuesday, 7th February, 2023

RESOLVED that

- 1) **the following initiatives be approved to receive allocation of funding 2023/24:**

Initiatives	£ (up to)
Redditch Nightstop - Outreach Worker to support 21 to 35 year olds and prevent homelessness or work towards planned moves into suitable and sustainable accommodation.	17,769
Redditch Nightstop Core Funding	8,667
Redditch Nightstop Safe Accommodation and Support	20,000
CCP Rough Sleeper Outreach Service	47,556
GreenSquare Accord – 18 units of supported accommodation for Ex Offenders or those likely to offend	16,049
St Basils – Provide 24 hour cover to 23 units of accommodation for young people aged 16- 23 years	14,910
Newstarts - Furniture Project to provide furniture for homeless households.	10,000
Homelessness Prevention - Spend to Save budget for use by Housing Options Officers	17,060
Temporary Accommodation Management – as 3.1 above	66,380
St Basils Smallwood Almshouses - Progression Coach to offer additional support that can operate outside of normal office hours to fit around a young persons education, training and employment.	19,287
Citizens Advice Debt Advice	16,333
St Basils Young Persons Pathway Worker	18,195
St Basils Crash Pad emergency accommodation	35,086
County Partnership Manager	8,300
Batchley Support Group	10,000

Executive Committee

Tuesday, 7th February, 2023

Single and Childless Couples Homeless Prevention Service	33,460
Total	£359,052

- 2) **delegated authority be granted to the Head of Community and Housing Services following consultation with the Portfolio Holder for Housing and Procurement and the Portfolio Holder for Community Services and Regulatory Services to use any unallocated Grant during the year or make further adjustments as necessary to ensure full utilisation of the Grants for 2023/24 in support of existing or new schemes.**

121. INDEPENDENT REMUNERATION PANEL REPORT 2023/24

The Head of Legal, Democratic and Property Services presented the Independent Remuneration Panel's (IRP's) report concerning Members' allowances for the 2023/24 financial year.

The Executive Committee was informed that the IRP comprised a membership of independent persons who lived in Worcestershire. The IRP made recommendations about Members' allowances for most Councils in the county. Whilst the Council was not obliged to approve the IRP's proposals, Members needed to have due regard to the IRP's recommendations.

The IRP was proposing that the basic allowance for Members should be increased by 7.37 per cent, which would increase the basic allowance from £4,732 to £5,081. The IRP had also made proposals regarding the Special Responsibility Allowances (SRAs) that could be paid to Members for holding specific posts at the Council. Members were asked to note that the IRP did not suggest paying multiple SRAs to individual Members which was an arrangement that was currently in place in Redditch. Should Members approve the IRP's recommendation in respect of SRAs in this report, this would result in a saving to the Council.

Members discussed the proposals detailed in the IRP's report and in doing so commented that it would be inappropriate to increase Members' allowances by 7.37 per cent during a cost of living crisis. However, it was suggested that the Council should not postpone increases to Members' allowances indefinitely, as this would place the level of remuneration available to Redditch Members behind that available at other local authorities in Worcestershire. Members would have an opportunity to consider this further at a later date when preparing for the 2024/25 financial year. There was general consensus that, as no changes were proposed by the IRP in respect of travel allowances, subsistence expenses and carer's

Executive Committee

Tuesday, 7th February, 2023

allowances, the recommendations on these subjects should be supported.

RECOMMENDED that

- 1) **travel allowances for 2023-24 continue to be paid in accordance with the HMRC mileage allowance;**
- 2) **subsistence allowances for 2023-24 remain unchanged;**
- 3) **the Dependent Carer's Allowance remains unchanged; and**
- 4) **for the Parish Council in the Borough, if travel and subsistence is paid, that it is paid in accordance with the rates paid by the Borough Council and in accordance with the relevant Regulations.**

122. PAY POLICY STATEMENT 2023/24

The Interim Section 151 Officer presented the Pay Policy Statement 2023/24 for Members' consideration.

The Executive Committee was informed that there was a legal requirement, under the Localism Act 2011, for the Council to adopt a Pay Policy Statement on an annual basis. This statement needed to outline the relationships between the lowest and highest paid staff employed by the Council and therefore a breakdown of pay was provided per pay scale, including in respect of the most senior positions. The remuneration for management graded posts was reviewed by an external assessor.

Members were informed that in each grade there were a number of scales of pay. Staff progressed up these scales based on performance which was assessed during annual appraisals. The Appointments Committee was involved in appointing the most senior staff, including the statutory officer positions of Head of Paid Service, Chief Finance Officer and Monitoring Officer as well as Chief Officer positions.

The report was discussed by Members and it was noted that a typographical error had been made in respect of the title of the report. It was suggested that this should be addressed prior to the publication of the report for the consideration of Council.

RECOMMENDED that

the Pay Policy Statement 2023/24 be approved.

Executive Committee

Tuesday, 7th February, 2023

123. 2023/24 BUDGET AND MEDIUM TERM FINANCIAL PLAN 2023/24 TO 2025/26 (INCLUDING TREASURY MANAGEMENT STRATEGY AND CAPITAL PROGRAMME)

The Interim Section 151 Officer presented the Medium Term Financial Plan (MTFP) 2023/24 to 2025/26 (including the Treasury Management Strategy and the Capital Programme) for the Executive Committee's consideration.

Members were asked to note the following when considering the report:

- The report built on the tranche 1 savings of £1.5 million that had been agreed in November 2022.
- An assumption had been made that the Council would agree a 2.99 per cent increase to Council Tax for 2023/24. A report on the subject of Council Tax Resolutions would be presented for the Executive Committee's consideration at a meeting scheduled to take place on 27th February 2023.
- The costs to the Council arising from the pay award to staff for 2021/22 had been slightly less than previously anticipated due to staff vacancies.
- The funding from Government for the Council represented a one-year settlement.
- Final figures had been received from the actuaries for the local government pension contributions for staff which had been taken into account in the report.
- Funding had been set aside for anticipated increases to the costs of utilities, with 50 per cent allocated to the base budget and 50 per cent to earmarked reserves, the value of which would fall over the three-year period of the MTFP. This arrangement was in place as it was anticipated that utilities costs would start to decline during the period of the plan.
- Whilst there would be income from business rates, Officers were assuming that there would be a high level of non-payment and this had been taken into account when preparing the report.
- There were a number of additional pressures that had been reflected in the proposed budget:
 - Refurbishment of the Council's vehicle fleet and fuel payments. Members were advised that there would be a need to respond to requirements set out in the Environment Act. The costs of biofuels, compared to diesel, were increasing and this would also need to be taken into account.
 - There was a fund for apprenticeships and Officers were aiming to link this to staff grades in order to take advantage of the Government's apprenticeship levy.

Executive Committee

Tuesday, 7th February, 2023

- There was a need to fund a new Data Analyst post. At present, there was only one member of staff at the Council trained on how to undertake this work and Officers believed that the Council's system, Power BI, could be used more effectively.
- There remained pressures arising from planning enforcement.
- Council Tax collection rates for the 2022/23 financial year were at around 98 per cent and this was taken into account when calculating likely income from Council Tax for subsequent years.
- The Corporate Management Team (CMT) had reviewed the earmarked reserves in December 2022, as there were a number of reserves that had not been used for some time. As a consequence, a number of the reserves had been released, including funding that would be used to address the rising costs of utilities.
- Officers were assuming that the general fund would be in a surplus position by the third year of the plan, although there would be gaps to address in the first and second years.
- By the third year, the Council was projected to have reserves of £2.1 million. The Government suggested that Councils should have reserves equivalent to 5 per cent of the authority's income. The Interim Section 151 Officer was suggesting that in Redditch, reserves should represent closer to 9 per cent of income, to take account of debts and expenditure too.
- Action would need to continue to be taken to raise the reserves in the general fund. Therefore, Members and Officers would be encouraged to continue to consider efficiencies that could be made in service delivery as well as potential savings.
- Legally, all buildings in the public sector would need to have an Energy Performance Certificate (EPC) rating of E or better by 2026. Some buildings could potentially be upgraded but others might have more complex issues and would potentially need to be sold.
- Staff retention and recruitment remained an area of concern for local government in the West Midlands, including for Redditch Borough Council. Therefore, there was a need to review how best to attract and retain skilled and qualified staff moving forward.
- There was the potential that some redundancy payments would need to be made. However, given there were in excess of 100 vacancies in the shared services between Redditch Borough and Bromsgrove District Councils, it was possible that staff placed at risk in service reviews could be redeployed in other departments.

Executive Committee

Tuesday, 7th February, 2023

- The capital programme was underspent. However, there were some significant projects included in the capital programme, including the replacement of the vehicle fleet and expenditure of the Town's Fund on the regeneration of Redditch town centre.
- Members had recently agreed that the rents for Council house tenants should increase by 7 per cent. Whilst Officers were working on the basis that a similar increase would occur in 2024/25, for service planning purposes, decisions could only be taken on a yearly basis regarding rent increases and the report in respect of the following financial year could therefore contain different proposals.
- The Treasury Management Strategy had also been included in the report, which detailed how the Council intended to approach borrowing. Members were asked to note that the Government no longer permitted local authorities to borrow for yield.
- The Council had not had to borrow to fund the capital programme since 2011 and it appeared likely that the authority would be able to continue to use internal resources to fund the capital programme over the following three years.
- The Investment Strategy detailed the support that could be provided to local groups where needed, subject to submission of robust business cases.

The Interim Section 151 Officer concluded the presentation of the MTFP by outlining his views of the robustness of the budget and the risks associated with the budget. Members were advised that a number of risks had been identified which included:

- The Council's 2021/22 accounts had not yet been closed, although Officers were close to completing this work.
- An overspend was anticipated for the 2022/23 financial year.
- The impact of inflation on the costs of service and project delivery remained an area of concern.
- There was a risk that the authority could potentially lose key personnel due to the age profile of the Council's existing workforce.
- The authority needed to lobby the Government regarding calculations for the Council Tax Base. The Council was placed at a disadvantage as the Council Tax Base was calculated based on the number of band d equivalent properties in the local authority area and the majority of houses in Redditch were classified as bands a – c.
- The Council needed to complete projects, for which the authority had received grant funding from the Government, within relatively tight timescales, including for the regeneration of the town centre. Should these works not be completed to

Executive Committee

Tuesday, 7th February, 2023

deadline, the Council would have to return funding to the Government.

The Interim Section 151 Officer had concluded that the figures contained in the MTFP were robust. There were also adequate reserves, although more efficiencies needed to be achieved in order to ensure that there remained sufficient reserves moving forward.

Following the presentation of the report, the Portfolio Holder for Finance and Enabling thanked the Interim Section 151 Officer, the Head of Finance and Customer Services and the rest of the Finance Department for their hard work on the budget. It was suggested that the content of the budget was more transparent and easier to follow than it had been in previous years, due to the layout of the report.

Members acknowledged that there remained financial challenges which would need to be addressed by the Council moving forward. In particular, Members noted that there was a need to maximise use of grant funding. It was also noted that Portfolio Holders had collective responsibility for ensuring that they questioned Officers about services within their remit and took nothing for granted.

RECOMMENDED approval of

- 1) the tranche 2 growth proposals;**
- 2) the additional funding to the Council as per the Local Government Settlement on the 19th December 2022, including the estimated levels for 2024/5 and 2025/6;**
- 3) the tranche 2 savings proposals, including an Increase of Council Tax at 2.99 per cent;**
- 4) the Capital Programme 2023/4 to 2025/6 and associated projects where outstanding budgets will be allowed to be carried forward at the end of the 2022/23 financial year;**
- 5) the levels of reserve being carried forward into future years;**
- 6) the level of General Fund balances being used to balance budgets over the Medium-Term Financial Plan (MTFP) period; and**

Executive Committee

Tuesday, 7th February, 2023

RESOLVED that

- 7) **the Chief Financial Officer's (CFO) Opinion on Estimates and Reserve Levels – the Robustness Statement (Section 25 Statement) – be noted.**

124. OVERVIEW AND SCRUTINY COMMITTEE

Members were informed that there were no outstanding recommendations arising from the minutes of the meeting of the Overview and Scrutiny Committee held on 8th December 2022 requiring the Executive Committee's consideration.

RESOLVED that

the minutes of the meeting of the Overview and Scrutiny Committee held on 8th December 2022 be noted.

125. MINUTES / REFERRALS - OVERVIEW AND SCRUTINY COMMITTEE, EXECUTIVE PANELS ETC.

Members were advised that there were no referrals from the Overview and Scrutiny Committee or any of the Executive Advisory Panels for consideration on this occasion.

126. ADVISORY PANELS - UPDATE REPORTS

The following updates were provided in respect of the Executive Advisory Panels and other bodies:

- a) Climate Change Cross Party Working Group – Chair, Councillor Anthony Lovell

In Councillor Lovell's absence, Members noted that a meeting of the Climate Change Cross Party Working Group had taken place in December 2022. During this meeting, Members had discussed the planning process and action that could be taken in relation to this process to enhance the biodiversity of the local environment.

- b) Constitutional Review Working Group – Chair, Councillor Matthew Dormer

Councillor Dormer explained that a meeting of the Constitutional Review Working Party had taken place on 23rd January 2023. During this meeting, Members had considered a number of reports and had made some recommendations about changes that could be made to the constitution. These recommendations were due to be considered at the following

Executive Committee

Tuesday, 7th February, 2023

meeting of Council scheduled to take place on 27th February 2023.

c) Corporate Parenting Board – Council Representative,
Councillor Nyear Nazir

Councillor Nazir commented that there had been a meeting of the Corporate Parenting Board on 31st January 2023. During this meeting, the Board had learned that there had been a recent spike in the number of school exclusions taking place. The situation in respect of this matter had improved slightly between autumn 2021 and 2022 and the Virtual Schools Board was working with local schools to address this problem.

The numbers of unaccompanied child asylum seekers in Worcestershire had increased from 29 to 89. The children, some of whom had escaped from war zones, were provided with support and the Board was working hard to ensure that this support met their needs.

The Executive Committee was reminded that Councillor Nazir was the Board's District lead for employment and apprenticeships. It was noted that Redditch Borough Council had signed up to the pledge to help care leavers secure apprenticeships and it was hoped that some care leavers would therefore apply to take up apprenticeship opportunities at the Council.

d) Member Support Steering Group – Chair, Councillor Matthew Dormer

Members were advised that a meeting of the Member Support Steering Group had taken place on 17th January 2023. During this meeting, the group had considered feedback provided by Councillors in completed surveys on the subject of reducing paper waste for Council and Committee meetings. Based on the feedback received, as well as the need to address pledges in the Council's Carbon Reduction Plan to reduce paper waste, the group had agreed that there should be an assumption that all Members would go paperless moving forward. However, individual Councillors could opt to continue to receive paper copies of agenda packs and Members were urged to notify Democratic Services by Friday 17th February 2023 if they wanted to continue to receive paper copies of agenda packs.

Councillor Dormer advised that there was due to be a Member training session focusing on how to use the modern.gov app, which was scheduled to take place in the evening on 13th

Executive Committee

Tuesday, 7th February, 2023

February 2023. This training would outline how the app could be used to access and annotate agenda packs electronically and Members were urged to attend this session.

The Member Support Steering Group had also agreed at their latest meeting that, where Councillors continued to receive paper copies of agenda packs, they should collect these from their post trays at the Town Hall. This represented a return to the arrangements that had been in place for many years prior to the Covid-19 pandemic.

e) Planning Advisory Panel – Chair, Councillor Matthew Dormer

Councillor Dormer confirmed that there had been no meetings of the Planning Advisory Panel (PAP) since the previous meeting of the Executive Committee.

The Meeting commenced at 5.30 pm
and closed at 6.18 pm

REDDITCH BOROUGH COUNCIL**EXECUTIVE COMMITTEE**

7 February

2023

Report of the Independent Remuneration Panel – recommendations for members’ allowances for 2023-24 and the members allowances scheme

Relevant Portfolio Holder	Councillor M Dormer Leader and Portfolio Holder for Planning, Economic Development, Commercialism and Partnerships Councillor K Ashley Portfolio Holder for Finance and Enabling
Portfolio Holder Consulted	Yes
Relevant Head of Service	Claire Felton
Report Author	Job Title: Darren Whitney Contact email: darren.whitney@bromsgroveandredditch.gov.uk Contact Tel: 01527 881650
Wards Affected	All
Ward Councillor(s) consulted	N/A
Relevant Strategic Purpose(s)	N/A
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATIONS

The Committee is asked to consider the report and recommendations and RECOMMEND to Council

1.1 whether or not to accept all, some or none of the recommendations of the Independent Remuneration Panel for 2023-24;

1.2 having considered the Panel’s report and recommendations, whether or not changes are required to the Council’s scheme of allowances for Members arising from this.

2. BACKGROUND

2.1 Each Council is required by law to have an Independent Remuneration Panel (IRP) which recommends the level of allowances for Councillors. The Panel is made up of suitably skilled members of the public who are completely independent of the Borough Council. It also makes recommendations to four other District Councils in Worcestershire. The Panel’s report is enclosed for consideration by the Executive Committee and ultimately by the Council.

EXECUTIVE COMMITTEE

7 February

2023

- 2.2 The panel recommends basic allowances, special responsibility allowances (SRA), travel, subsistence and dependent carer allowances.

3. FINANCIAL IMPLICATIONS

- 3.1 If the Council makes changes to the current amounts of allowances there may be additional savings or costs. If the Council implements all the recommendations of the IRP, using IRP scheme, costs would be decreased in the region of £2,100. It should be noted that the scheme recommended by the IRP only allows for one SRA per Councillor and does not include a payment for Executive Members without Portfolio. If the Council implements the recommendations of the IRP and includes additional SRAs and Executive Members without Portfolio the costs will rise by approximately £10,500.
- 3.2 The upcoming budget will need to reflect any changes made from the recommendations in this report and the future costs will need to be covered in the medium term financial plan.

4. LEGAL IMPLICATIONS

- 4.1 The Council is required to “have regard” to the recommendations of the Panel. However, it is not obliged to agree to them. It can choose to implement them in full or in part, or not to accept them.
- 4.2 If the Council decides to review its scheme of allowances for Councillors, it is also required to take into account recommendations from the Panel before doing so.

5. STRATEGIC PURPOSES - IMPLICATIONS**Relevant Strategic Purpose**

- 5.1 None as this report deals with statutory functions.

Climate Change Implications

- 5.2 None in this report.

6. OTHER IMPLICATIONS**Equalities and Diversity Implications**

- 6.1 None in this report.

EXECUTIVE COMMITTEE
20237 February

Operational Implications

- 6.2 There are no direct service or operational implications arising from this report. Once the Council has agreed the allowances for 2023-24 Officers will update and publish the Members' Allowances Scheme as appropriate.

7. RISK MANAGEMENT

- 7.1 Payments to Councillors can be a high profile issue. The main risks are reputational. However, the Council is transparent about the decisions made on allowances. The Allowances scheme and sums paid to Councillors each year are published on the Council's website.

8. APPENDICES and BACKGROUND PAPERS

Report and recommendations from the Independent Remuneration Panel for 2023-24.

Background papers:

Members Allowances Scheme – in the Council Constitution at part 18:

[Members' Scheme of Allowances - Redditch constitution](#)

EXECUTIVE COMMITTEE
20237 February

9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder		
Lead Director / Head of Service	Claire Felton Head of Legal, Democratic and Property Services	18 Jan 2023
Financial Services	Victoria Swashorme Finance Services Manager	13 Jan 2023
Legal Services		

**Independent Remuneration Panel
for Worcestershire District Councils**

Annual Report and Recommendations for 2023-24

Redditch Borough Council

December 2022

Contents	Page
Recommendations to Council	1
Introduction and Context	2
Background Evidence and Research Undertaken	2
Basic Allowance 2023-24	4
Special Responsibility Allowances 2023-24	5
Mileage and Expenses 2023-24	5
Allowances to Parish Councils	5
The Independent Remuneration Panel	5
Appendix 1 – Current and Recommended Allowances	8
Appendix 2 – Summary of Research	9

Recommendations

The Independent Remuneration Panel recommends to Redditch Borough Council the following:

- 1. A Basic Allowance for 2023-24 of £5,081, representing a 7.37% increase.**
- 2. Special Responsibility Allowances as set out in Appendix 1**
- 3. That travel allowances for 2023-24 continue to be paid in accordance with the HMRC mileage allowance**
- 4. That subsistence allowances for 2023-24 remain unchanged**
- 5. That the Dependent Carer's Allowance remains unchanged**
- 6. That for the Parish Council in the Borough, if travel and subsistence is paid, the Panel recommends that it is paid in accordance with the rates paid by Borough Council and in accordance with the relevant Regulations**

Introduction and Context

The Independent Remuneration Panel (IRP) has been appointed by the Council to carry out reviews of the allowances paid to Councillors, as required by the Local Government Act 2000 and subsequent legislation. The Panel has carried out its work in accordance with the legislation and statutory guidance.

The law requires each Council to 'have regard' to the recommendations of the Panel and we noted that Redditch Borough Council agreed to implement the Panel's Basic Allowance recommendation for 2022-23.

Our recommendations are based on thorough research and benchmarking and we have presented the Council with what we consider to be an appropriate set of allowances to reflect the roles carried out by the Councillors. The purpose of allowances is to enable people from all walks of life to become involved in local politics if they choose.

The Panel does acknowledge that in the current challenging financial climate there are difficult choices for the Council to make. It is for the Council to decide how or whether to adopt the recommendations that we make.

Background Evidence and Research Undertaken

There is a rich and varied choice of market indicators on pay which can be used for comparison purposes. These include:

- National survey data on a national, regional or local level
- Focused surveys on a particular public sector
- Regular or specific surveys
- Use of specific indices to indicate movement in rewards or cost of living

As background for the decisions taken by the Panel this year we have:

- Analysed and considered the Annual Survey of Hours and Earnings (ASHE) statistics for 2022 which gives a mean hourly wage rate for Worcestershire of £17.34
- Benchmarked the Basic Allowance against allowances for comparable roles paid by the Chartered Institute of Public Finance and Accountancy (CIPFA) "nearest neighbour" Councils for each authority
- Taken account of the National Pay Award for the majority of Local Government employees
- Considered the Consumer Price Index information as at September 2022

We give more details about these areas of research at the end of the report.

In 2015, Worcester City Councillors recorded time spent on Council business for a number of weeks. This enabled the Panel to confirm the number of hours per week for front-line councillors, which is used to calculate the recommended Basic Allowance. This exercise was carried out again in 2022 and no significant difference was recorded.

The figure being recommended by the Panel of £5,081 for the Basic Allowance appears reasonable and appropriate when compared to other Local Authorities. The mean average Basic Allowance for the "nearest neighbour" authorities is £6,040. We feel it is important not to allow this gap to widen.

Arising from our research, in **Table 1** we have included information showing the Members' allowances budget for Basic and Special Responsibility Allowances paid for 2021-22 as a cost per head of population for each Council. To give context, we have included details of the proportion of net revenue budget spent by each Council on Basic and Special Responsibility allowances.

Table 1 - Total spend on Basic and Special Responsibility Allowances (SRA) as a cost per head of population 2021-22 figures

Authority, population¹ and number of Councillors	Total spend Basic Allowances	Total spend on SRA	SRA as a percentage of total Basic Allowance	Cost of total basic and SRA per head of population	Total of basic and SRA as a percentage of Net General Revenue Fund expenditure
	£	£	%	£	%
Bromsgrove DC (31) 100,569	145,754	72,538	49.77%	£2.17	Not available
Malvern Hills DC (38) 79,445	172,810	69,350	40%	£3.05	2.9%
Redditch Borough (29) 85,568	127,875	94,770	74.11%	£2.60	Not available
Worcester City (35) 100,265	156,304.52	94,696.21	60.58%	£2.50	1.43%
Wychavon (45) 131,084	207,425	93,121	44.89%	£2.29	2.77%

In **Table 2** we show the average payment per member of each authority of the Basic and Special Responsibility Allowances, which illustrates the balance between the level of Special Responsibility Allowances paid and the Basic Allowance.

¹ONS population estimates mid 2020. Totals for Basic and Special Responsibility allowances paid are as published by each authority for the 2021-22 financial year.

Table 2 - Average allowance per Member of each authority (Basic and Special Responsibility Allowances, 2021–22 figures)

Authority (number of Councillors)	Amount £
Bromsgrove District (31)	£7,182.10
Malvern Hills District (38)	£6,372.63
Redditch Borough (29)	£7,677.41
Worcester City (35)	£7,171.45
Wychavon District (45)	£6,679.00

Basic Allowance 2023 -24**Calculation of Basic Allowance**

The Basic Allowance is based on:

- The roles and responsibilities of Members
- Their time commitments – including the total average number of hours worked per week on Council business
- A public service discount of 40% to reflect that Councillors volunteer their time
- The Basic Allowance is paid to all Members of the Council

Whilst each Council may set out role descriptions for Councillors, the Panel accepts that each Councillor will carry out that role differently, reflecting personal circumstances and local requirements. However, we consider the Basic Allowance to include Councillors' roles in Overview and Scrutiny, as any non-Executive member of the Council is able to contribute to this aspect of the Council's work. It is for this reason that we do not recommend any Special Responsibility Allowance for members of the Overview and Scrutiny Committee. We also consider that ICT could be included in the Basic Allowance as it is generally more readily available to individuals than in previous years. However, we are comfortable that specific local decisions may be made about how ICT support is provided.

We reviewed the levels of wage rates for Worcestershire as set out in the ASHE data (details in Appendix 2) and the benchmark information available to us from the Chartered Institute of Public Finance and Accountancy (CIPFA) "nearest neighbours" authorities as part of our research into the level of basic allowance recommended. We are also aware that local government employees have accepted a varying pay award increase of between 4% and 10.5% (averaging approximately 7%) for the financial year 2022-23.

The recommended basic allowance for 2023-24 takes strong account of the ASHE data and is set at an appropriate level in the context of the local government pay award. The Panel are conscious of the current financial challenges but are also mindful to avoid increasing any gap in allowances between Redditch Borough Council and its "nearest neighbours"

The research information used in the consideration of the Basic Allowance is set out at appendix 2.

Special Responsibility Allowances (SRA) 2023-24

The basis for the calculation of SRAs is a multiplier of the Basic Allowance as advocated in the published Guidance.

Mileage and Expenses 2023-24

The Panel notes that the Council has used the HMRC flat rate for payment of mileage for all types of vehicles for Councillors and recommends that this continues.

The Panel is satisfied that the current levels of subsistence allowances are set at an appropriate level and recommends that these continue.

The Panel notes that the Council's Scheme of Members' Allowances provides that Dependant Carer Allowances are payable to cover reasonable and legitimate costs incurred in attending approved duties and recommends that this provision continues.

Allowances to Parish Councils 2023-24

The Independent Remuneration Panel for Worcestershire District Councils acts as the Remuneration Panel for the Parish Councils in each District.

This year the Panel has not been asked to make recommendations on any matters by any Parish in Redditch Borough.

The Independent Remuneration Panel

The Members' Allowances Regulations require Local Authorities to establish and maintain an Independent Remuneration Panel. The purpose of the Panel is to make recommendations to the authority about allowances to be paid to Elected Members and Local Authorities must have regard to this advice. This Council's Independent Remuneration Panel is set up on a joint basis with four of the other five District Councils in Worcestershire. Separate Annual Reports have been prepared for each Council.

The members of the Panel are:

Reuben Bergman – Reuben Bergman – Reuben is a Fellow of the CIPD with significant senior HR leadership experience across a range of public sector organisations in both England and Wales. He currently runs a HR Consultancy Business in Worcestershire providing advice and support on managing change, employment law, HR policy development, mediation, management coaching and employee relations. Reuben has led successful equal pay reviews in three separate local authorities and is known for his successful work in managing change and developing effective employee relations. He is a qualified coach, mediator and a Shared Service architect. He has won national awards for his work on employee engagement and the development of an innovative Café style leadership development programme.

Matthew Davies – Matthew qualified as a Social Worker in 2008 and subsequently worked with children and young people in Worcestershire, Jersey and Manchester. Latterly he is employed as a Registered Manager of an independent fostering agency,

supporting and supervising approved foster carers to care for children and young people in care.

Xenia Goudefroy – Xenia is a Management Accountant with experience in the financial controlling and forecasting for a range of companies in the private sector. She holds an Advanced Diploma in Management Accounting and has completed a Master's degree in Business Administration at University Vila Velha and in International Management at the Steinbeis University Berlin. As a focus topic of her thesis she has developed the order-to-cash process for new business models. Since she moved to the UK in 2017 in her free time she has been volunteering to help people in need and is also working as a volunteer at the Worcester fish-pass to help preserve the natural habitat of migrating species. She is fluent in three languages and enjoys learning new skills.

Tim Hunt – Tim is a qualified journalist with more than 25 years' experience in media and communications. He spent seven years covering community and local authority news in Worcestershire and Warwickshire, including four as editor of two local newspapers, before going on to work in corporate communications and events. Tim now runs his own PR agency and is a Member of the Chartered Institute of Marketing.

Susan Moxon - Susan has worked in the Education sector for over 20 years, working in schools in Warwickshire and Birmingham and then with the Department for Education, where she worked in the 6th form funding team, analysing data from incoming enquiries, mainly from schools and colleges regarding the calculation of their funding statements. She has also acted as an independent observer at Teacher Disciplinary Hearings ensuring that the panel members followed procedures and were unbiased in their decision making. Previously she was an Exams Support Officer providing advice to schools and colleges in Hereford, Worcester and Gloucester about entering students for external exams and assessments, her particular area of expertise.

She is currently Clerk to the Governing Bodies at two First Schools in Worcestershire and to two local charities. She organises meetings, manages the accounts and is the main point of contact with applicants, local providers and the Charity Commission.

Caroline Murphy – Caroline has over 20 years' experience of working in public and voluntary sector organisations, including three West Midlands Local Authorities and the Civil Service. She was a senior Education Manager at Wolverhampton City Council until 2011 developing and delivering a large part of the 14-19 Pathfinder, during which time her department was recognised as achieving Beacon Council Status. She has a wealth of experience at building partnerships. Caroline now works as freelance Education, Skills and Development Adviser supporting individuals and organisations with strategic management, quality assurance and improvement, safeguarding, regulation compliance, research and evaluation, data protection and developing policies and procedures. She has worked in a consultancy capacity for a number of organisations, specialising in those who support vulnerable young people. She also spent 14 years as the Vice Chair of Governors of a primary school in Birmingham.

The Panel has been advised and assisted by:

- Claire Chaplin and Margaret Johnson from Worcester City Council
- Darren Whitney from Bromsgrove & Redditch Councils

- Mel Harris from Wychavon District Council
- Lisa Perks from Malvern Hills District Council

The Panel wishes to acknowledge its gratitude to these officers who have provided advice and guidance in a professional and dedicated manner.

The Panel also wishes to place on record its thanks to Martin Litt for his time and work for the Panel and wish him well.

Caroline Murphy and Matthew Davies, Co-Chairs of Independent Remuneration Panel

Appendix 1

**Independent Remuneration Panel for District Councils in Worcestershire
Recommendations for 2023/24**

Redditch Borough Council

Role	Rec'd Multiplier 2022-23 (IRP)	Current Multiplier (Council Agreed)	Rec'd Allowance 2022-23 (IRP) £	Current Allowance 2022-23 (Council Agreed) £	Rec'd Multiplier 2023-24 (IRP)	Rec'd Allowance 2023-24 (IRP) £
Basic Allowance for all Councillors	1	1	4,732	4,732	1	5,081
Special Responsibility Allowances:						
Leader	3	3	14,196	14,196 plus 7,098 as portfolio holder	3	15,243
Deputy Leader	1.75	1.75	8,281	8,281 plus 4,732 as Exec Member without portfolio	1.75	8,891.75
Executive Members (Portfolio Holders)	1.5	1.5	7,098	7,098	1.5	7,621.50
Executive Members without portfolio	****	1	****	4,732	****	****
Chair of Overview and Scrutiny Committee	1.5	1.5	7,098	7,098	1.5	7,621.50
Chair of Overview and Scrutiny Task Groups	0.25	0.25	1,183	1,183	0.25	1,270.25
Chair of Audit, Governance and Standards Committee	0.25	0.25	1,183	1,183	0.25	1,270.25

Chair of Planning Committee	1	1	4,732	4,732	1	5,081
Chair of Licensing Committee	0.75	0.75	3,549	3,549	0.75	3,810.75
Political Group Leaders	0.25	0.25	1,183	1,183	0.25	1,270.25

Appendix 2

Summary of Research

Chartered Institute of Public Finance and Accountancy (CIPFA) "Nearest Neighbour" authorities tool.

No two Councils or sets of Councillors are the same. Developed to aid local authorities in comparative and benchmarking exercises, the CIPFA Nearest Neighbours Model adopts a scientific approach to measuring the similarity between authorities. Using the data, Redditch Borough Council's "nearest neighbours" are:

- Tamworth Borough Council
- Gloucester City Council
- Stevenage Borough Council
- Worcester City Council
- Cannock Chase District Council

Information on the level of Basic and Special Responsibility Allowances was obtained to benchmark the levels of allowances recommended to the Council. The average basic award across all the "nearest neighbour" authorities was £6,040 as at December 2022.

Annual Survey of Hours and Earnings (ASHE) Data on Pay

<https://www.nomisweb.co.uk/reports/lmp/la/contents.aspx>

<https://www.nomisweb.co.uk/query/construct/summary.asp?reset=yes&mode=construct&dataset=30&version=0&anal=1&initset=>

Published by the Office for National Statistics, the Annual Survey of Hours and Earnings (ASHE) shows detailed information at District level about rates of pay. For benchmarking purposes, the Panel uses the levels for hourly rates of pay excluding overtime (currently £17.34). This is multiplied by 11 to give a weekly rate, which is then multiplied by 44.4 weeks to allow for holidays. This was the number of hours spent on Council business by frontline Councillors which had been reported in previous surveys and substantiated by surveys with Worcester City Councillors in 2015 and 2022. The rate is then discounted by 40% to reflect the element of volunteering that each Councillor undertakes in the role. As a benchmark indicator this would produce a figure of £5,081 per annum.

CPI (Consumer Price Inflation)

In arriving at its recommendations the Panel has taken into account the latest reported CPI figure available to it, published by the Office for National Statistics. This was 10.1% in September 2022.

Local Government Pay Award

The Panel was mindful of the current local government pay award as set out earlier in this report.

Executive7th February 2023**Pay Policy Statement 2023/24**

Relevant Portfolio Holder	Councillor Ashley
Portfolio Holder Consulted	Yes / No
Relevant Head of Service	Deb Poole – Head of Transformation, OD & Digital
Report Author	Job Title: HR & OD Manager Contact email:becky.talbot@bromsgroveandredditch.gov.uk Contact Tel:01527 64252
Wards Affected	N/A
Ward Councillor(s) consulted	N/A
Relevant Strategic Purpose(s)	Enabling
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 Committee is asked to RECOMMEND to Council that the Pay Policy as detailed in Appendix 1 to the report be approved.

2. BACKGROUND

The Localism Act requires English and Welsh local authorities to produce a Pay Policy statement ('the statement'). The Act requires the statement to be approved by Full Council and to be adopted by 31st March each year for the subsequent financial year. The Pay Policy Statement for the Council is included at Appendix 1.

The Statement must set out policies relating to-

- (a) The remuneration of its chief officers,
- (b) The remuneration of its lowest-paid employees, and
- (c) The relationship between-
 - (i) The remuneration of its chief officers, and

Executive7th February 2023

- (ii) The remuneration of its employees who are not chief officers.

The provisions within the Localism Act bring together the strands of increasing accountability, transparency and fairness in the setting of local pay.

3. OPERATIONAL ISSUES

There are no implications in relation to this report

4. FINANCIAL IMPLICATIONS

All financial implications have already been included as part of the budget setting process and posts are fully budgeted for.

The information provided is based on the current pay structure and is subject to any national pay award for 2022/23 being agreed

5. LEGAL IMPLICATIONS

As detailed in the background section

6. OTHER - IMPLICATIONS**Relevant Strategic Purpose**

- 6.1 The Pay Policy sets out the remuneration of the Council and recognises the importance of our staff as a resource central to our success in delivering our strategic purposes and services to our communities.

Climate Change Implications

- 6.2 N/A

Equalities and Diversity Implications

There are no implications in relation to this report

7. RISK MANAGEMENT

- 7.1 N/A

Executive7th February 2023**8. APPENDICES and BACKGROUND PAPERS**

Appendix one: Pay Policy 2022/23

9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Cllr K. Ashley	
Lead Director / Head of Service	Deb Poole – Head of Transformation, OD & Digital	
Financial Services	Michelle Howell – Head of Finance & Customer Services	
Legal Services	Mike Rowan Legal Services Manager	
Policy Team (if equalities implications apply)	N/A	
Climate Change Team (if climate change implications apply)	N/A	

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APPENDIX 1**REDDITCH BOROUGH COUNCIL
PAY POLICY STATEMENT****Introduction and Purpose**

1. Under section 112 of the Local Government Act 1972, the Council has the “power to appoint officers on such reasonable terms and conditions as authority thinks fit”. This pay policy statement sets out the Council’s approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011. It shall apply for the financial year 2022 and each subsequent financial year, until amended.
2. The purpose of the statement is to provide transparency with regard to the Council’s approach to setting the pay of its employees by identifying;
 - a. the methods by which salaries of all employees are determined;
 - b. the detail and level of remuneration of its most senior staff i.e. ‘chief officers’, as defined by the relevant legislation;
 - c. the Committee(s) responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and for recommending any amendments to the full Council
3. Once approved by the full Council, this policy statement will come into immediate effect and will be subject to review on a minimum of an annual basis, in accordance with the relevant legislation prevailing at that time.

Legislative Framework

4. In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, The Agency Workers Regulations 2010 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations. With regard to the equal pay requirements contained within the Equality Act, the Council ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of equality proofed Job Evaluation mechanisms. These directly relate salaries to the requirements, demands and responsibilities of the role.

Pay Structure

5. The Council’s pay and grading structure comprises grades 1 – 11. These are followed by grades for Managers 1 - 2, Head of Service 1, Head of Service 2, Head of Service 3, Executive Director, Deputy Chief Executive and then Chief Executive; all of which arose following the introduction of shared services with Bromsgrove District Council.

6. Within each grade there are a number of salary / pay points. Up to and including grade 11 scale, at spinal column point 43, the Council uses the nationally negotiated pay spine. Salary points above this are locally determined. The Council's Pay structure is set out below.

Grade	Spinal Column Points		Nationally determined rates	
			Minimum £	Maximum £
1	1	2	20,258	20,441
2	2	5	20,441	21,575
3	5	9	21,575	23,194
4	9	14	23,194	25,409
5	14	19	25,409	27,852
6	19	24	27,852	31,099
7	25	30	32,020	36,298
8	30	34	36,298	40,478
9	34	37	40,478	43,516
10	37	40	44,516	46,549
11	40	43	46,549	49,590
Manager Hay Grade 1	Hay evaluated	43%	60,068	62,416
Manager Hay Grade 2	Hay evaluated	45%	62,437	64,922
Head of Service 1	Hay evaluated	51%	71,075	73,898
Head of Service 2	Hay evaluated	61%	84,905	88,292
Head of Service 3	Hay evaluated	68%	94,501	97,889
Executive Director	Hay evaluated	74%	102,403	106,356
Deputy Chief Executive	Hay evaluated	80%		114,824
Chief Executive	Hay evaluated	100%		143,049

7. All Council posts are allocated to a grade within this pay structure, based on the application of a Job Evaluation process. Posts at Managers and above are evaluated by an external assessor using the Hay Job Evaluation scheme. Where posts are introduced as part of a shared service, and where these posts are identified as being potentially too 'large' and 'complex' for this majority scheme, they will be double tested under the Hay scheme, and where appropriate, will be taken into the Hay scheme to identify levels of pay. This scheme identifies the salary for these posts based on a percentage of Chief Executive Salary (for ease of presentation these are shown to the nearest whole % in the table above). Posts below this level (which are the majority of employees) are evaluated under the "Gauge" Job Evaluation process..
8. In common with the majority of authorities the Council is committed to the Local Government Employers national pay bargaining framework in respect of the national pay spine and annual cost of living increases negotiated with the trade unions.
9. All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and/or as determined by Council policy. In determining its grading structure and setting remuneration levels for all posts, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community; delivered effectively and efficiently and at all times those services are required.
10. New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate. From time to time it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources available from within and outside the local government sector.
11. For staff not on the highest point within the salary scale there is a system of annual progression to the next point on the band.

Senior Management Remuneration

12. For the purposes of this statement, senior management means 'chief officers' as defined within S43 of the Localism Act. The posts falling within the statutory definition are set out below, with details of their basic salary as at 1st April 2022 (assuming no inflationary increase for these posts).
13. Redditch Borough Council is managed by a senior management team who manage shared services across both Redditch Borough and Bromsgrove District Councils. All of the posts listed below have been job evaluated on this basis, with the salary costs for these posts split equally between both Councils.

Title	% of Chief executive salary	Pay range (minimum) £	Pay range (maximum) £	Incremental points	Cost to Redditch Borough Council £
Chief Executive	100%		143,049		71524.50
Deputy Chief Executive	80%		111,230		55615
Executive Director of Finance and Resources. (Also S151 Officer)	74%	102,403	106,356	3	53178
Head of Worcestershire Regulatory Services	68%	94,501	97,889	3	<i>This is a shared post across 6 district Authorities at a cost of £16,314 each</i>
Head of Finance and Customer Services	61%	84,905	88,292	3	44146
Head of Planning, Regeneration and Leisure Services	61%	84,905	88,292	3	44146
Head of Transformation, Organisational Development and Digital Services	61%	84,905	88,292	3	44146

Head of Legal, Democratic and Property Services	61%	84,905	88,292	3	44146
Head of Environmental and Housing Property Services	61%	84,905	88,292	3	44146
Head of Community and Housing Services	61%	84,905	88,292	3	44146

Recruitment of Chief Officers

14. The Council's policy and procedures with regard to recruitment of chief officers is set out within the Officer Employment Procedure Rules as set out in the Council's Constitution. When recruiting to all posts the Council will take full and proper account of its own equal opportunities, recruitment and redeployment Policies. The determination of the remuneration to be offered to any newly appointed chief officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment. Where the Council is unable to recruit to a post at the designated grade, it will consider the use of temporary market forces supplements in accordance with its relevant policies.
15. Where the Council remains unable to recruit chief officers under a contract of service, or there is a need for interim support to provide cover for a vacant substantive chief officer post, the Council will, where necessary, consider and utilise engaging individuals under 'contracts for service'. These will be sourced through a relevant procurement process ensuring the council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service. The Council does not currently have any Chief Officers under such arrangements.

Performance-Related Pay and Bonuses – Chief Officers

16. The Council does not apply any bonuses or performance related pay to its chief officers. Any progression through the incremental scale of the relevant grade is subject to satisfactory performance which is assessed on an annual basis.

Additions to Salary of Chief Officers (applicable to all staff)

17. In addition to the basic salary for the post, all staff may be eligible for other payments under the Council's existing policies. Some of these payments are

chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfilment of duties. The list below shows some of the kinds of payments made.

- a. reimbursement of mileage. At the time of preparation of this statement, the Council pays an allowance of 45p per mile for all staff, with additional or alternative payments for carrying passengers or using a bicycle;
- b. professional fees. The Council pays for or reimburses the cost of one practicing certificate fee or membership of a professional organisation provided it is relevant to the post that an employee occupies within the Council.
- c. long service awards. The Council pays staff an additional amount if they have completed 25 years of service and having completed 40 years service.
- d. honoraria, in accordance with the Council's policy on salary and grading. Generally, these may be paid only where a member of staff has performed a role at a higher grade;
- e. fees for returning officer and other electoral duties, such as acting as a presiding officer of a polling station. These are fees which are identified and paid separately for local government elections, elections to the UK Parliament and EU Parliament and other electoral processes such as referenda;
- f. pay protection – where a member of staff is placed in a new post and the grade is below that of their previous post, for example as a result of a restructuring, pay protection at the level of their previous post is paid for the first 12 months. In exceptional circumstance pay protection can be applied for greater than 12 months with the prior approval of the Chief Executive.
- g. market forces supplements in addition to basic salary where identified and paid separately;
- h. salary supplements or additional payments for undertaking additional responsibilities such as shared service provision with another local authority or in respect of joint bodies, where identified and paid separately;
- i. attendance allowances.

Payments on Termination

18. The Council's approach to discretionary payments on termination of employment of chief officers prior to reaching normal retirement age is set out within its policy statement in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and Regulations 12 and 13 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007.
19. Any other payments falling outside the provisions or the relevant periods of contractual notice shall be subject to a formal decision made by the full Council or relevant elected members, committee or panel of elected members with delegated authority to approve such payments.
20. Redundancy payments are based upon an employee's actual weekly salary and, in accordance with the Employee Relations Act 1996, will be up to 30 weeks, depending upon length of service and age.

Publication

21. Upon approval by the full Council, this statement will be published on the Council's website. In addition, for posts where the full time equivalent salary is at least £50,000, the Council's Annual Statement of Accounts will include a note on Officers Remuneration setting out the total amount of:
- a. Salary, fees or allowances paid to or receivable by the person in the current and previous year;
 - b. Any bonuses so paid or receivable by the person in the current and previous year;
 - c. Any sums payable by way of expenses allowance that are chargeable to UK income tax;
 - d. Any compensation for loss of employment and any other payments connected with termination;
 - e. Any benefits received that do not fall within the above.

Lowest Paid Employees

22. The Council's definition of lowest paid employees is persons employed under a contract of employment with the Council on full time (37 hours) equivalent salaries in accordance with the minimum spinal column point currently in use within the Council's grading structure. As at 1st April 2022 this is £20,441 per annum.
23. The Council also employs apprentices (or other such categories of workers) who are not included within the definition of 'lowest paid employees' (as they are employed under a special form of employment contract; which is a contract for training rather than actual employment).
24. The relationship between the rate of pay for the lowest paid and chief officers is determined by the processes used for determining pay and grading structures as set out earlier in this policy statement.
25. The statutory guidance under the Localism Act recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010). The Hutton report was asked by Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation. The report concluded that "it would not be fair or wise for the Government to impose a single maximum pay multiple across the public sector". The Council accepts the view that the relationship to median earnings is a more relevant measure and the Government's Code of Recommended Practice on Data Transparency recommends the publication of the ratio between highest paid salary and the median average salary of the whole of the authority's workforce.

26. As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the Council will use available benchmark information as appropriate.

Accountability and Decision Making

28. In accordance with the Constitution of the Council, the Council is responsible for setting the policy relating to the recruitment, pay, terms and conditions and severance arrangements for employees of the Council. Decisions about individual employees are delegated to the Chief Executive.
29. The Appointments Committee is responsible for recommending to Council matters relating to the appointment of the Head of Paid Service (Chief Executive), Monitoring Officer, Section 151 Officer and Chief Officers as defined in the Local Authorities (Standing Orders) Regulations 2001 (as amended);
30. For the Head of Paid Service, Monitoring Officer and the Chief Finance Officer, the Statutory Officers Disciplinary Action Panel considers and decides on matters relating to disciplinary action.

REDDITCH BOROUGH COUNCIL**EXECUTIVE COMMITTEE**7th February 2023**MEDIUM TERM FINANCIAL PLAN 2023/4 TO 2025/6**

Relevant Portfolio Holder	Cllr. Karen Ashley, Finance and Enabling Portfolio Holder
Portfolio Holder Consulted	Yes
Relevant Head of Service	Michelle Howell
Report Author	Job Title: Head of Finance & Customer Services email:michelle.howell@bromsgroveandredditch.gov.uk Contact Tel:
Wards Affected	N/A
Ward Councillor(s) consulted	N/A
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. SUMMARY OF PROPOSALS

- 1.1 The Council has set its budget in two Tranches this year. The initial Tranche was published on the 17th October this contained £1.5m of savings against a carried forward deficit of £0.9m. This was presented to Council for approval on the 30th January. This report finalises the overall budget, building on data that was presented to Executive following the Provisional Local Government Settlement on the 10th January.

2. RECOMMENDATIONS**Executive are asked to Recommend to Council:**

- 1 The tranche 2 growth proposals.
- 2 The additional funding to the Council as per the Local Government Settlement on the 19th December 2022, including the estimated levels for 2024/5 and 2025/6.
- 3 The tranche 2 savings proposals, including an Increase of Council Tax at 2.99%.
- 4 The Capital Programme 2023/4 to 2025/6 and associated projects where outstanding budgets will be allowed to be carried forward at the end of the 2022/23 financial year.
- 5 The levels of reserve being carried forward into future years.
- 6 The level of General Fund balances being used to balance budgets over the Medium-Term Financial Plan (MTFP) period.

REDDITCH BOROUGH COUNCIL**EXECUTIVE COMMITTEE**7th February 2023**Executive note**

1. The Chief Financial Officer (CFO) Opinion on Estimates and Reserve Levels – the Robustness Statement (Section 25 Statement)

3. Background**Introduction**

- 3.1 The Council sets a 3-year Medium Term Financial Plan every year, with the final Council Tax Resolution being approved by Council in February. This year's process, has been more difficult due to the following factors and as such has been split into two Tranches to ensure maximisation of delivery in the 2023/24 financial year:

- Starting the process with an initial deficit amount from the 2022/23 MTFP.
- This being the first year that the Government starts to pay for the C-19.
- The present cost of living crisis, including levels of inflation and interest rate not seen since the start of this century.
- A change of Prime Minister and Cabinet.
- Limited Reserves and balances.

Tranche 1 Proposals

- 3.2 The Tranche 1 Report was discussed on the 25th October and approved for implementation by the Executive on the 6th December. In that report, the Interim Director of Finance noted in his draft robustness statement set out that the MTFP highlights that the current financial position is untenable without some form of intervention. We now know, following the Provisional Local Government Settlement that following the work undertaken in Tranche 1 that a £0.286m gap still remains in 2023/24 to be mitigated.
- 3.3 It is important, for planning purposes that those initial savings proposals are approved by Council on the 30th January 2023 in order to achieve the maximum benefit in the 2023/24 financial year.
- 3.4 The table below sets out the position at the end of Tranche 1. As per previous discussions the largest issues are the inflationary increases that are impacting all Local Authorities.

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

7th February 2023

Redditch Position Statement				
		2023/24	2024/25	2025/26
		£000	£000	£000
Base Budget Position 22/23 MTFP				
	Expenditure	10,290	10,428	10,661
	Funding	-9,341	-9,595	-9,621
	Net	949	833	1,040
Revised Gap				
		949	833	1,040
Pressures				
	50% Funding for Climate Change Officer	30	30	30
Savings Options				
	Environmental Services Partnership	0	-25	-50
	Service Reviews	-140	-330	-405
	Move to All Out Elections	0	0	-170
	Town Hall	0	0	-400
	Finance Vacancies	-100	-100	-100
	MRP	-100	-100	-100
	Pension Fund	-580	-580	-580
	Engage Capacity Grid (One Off) £14m De	-300	-300	0
	10% Increase in Fees and Charges	-339	-340	-342
	Council Tax Increase	0	-104	-104
	Total Savings	-1,529	-1,849	-2,221
Revised Position				
		-580	-1,016	-1,181
Pressures				
	Pay Pressure Year 1	928	928	928
	Pay Pressure Future Years (1%)	0	0	117
	Transport Pressure	21	21	21
	Contracts Pressures	230	235	240
	Core Pressures	1,179	1,184	1,306
Updated Position				
		599	168	125
	Utilities Inflation	1,140	1,140	1,140
Final Draft Position				
		1,739	1,308	1,265

- 3.5 The Council's Capital Programme must prioritise the spending of Towns Fund and UK Shared Prosperity Grant Funding – both of which have to be delivered by April 2026 and April 2025 respectively. Therefore, the new rationale in Tranche 1 was that for any scheme not yet started (unless grant or S106 funded) is that they must rebid for funds as part of the 2023/24 budget process.

Assumptions

- 3.6 There are a number of key assumptions that underpin the budget. It is important that all Stakeholders understand these as the budget has been constructed in a period of high uncertainty, as set out in 3.1 above, and any one of these assumptions might change due to any number of external factors.
- 3.7 Tax Base underlying assumptions are as follows:

REDDITCH BOROUGH COUNCIL**EXECUTIVE COMMITTEE**7th February 2023

- Council Tax – Figures assume the full 2.99% increase as now allowed by the Chancellors Statement, this can now increase, subject to approval, by another 1%.
 - We have reduced the Council Tax Base by £130k, in line with data in the Provisional Local Government Settlement.
 - Business Rates Increases – business rates assume all reliefs as per the Chancellors Statement. More work has been undertaken to validate the final business rates position, which is set out in 3.17 below, taking into account various S31 Grants and the effect of the Worcestershire and Herefordshire Pool. It is expected that this pool will continue into 2024/25.
- 3.8 Grant support assumptions are as follows (Revenue and Capital). It should be noted that these are budgeted figures and final grant figures will not be confirmed until the time of the final Local Government Settlement. The main Revenue Grants (still to be confirmed for 2023/4) are at 2022/3 levels:
- S31 Grant - £0.748m
 - Housing Benefit Administration Grant - £0.235m
 - Housing Benefit Grant - £18.5m
 - Discretionary Housing Payment - £0.136m
 - Revenue Cost of Collection Grant - £0.106m
 - Homelessness Grant - £0.163m
 - The Council has £15.2m of Towns Fund Grant to be spent by April 2026 which is match funded by £2.0m of Council funding.
 - The Council has £2.4m of UK Shared Prosperity Fund to spend by April 2025. This is both revenue and capital in nature.
- 3.9 Inflationary increases are significant due to factors already identified in previously. The following are the base assumptions.
- The Employers agreed a 2022/23 pay award of £1,925 per pay point plus on costs. This leads to an on-going pressure of £728k. This increase has been included in ongoing budgets. An assumption of 2% for future pay awards has also been built in for future years.
 - An assumption of General inflation increases of 10% was made in Tranche1 in relation to transport and contract budgets. Its impact on 2023/24 was transport budgets £21k and base contracts £230k. It is assumed that from 2024/25 inflation will move back to normal levels of 2%.
 - We have assumed utility increases of 200% which amount to a £1,140k ongoing pressure. Our existing Utility contracts requiring renewal by the end of this financial year, and we have seen increases in some areas of up to 400%.

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

7th February 2023**Tranche 2 of the Budget following the Provisional Local Government Settlement – Additional Revenues**

- 3.10 The Provisional Local Statement was announced on the 19 December. This announcement confirmed the following funding sources for the Council:
- The Provisional Local Government Settlement has the following effect
 - New Homes Bonus - £19k
 - Services Grant - £86k
 - Funding Guarantee - £493k
 - Reduction in Council Tax Base 130k pressure
- 3.11 The Provisional Local Government Settlement is only for 1 year. For planning purposes, the Council must take a medium-term view over three years. The net Government funding of £468k is in line with previous years equivalent grants. **Therefore, for planning purposes an assumption has been made that Grant levels will remain at the net level of £450k for the 2nd and 3rd years of the 3-year plan.** This will be adjusted once there is clarity on future years Settlement details.
- 3.12 The Chancellors Statement also allowed Council to increase Council tax from the present limit of 1.99% to 2.99%. This is worth an additional £69K to the Council.
- 3.13 With the receipt of the final Triennial Pension Fund Valuation from the Actuary there are addition savings, over and above the levels in Tranche 1. The projected contributions over the next 3 years are £7,781m – which is £2,593k a year. In Tranche 1 we reduced the base budget to £2,814k – this final figure is an additional £221k savings.
- 3.14 We had estimated the impact of the pay award (see 3.9 above) in Tranche 1 to be £928k. The 2022/3 pay award was delivered to staff in December and the actual impact on budgets was £200k less than expected once all the adjustments had been run through the payroll system.
- 3.15 We have spent significant time reviewing reserves (see Appendix A). This review has resulted in the Council being able to set up an Earmarked Reserve for Utilities Pressures. Our overall assumption still remains, that utilities costs could increase by up to 200%. However, half that increase should it happen, will be funded from this earmarked reserve for the next three years leading to a reduction in base budget of £570k a year over the next three years. Should increases be less than this figure this reserve can be released back to the General Fund.

REDDITCH BOROUGH COUNCIL**EXECUTIVE COMMITTEE**7th February 2023

- 3.16 We have now reviewed base budget across the combined areas of Business Rates, Investment Income, and Investment Payments (This includes the HRA contribution) is a net benefit of £466k as per the table below.

	23/4 Base Budget £000	Combined Totals £000	Re – Based Budgets £000	Combined Totals £000
Investment Income	(1,035)		(870)	
Investment Payments	448	(587)	448	(422)
Business Rates Income	(14,565)		(14,601)	
Business Rates Tariff Payment	11,883		12,318	
S31 Grant	(784)		(2,595)	
Business Rates Levy Payment (net)	481	(2,985)	520	
Business Rates Deficit (based on 22/3)			1,881	
CARF Grant			(728)	
Tax Income Guarantee Grant			(411)	(3,616)
Total		(3,572)		(4,038)

These are draft figures based on NNDR3 forms and government grants. The overall £466k (£4,038 - £3,572) credit is proposed to be split:

- 2023/24
 - £466k to support the budget
 - £200k additional funding to support the General Fund Reserve from the Business Rates Reserve.
- 2024/5 and 2025/6
 - £250k to support the budget
 - A notional £216k to support General Fund Reserves in both years – we will leave this as 0 at present in the Reserves Statement for prudence as reliefs might change in future years and this gives some scope

- 3.17 This has the impact of reducing the funding gap identified in Tranche 1 from a £1,739m deficit to a £0.255m surplus. However, this is before additional pressures as set in the following section.

Tranche 2 Pressures

- 3.18 There are also other pressures that have now been quantified. We do know that there are changes in Government legislation which have yet to be received. Key items include:

REDDITCH BOROUGH COUNCIL**EXECUTIVE COMMITTEE**7th February 2023

- The future waste operating model. Further consultation is just about to start for implementation in 2025, this will include transitional arrangements and funding.
- Climate Change – The Council is forecasting a possible £130k increase in costs for the new HVO fuel to be used by the fleet. This is under review (a 100% increase in costs) with alternate providers being assessed as well as reduced conversion. This has not yet been included in the budget and if it becomes an additional cost will be taken from the Utilities Reserve.
- Review of the Councils Leisure contract/future Operating Model

3.19 Other service-based pressures identified for inclusion in the Tranche 2. Include

- Refurbishment of the fleet, which extends live for 5 years and lets the Council buy new vehicles in 2028 when supply of such vehicles will be more stable. Refurbishment costs circa £70k, a new diesel vehicle is £200k, and electric Vehicle is £400k
- A fund for apprentices across the Council which assumes 5 positions at a base rate 20K a position in order for the Council to take advantage of apprenticeship levies and “grow” our own staff. The overall amount of circa £100k across both Councils
- We will need to fund a data analyst as we move forward with all the work on automation, robotics, etc, to take the Council forward. The costs are £50K spread across both Councils. This will indirectly lead to further savings as these processes/changes are embedded in future years budgets.
- Planning Enforcement – the use of WRS to speed up this process has additional cost implications across both Councils. An initial figure of £50k (which is spend to date) is added split across both Councils.
- The increased costs of Worcestershire Regulatory Services due to the pay award and other inflationary increases.
- Bringing employee budgets up to the full 2% level for pay awards in 2023/4 and 2024/5.
- The Council Tax Collection Fund is projected to under-recover by £1,589k. The Council portion of this is 13% which is £190k – this would be a one-off issue for 2023/24.

3.20 The Local Government Provisional Settlement Updates along with the additional revenues and pressures set out in this section result in a resultant gap for the Council of £0.311m which is set out in the following table. This reduces to an £63k surplus position over the three-year MTFP period.

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

7th February 2023

	2023/24	2024/25	2025/26
	£000	£000	£000
Base Budget Position 22/23 MTFP			
Expenditure	10,290	10,428	10,661
Funding	-9,341	-9,595	-9,621
Net	949	833	1,040
Revised Gap	949	833	1,040
Pressures			
50% Funding for Climate Change Officer	30	30	30
Savings Options			
Environmental Services Partnership	0	-25	-50
Service Reviews	-140	-330	-405
Move to All Out Elections	0	0	-170
Town Hall	0	0	-400
Finance Vacancies	-100	-100	-100
MRP	-100	-100	-100
Pension Fund	-580	-580	-580
Engage Capacity Grid (One Off)	-300	-300	0
10% Increase in Fees and Charges	-339	-340	-342
Council Tax Increase	0	-104	-104
Total Savings	-1,529	-1,849	-2,221
Revised Position	-580	-1,016	-1,181
Pressures			
Pay Pressure Year 1	928	928	928
Pay Pressure Future Years (1%)	0	0	117
Transport Pressure	21	21	21
Contracts Pressures	230	235	240
Core Pressures	1,179	1,184	1,306
Updated Position	599	168	125
Utilities Inflation	1,140	1,140	1,140
Tranche 1 Final Draft Position	1,739	1,308	1,265
Draft Local Government Financial Settlement			
New Homes Bonus	-19		
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
Settlement Draft Amounts	-934	-700	-700
1% more on Councils Tax	-69	-69	-69
Conversion of 50% of Utilities to a Reserve	-570	-570	-570
Correction of Salary £1,925 amount	-200	-200	-200
Additional Pensions Savings	-221	-221	-221
Revised Deficit	-255	-452	-495
New Pressures (Known/Ongoing)			
Fleet Refurbishment	129	258	258
Apprenticeship Scheme	50	50	50
Data Analyst	25	25	25
Planning Enforcement	25	25	25
WRS Increase	47	61	74
Under Recovery of 22/23 Council Tax	190		
Increased pay award - so 2%	100	100	0
Total	566	519	432
Revised Draft Position	311	67	-63

REDDITCH BOROUGH COUNCIL**EXECUTIVE COMMITTEE**7th February 2023**Impact on Reserves**

- 3.20 The Council's position in respect of reserves is attached in Appendix A. As part of the Tranche 2 budget a thorough review of Reserves has taken place.

Earmarked Reserves

- 3.21 The Council entered 2022/23 with almost £10.5m in Earmarked Reserves. It should be noted that the Council has not yet fully closed the 2021/22 Accounts however data is taken on reserve levels as per the Period 11 Monitoring Statement for the year which assumes a £136k underspend for the year. The key reserves going into this financial year are:

- The Business Rates Retention Scheme Reserve held for Business Rates appeals/non collection. This stands at £2.82m.
- The Planning Services Reserve which stands at £0.516m.
- The General C-19 Reserves (funded from Grant Payments) which stands at £941k.
- The Housing Support Reserve (mostly grant funding) - £0.978k.
- The C-19 Collection Fund Reserve which stands at £2.955m. This will reduce to 0 over the next two years as it was grant funding for Council to smooth the effects of the Tax collection levels in the 20/21 financial year due to pandemic reducing collection rates in 2020/21.

- 3.22 The Corporate Management Team reviewed Earmarked Reserves at the assurance meeting on the 21st December. At this meeting, as highlighted in an individual column in Appendix A.
- £1.710m has been able to be reallocated to a Utilities Reserve and £1.508m transferred to the General Fund.
 - The majority of funding to support these changes came from the C-19 Reserve (£0.941m) and the Business Rates Retention Reserve (£1.500m).
 - It is assumed that the Utilities Reserve will reduce to 0 over the MTFP period.

General Fund

- 3.23 The General Fund assumes the following support over the three years of the MTFS of:
- £0.311m for 2023/4
 - £0.067m for 2024/5
 - £0.063m surplus for 2025/6

This is after transferring balances of £1.584m as part of the reallocation of Reserves. In addition, as per the re-baselining of Business Rates and Investment codes £200k will be added to the General Fund line in 2023/24.

REDDITCH BOROUGH COUNCIL**EXECUTIVE COMMITTEE**7th February 2023

- 3.24 The significant issue for the General Fund is the impact of the 2022/23 overspend position. Following Q2 monitoring and taking into account the Pay award and existing support in last year's MTFP, there is a call of £1.424m on the General Fund. Management actions are in place to try and partially mitigate this but a significant portion of the difference is due to the Pay Award.
- 3.25 The Impact of all these factors is that at the end of the MTFP period, the 31st March 2026, General Fund Reserve levels are projected to have increase to £2,114m.
- 3.26 The benchmark minimum level for General Fund Reserves is 5% of net expenditure. 5% of the Councils net expenditure (ignoring Housing Benefit which is passported to Clients, and the HRA which is ringfenced) is circa £25m – for which 5% is £1.25m. However
- As 2022/23 has shown, this level of reserves would not cover the level of overspend being reported for this financial year.
 - General fund reserves are all the Council has to fund transformation initiatives, redundancy and any service overspends.
- 3.27 It is prudent therefore to plan to build a level of General Fund Reserves which are 5% of Gross Expenditure less just Housing Benefits - £45m. This would mean General Fund Reserves should be at a level of at least £2.25. The projected reserve level is at this amount although it would be prudent to continue to rebuild reserves in order to fund additional service initiatives in the future.

Strategic Approach

- 3.28 The Council has come into the 2023/24 budget process with a number of conflicting issues. These included:
- An ongoing budget deficit position from the 2022/23 MTFP of £1.0m which has now been resolved.
 - Significant inflationary increase due to the “cost of living” crisis.
 - Limited reserves to call on to reduce any deficit, which is still the case due to inflationary pressures. Earmarked reserves stand at just under £11.5m and General Fund Reserves at £1.9m
 - Increases in Council Tax are limited at 2.99% or £5, which is significantly lower than the present rates of inflation.
- 3.29 The Council must move to financial sustainability as soon as is practically possible due to the present inherent risks. The strategy must be to move the Council to financial sustainability by the 2024/25 financial year. To get to this position there will be the need for investment and possibly the requirement to fund redundancy (both from reserves). Both these requirements will be outputs from the Council having to implement changes to the way it operates to continue to become a viable entity going forward and this will take 18 months to implement fully.

REDDITCH BOROUGH COUNCIL**EXECUTIVE COMMITTEE**7th February 2023

- 3.30 As set out later in the Robustness Statement assumptions have been made based on the best information held now. Issues the Council is facing are not unique, they are being faced by almost all Councils. However, the Council must continue to build reserves to fund transformational changes, and to do this it must continue to drive down its expenditure. This includes:
- Ensuring Grants are maximised.
 - Ensuring Agency work reflects the income provided for its delivery.
 - Minimisation of Bed and Breakfast Temporary Accommodation costs
 - Reviewing the effectiveness of the Council's largest Contracts.
 - Maximising the effectiveness of our refuse fleet
 - Reviewing the location and effectiveness of our Depot
 - Assessing the Council's leisure and cultural strategy in terms of affordability
 - Reviewing recharging mechanisms between the Councils for appropriateness
 - Rationalisation of Back Office services as we embrace technology.
- 3.31 Cost and calls for the Council's services will continue to rise unless managed correctly. This includes, in addition to those highlighted in 3.18 above, the following issues being tackled:
- Rationalisation of our asset estate, especially given energy efficiency requirements by 2026.
 - Replacement of a high skilled by relatively old (49) workforce.
 - Implementation of a new operating model, required through the rollout of new digital solutions to our customers
 - Redevelopment of our Depots
 - Resources required to deliver Damp/Mildew inspections – both HRA and Private Rented Sector
 - Redundancy payments – if we restructure the workforce – also cost of voluntary redundancies.
 - The impact on Services if inflation continues above the 2% level
- 3.32 Many of these initiatives will require investment, for which the only present source of funding is reserves (General Fund and Earmarked Reserves). Key areas of investment will be:
- Documentation of Processes.
 - Investment in automation and robotic processes.
 - Possible redundancy – through restructures.

REDDITCH BOROUGH COUNCIL**EXECUTIVE COMMITTEE**7th February 2023**Capital Programme**

- 3.33 In Tranche 1 the existing Capital Programme was split into Schemes that have started and those where no expenditure had happened to date. This final report follows a full review of all schemes on the Capital Programme by CMT in January.
- 3.34 The following table sets out the Capital Programme schemes that are approved for the MTFP time horizon. Many of these schemes are already in partial delivery in the 2022/23 financial year. By approving this list, as per Recommendation 4, the Council are also agreeing for 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 last year's final MTFS Report into 2021/22) to be carried forward into 2023/4. 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

- 3.35 External Funding is made up of a number of Sources. The Council has large schemes. This includes:
- 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.
 - The refurbishment of the Town Hall for £5.2m. This is being funded via Capital Receipts.
 - UK Share Prosperity Schemes totalling £2.5m.
- 3.36 The following changes have been made to the Capital Programme:
- The Regeneration Fund, which amounted to over £6m, has been applied to the £0.4m of Towns Funding. As we now have Towns Fund and UKSPF funding from the Government, the remainder of this budget is now no longer required.
 - The Vehicles Replacement fund has been updated, with many Waste Collection vehicles now being refurbished instead of new purchases being made as Council still await the publishing of the Governments Green Paper.

REDDITCH BOROUGH COUNCIL**EXECUTIVE COMMITTEE**7th February 2023

- New rolling programmes have been created to ensure that key council assets/intervention are maintained. These include:
 - £250k for a planned building maintenance programme.
 - £150k for a planned car park maintenance programme.
 - £75k for a planned footpath maintenance programme.
 - £100k for a planned wheelie bin programme.
 - £65k for ongoing support for Home Repair Grants/Assistance.

3.37 The full list of schemes, including 21 funded via S106 receipts, are set out in Appendix B. The Capital Programme links to the Asset Strategy, Treasury Management Strategy, Minimum Revenue Provision Policy and Asset Investment Strategy.

Housing Revenue Account

3.38 A 30 Year Housing Revenue Account Plan will come to Executive on the 27th February for approval. The HRA Rents were set at Executive on the 10th January where a 7% increase in rents will be made over the next 2 years. This report built on the viability of the HRA report which was reviewed by the Audit, Governance and Standards Committee on the 27th October 2022 where an assurance was given to Committee based on a 5% Rent increase. The additional income from the 7% rent increases will be fed into specific initiatives to improve the quality of our social housing including works around Mould which have recently been in the national news.

Robustness Statement

- 3.39 The opinion of the Interim Director of Finance is that the 2023/24 budget estimates contain considerable risk due to the level of uncertainty in the Council's operating environment, making it problematic to develop meaningful assumptions.
- 3.40 The revenue budget and capital programme have been formulated having regard to several factors including:
- Funding Available.
 - Inflation.
 - Risks and Uncertainties.
 - Priorities.
 - Service Pressures.
 - Commercial Opportunities.
 - Operating in a Post C-19 environment.
- 3.41 The MTFP highlights that the 1-year Local Government Financial Settlement announced on the 19th December was to continue at the present levels then the Council starts to move towards financial viability over the three year plan.

REDDITCH BOROUGH COUNCIL**EXECUTIVE COMMITTEE**7th February 2023

This is a substantial improvement on the previous years budget where £2.1m of reserves were needed to balance the budget over the three financial years.

- 3.42 However, a more immediate problem for the Council is the level of General Fund Reserves at the end of the 3 years MTFP period as at 1st April 2026. The Council needs to find a way to start to build back the General Fund Reserve which are below the level of 5% of gross spending, which is the best practice benchmark. As per the Reserves section above, it is the Opinion of the Interim Director of Finance that the Council needs to do more than this and move to a “safe” level which is closer to 8% as set out in the Reserves Section above.
- 3.43 There are also still significant risks for the Council to manage:
- The Council has not yet closed its 2021/22 accounts. It is using the Period 11 Monitoring Report estimated outturn of £136k. This still needs to be validated.
 - The 2022/23 monitoring is showing an overspend position of £1.424m. This needs to be managed down as it removes half the present General Fund balances.
 - That an estimate on future Government settlements has been made for 2024/5 and 2025/6 based on historic data.
 - The Council has a significant portion of its tax base in the bottom three Council Tax bands and therefore Council Tax revenues are lower than the “average” Council. However, because of this there is a higher requirement for Council services as there are a higher proportion of lower income households. The Council would like to understand if there are options for address this imbalance between funding and service requirements as it has become far more acute with the present cost of living crisis.
 - The core risks of implementation of any MTFP:
 - All savings proposals have passed the S151 Officers tests for robustness and delivery.
 - Implementation of savings to time and budget – we now move through to the implementation processes which needs to be documented to ensure all items are within timescales and variances are reported and mitigated through the correct governance processes – to minimise risk.
 - Loss of key personnel, with the average age of staff being 49. Mitigation plans will need to be drawn up. There is an acute recruitment issue across Gloucestershire and succession planning is a necessity for key roles.
 - The time limited nature of the large Town Fund and UK Shared Prosperity Funds. If programmes are not delivered within the Government Specified timescales, then the Council is liable for ongoing delivery expenditure.
 - Business Rate Income – especially with the 1st April 2023 revaluations that are being undertaken, actual income received will vary depending on actual Business Rates growth, and levels of appeals. As highlighted in the

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

7th February 2023

Collection Fund section, there is also an issue with collection this year being under target which is an impact of the “cost of living” crisis.

- The ongoing impact of inflation, especially around utilities. We have allowed for 200% increases and prices are now reducing, however this is still a substantial risk especially with the Council having “Corporate Buildings” including leisure buildings for the delivery of services directly to the public.
- Possible change of corporate direction/priorities following the elections in May.

- 3.44 In line with Section 25 of the Local Government Act 2003, this report of the Chief Financial Officer (CFO) sets out the robustness of estimates included in the budget and the adequacy of the Council’s reserves.

The Chief Financial Officer’s opinion is that the estimates are robust.

- 3.45 Relevant budget holders are responsible for individual budgets and their preparation. All estimates are then scrutinised by Financial Services staff and the Corporate Management Team prior to submission to Members.
- 3.46 The two tranche 2023-4 budget process has ensured that all budget assumptions have been reviewed and reconsidered by Officers, and then Members, through the Finance and Budget Scrutiny Working Group, Cabinet and Council.
- 3.47 However, as per the strategy section, the Council needs to move to a fully sustainable budget, with no support from reserves, by the 2024/5 financial year.

Adequacy of Reserves

- 3.48 Budget and MFTP proposals forecast the level of General Fund balances at £2.1m as at 31st March 2026 **which is just below the** minimum set level of £2.3m as set out in the Reserves section.
- 3.49 Taking account of the above, it is still vital that the strategy to move to a fully sustainable budget by the 2024/5 financial year **is sustained**, as the level of risk within the budget and the level of General Fund Reserves, although at the level the Chief Finance Officer judges to be an appropriate level £2.3m still needs to be built up in order to fund business change initiatives.
- 3.50 Further work will be undertaken to ensure that expenditure levels are sustainable and matched by income over the medium to long term. Plans are therefore in place to continue to review budgets and identify and accelerate further savings opportunities.

REDDITCH BOROUGH COUNCIL**EXECUTIVE COMMITTEE**7th February 2023**Collection Fund and Precepts**

- 3.51 The Council Tax collection fund is anticipated to be in deficit based on December data by £1.589m, which will be distributed amongst the major preceptors using the prescribed formulae. The Council's share of the surplus payable as a one-off sum in the following financial year 13% of the total which amounts to £190k.
- 3.52 The precepts from Worcestershire County Council, Hereford and Worcester Fire Authority and the West Mercia Police and Crime Commissioner are due to set their precepts in the week commencing 8th February. This will enable the Council to set the Council Tax on 22th February 2023. The precepting bodies Council Tax requirements will be included in the formal resolutions which will be presented to Council on 22th February.
- 3.53 Business Rates collection data as at December 2022 is projected to be £1.797m below target.

4. IMPLICATIONS**Financial Implications**

- 4.1 Financial implications are set out in section 3.

Legal Implications

- 4.2 A number of statutes governing the provision of services covered by this report contain express powers or duties to charge for services. Where an express power to charge does not exist the Council has the power under Section 111 of the Local Government Act 1972 to charge where the activity is incidental or conducive to or calculated to facilitate the Council's statutory function.

Service / Operational Implications

- 4.3 Monitoring will be undertaken to ensure that income targets are achieved in 2023/24.

Customer / Equalities and Diversity Implications

- 4.4 The implementation of the revised fees and charges as set out in Tranche 1, will be notified in advance to the customer to ensure that all users are aware of the new charges and any concessions available to them.

5. RISK MANAGEMENT

REDDITCH BOROUGH COUNCIL**EXECUTIVE COMMITTEE**7th February 2023

- 5.1 There is a risk that if fees and charges are increased that income levels will not be achieved, and the cost of services will increase. This is mitigated by managers reviewing their fees and charges annually. The ongoing risks are set out in the Robustness Statement section.

6. APPENDICES and BACKGROUND PAPERS

Appendix A – Reserves Statement

Appendix B – Detailed Capital Programme

Appendix C – Asset, Treasury Management and Investment Strategies

Background Papers

MTFP Update – Executive 10th January, 2023Tranche 1 MTFP – Executive 25th October 2022

MTFP 2022/23 – Approved February 2022

7. KEY

None

REDDITCH BOROUGH COUNCIL**EXECUTIVE COMMITTEE**7th February 2023**Appendix A - Reserves Statement**

	Balance at 31/3/21	Transfers In 2021/22	Transfers out 2021/22	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	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	1,889	180		2,069		(1,424)	1,564	2,229	200	(311)	2,118	0	(57)	2,051	63	2,114	
General Fund E-marked Reserves:																	
Business Rate grants	0			0				0			0			0		0	
Business Rates Retention Scheme	2,832			2,832			(1,500)	1,332	(200)		1,132			1,132		1,132	
Support for Commercialism	0			0				0			0			0		0	
Community Development	74			74				74			74			74		74	
Community Safety	232			232				232			232			232		232	
Corporate Services	149			149		(150)		(1)			(1)			(1)		(1)	
Customer Services	93			93			(93)	0			0			0		0	
Economic Growth	330			330				330			330			330		330	
Electoral Services	49			49				49			49			49		49	
Environmental Vehicles	29			29				29		(15)	14		(14)	0		0	
Equalities	0			0				0			0			0		0	
Equipment replacement	25			25			(25)	0			0			0		0	
Financial Services	87			87				87			87			87		87	
General Risk reserve	45			45			(45)	0			0			0		0	
Housing Benefit Implementation	270			270			(130)	140			140			140		140	
Housing Support	978			978				978			978			978		978	
Land Charges	9			9				9			9			9		9	
Land Drainage	129			129				129			129			129		129	
Leisure	0			0				0			0			0		0	
Mercury Emissions	0			0				0			0			0		0	
Parks & Open spaces	8			8				8			8			8		8	
Planning Services	516			516				516			516			516		516	
Public Donations - Shop mobility	0			0				0			0			0		0	
Sports Development	9			9				9			9			9		9	
Town Centre	7			7				7			7			7		7	
Warmer Homes	16			16				16			16			16		16	
Transformational Growth	100			100				100			100			100		100	
Pensions	200			200			(200)	0			0			0		0	
Regeneration Income	273			273				273			273			273		273	
Utilities Reserve								1,710		(570)	1,140		(570)	570	(570)	0	
Covid-19 (General)	580	496	(135)	941			(941)	0			0			0		0	
Covid-19 Sales Fees and Charges	0	100		100			(100)	0			0			0		0	
Covid-19 (Collection Fund)	4,433		(1,478)	2,955		(1,478)		1,478		(1,478)	0			0		0	
Total General Fund	11,473	596	(1,613)	10,456	0	(1,628)	(1,324)	7,504	(200)	(2,063)	5,242	0	(584)	4,658	0	(570)	4,088

REDDITCH BOROUGH COUNCIL**EXECUTIVE COMMITTEE**7th February 2023**Appendix B – Capital Programme**

Cap Proj	Description	Approved budget date	Department	Funding detail	2021/22 Total £	21/22 Spend Total £	2022/23 Total £	22/23 Spend to 10/1 £	2023/24 Total £	2024/25 Total £	2025/26 Total £	Council 21/22 £	Council 22/23 £	Council 23/24 £	Council 24/25 £	Council 25/26 £	3rd Party 21/22 £	3rd Party 22/23 £	3rd Party 23/24 £	3rd Party 24/25 £	3rd Party 25/26 £	
	Large Schemes																					
	Towns Fund																					
	- Innovation Centre		Planning, Regeneration & Leisure	Govt Grant		500,000			2,500,000	4,000,000	1,000,000						0	500,000	2,500,000	4,000,000	1,000,000	
	- Innovation Centre		Planning, Regeneration & Leisure	LEP Grant							1,948,000						0	0	0	0	0	1,948,000
	- Library		Planning, Regeneration & Leisure	Govt Grant		500,000			2,000,000	1,700,000	0						0	500,000	2,000,000	1,700,000	0	
	- Public Realm		Planning, Regeneration & Leisure	Govt Grant		500,000			1,500,000	1,000,000	0						0	500,000	1,500,000	1,000,000	0	
	- Public Realm		Planning, Regeneration & Leisure	Borrowing						439,000		0	0	0	0	439,000	0					
100108-10	Town Hall Redevelopment		Legal, Democratic and Property Services	Cap Receipts and Short Term Borrowing		400,000			3,000,000	1,800,000							0	400,000	3,000,000	1,800,000	0	
	UK Shared Prosperity Fund																					
	- Capital Element		Planning, Regeneration & Leisure	Grant Funding		108,500											0	108,500	0	0	0	0
	- Revenue Element		Planning, Regeneration & Leisure	Grant Funding		195,147											0	195,147	0	0	0	0
	- Remainder to be		Planning, Regeneration & Leisure	Grant Funding		20,000			607,294	1,591,109							0	20,000	607,294	1,591,109	0	
	Schemes Agreed to Continue in Tranche 1																					
100004	Car Park Maintenance		Environmental Services	Borrowing	25,000	0	25,000	17,000	150,000	150,000	150,000	25,000	25,000	150,000	150,000	150,000						
New	Footpaths			Borrowing	0	0	0	0	75,000	75,000	75,000	0	0	75,000	75,000	75,000						
100007	Disabled Facilities Grant	21/22	Community & Housing GF Services	DFG grant	1,951,867	765,000	839,000	663,000	839,000	839,000	0						1,951,867	839,000	839,000	839,000	0	
100008	Energy & Efficiency Installs.	21/22	Community & Housing GF Services	Borrowing	53,736	19,000	110,000	0	0	0	0	53,736	110,000	0	0	0						
100009	GF Asbestos	2020/21	Finance & Customer Services	Borrowing	57,154	82,000	40,000	2,000	0	0	0	57,154	40,000	0	0	0						
100014	Improved Parking Scheme (includes locality funding)		Environmental Services	Borrowing	400,000	-5,000	400,000	0	0	0	0	400,000	400,000	0	0	0						
100005	Camera Replacement programme		Planning, Regeneration & Leisure Services	S106	0	0	0	0	0	0	0						0	0	0	0	0	0
100016	Improvement to Morton Stanley Open Space		Planning, Regeneration & Leisure Services	S106	25,633	24,000	0	0	0	0	0						25,633	0	0	0	0	0
100017	Improvement to Morton Stanley Play Area for toddler and junior play		Planning, Regeneration & Leisure Services	S106	35,823	35,000	0	0	0	0	0						35,823	0	0	0	0	0
100021	Improvements at Business Centres		Planning, Regeneration & Leisure Services	borrowing/capital receipts	73,614	88,000	0	17,800	0	0	0	73,614	0	0	0	0						
100023	Locality Capital Projects - Woodrow Footpath Work		Environmental Services	borrowing/capital receipts	0	3,000	0	0	0	0	0	0	0	0	0	0						

CAPITAL STRATEGY REPORT 2023/24 REDDITCH

Introduction

- 3.1 This capital strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance members' understanding of these sometimes technical areas.
- 3.2 Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.

Capital Expenditure and Financing

- 3.3 Capital expenditure is where the Authority spends money on assets, such as property or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets.
- 3.4 In 2023/24, the Authority is planning capital expenditure of £10.6m for General Fund projects, £37.8m for HRA work, and £23m for regeneration work, most of which is related to Towns Fund grant. This is summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ millions

	2021/22 actual	2022/23 forecast	2023/24 budget	2024/25 budget	2025/26 budget
General Fund services	3.5	6.8	3.0	5.7	1.9
Council housing (HRA)	7.3	14.2	12.6	12.6	12.6
Regeneration Schemes (inc Towns Fund)	0.0	2.2	9.6	10.5	2.9
TOTAL	10.8	23.2	25.3	28.8	17.5

The Council is still to finalise work required for the adoption of IFRS16 linking to the accounting for leases which must be implemented by the 2024/5 financial year.

- 3.5 The main General Fund capital projects include Towns Fund regeneration schemes (innovation Centre, Town Square, and Public Realm) totalling £16m to be spend by 2026, and UK Shared Prosperity Funding to be spent by 2025. Following a change in the Prudential Code, the Authority no longer incurs capital expenditure on investments]

- 3.6 The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately.
- 3.7 **Governance:** Service managers bid annually to include projects in the Authority's capital programme. Bids are collated by corporate finance who calculate the financing cost (which can be nil if the project is fully externally financed). The Executive appraises all bids based on a comparison of strategic priorities against financing costs and makes recommendations to council. These recommendations are scrutinised by the Budget Scrutiny Working Group. The final capital programme is then presented to Executive and then Council in February each year.
- For full details of the Authority's capital programme, including the project appraisals undertaken, see: 2023/24 MTFP Phase 2 – Executive 7th February 2023.
- 3.8 All capital expenditure must be financed, either from external sources (government grants and other contributions), the Authority's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

Table 2: Capital financing in £ millions

	2021/22 actual	2022/23 forecast	2023/24 budget	2024/25 budget	2025/26 budget
External sources	2.4	4.7	7.6	10.9	2.9
Capital Receipts	0.0	1.8	4.7	3.5	1.7
Revenue Resources	8.4	16.7	12.9	14.4	10.9
Debt	0.0	0.0	0.0	0.0	1.9
TOTAL	10.8	23.2	25.3	28.8	17.5

The Council is still to finalise work required for the adoption of IFRS16 linking to the accounting for leases which must be implemented by the 2024/5 financial year.

- 3.9 Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP and use of capital receipts are as follows:

Table 3: Replacement of prior years' debt finance in £ millions

	2021/22 actual	2022/23 forecast	2023/24 budget	2024/25 budget	2025/26 budget
Minimum Revenue Provision	1.0	0.9	1.0	0.9	1.2
Capital Receipts	0.0	0.0	0.0	0.0	0.0

- The Authority's minimum revenue provision statement is available as part of these papers.

3.10 The Authority's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to increase by £1m during 2023/24. Based on the above figures for expenditure and financing, the Authority's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions

	2021/22 actual	2022/23 forecast	2023/24 budget	2024/25 budget	2025/26 budget
General Fund	15.1	11.0	1.7	-1.2	6.3
HRA	122.2	122.2	122.2	122.2	122.2
Regeneration	0.0	2.2	9.6	10.5	2.9
TOTAL CFR	137.3	135.4	133.5	131.5	131.4

The Council is still to finalise work required for the adoption of IFRS16 linking to the accounting for leases which must be implemented by the 2024/5 financial year.

3.11 **Asset management:** To ensure that capital assets continue to be of long-term use, the Authority has an asset management strategy in place: Individual properties and associated land will be further evaluated to determine:

- The operational necessity and benefit.
- Projected costs of ensuring all elements of the buildings continue to meet legislative requirements and performance standards.
- Planned and cyclical maintenance costs for elements nearing the end of their 'life' expectancy, ensuring service provision is maintained without unnecessary interruption. Costs associated with meeting future EPC rating minimum requirements.
- Rent levels (and net costs for each building) and revised leases.
- Alternative or rationalised portfolio or joint enterprises for service delivery

By evaluation of all factors cited above, informed decisions can be made to determine which assets are:

- No longer cost effective to run, where outlay exceeds earning potential
- No longer viable for effective service delivery
- Surplus to requirements

Asset considerations will be presented to Executive on a half yearly basis, for approval for disposal, unless there is an urgent requirement for a decision.

The Authority's asset management strategy can be read here: Executive 25th October 2022.

- 3.12 **Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The Authority is currently also permitted to spend capital receipts "flexibly" on service transformation projects until 2023/24 although none are planned. Repayments of capital grants, loans and investments also generate capital receipts. The Authority plans to receive £9.9m of capital receipts(%0.1m linked to right to buy receipts) in the coming financial year as follows:

Table 5: Capital receipts receivable in £ millions

	2021/22 actual	2022/23 forecast	2023/24 budget	2024/25 budget	2025/26 budget
Asset Sales	0.000	1.800	4.700	3.500	1.700
Loans etc Repaid	0	0	0	0	0

- Further details of planned asset disposals are on set out in the 3.11 above:

Treasury Management

- 3.13 Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Authority's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Authority is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.
- 3.14 Due to decisions taken in the past, the Authority currently has £104m borrowing at an average interest rate of 3.42 % and £35m treasury investments at an average rate of 0.08%.
- 3.15 **Borrowing strategy:** The Authority's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Authority therefore seeks to strike a balance between cheaper short-term loans and long-term fixed rate loans where the future cost is known but higher.
- 3.16 The Authority does not borrow to invest for the primary purpose of financial return and therefore retains full access to the Public Works Loans Board.
- 3.17 Projected levels of the Authority's total outstanding debt (which comprises borrowing, PFI liabilities, leases and transferred debt are shown below, compared with the capital financing requirement (see above).

Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions

	31.3.2022 actual	31.3.2023 forecast	31.3.2024 budget	31.3.2025 budget	31.3.2026 budget
Debt HRA	103.9	103.9	103.9	103.9	103.9
Debt General Fund (incl. PFI & leases)	0.0	0.0	0.0	0.0	0.0
Capital Financing Requirement	137.3	135.4	133.5	131.5	131.4

3.18 Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Authority expects to comply with this in the medium term.

3.19 Liability benchmark: To compare the Authority's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £0.2m at each year-end. This benchmark is currently negative give the Council internal resources and will only turn positive in 2025/26.

Table 7: Borrowing and the Liability Benchmark in £ millions

	31.3.2022 actual	31.3.2023 forecast	31.3.2024 forecast	31.3.2025 forecast	31.3.2026 forecast
Outstanding borrowing - General Fund	0.0	0.0	0.0	0.0	0.0
Liability benchmark	-3.4	-2.5	-1.8	-2.9	-2.2

3.20 The table shows that the Authority expects to remain borrowed above its liability benchmark. This is because cash outflows to date have been below the assumptions made when the loans were borrowed.

3.21 Affordable borrowing limit: The Authority is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

Table 8: Prudential Indicators: Authorised limit and operational boundary for external debt in £m

	2021/22 limit	2022/23 limit	2023/24 limit	2024/25 limit	2025/26 limit
Authorised limit - borrowing	170	175	180	185	190
Authorised limit - PFI and leases	1.5	1.5	1.5	1.5	1.5
Authorised limit - total external debt	171.5	176.5	181.5	186.5	186.5
Operational boundary - borrowing	160	165	170	175	180
Operational boundary - PFI and leases	1.5	1.5	1.5	1.5	1.5
Operational boundary - total external debt	161.5	166.5	171.5	176.5	176.5

3.22 Treasury investment strategy: Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

3.23 The Authority's policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Authority may request its money back at short notice.

Table 9: Treasury management investments in £millions

	2021/22 actual	2022/23 forecast	2023/24 budget	2024/25 budget	2025/26 budget
Near-term investments	34	35	30	20	20
Longer-term investments	0	0	0	0	0
TOTAL	34	35	30	20	20

- Further details on treasury investments are in Treasury Management Strategy part of this appendix.

3.24 Risk management: The effective management and control of risk are prime objectives of the Authority's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.

- The treasury management prudential indicators are in the treasury management strategy which are part of these appendices.

3.25 Governance: Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Director of Finance and staff, who must act in line with the treasury management strategy approved by Council. Half Yearly reports on treasury management activity are presented to Executive. The Audit, Governance and Standards Committee is responsible for scrutinising treasury management decisions.

Investments for Service Purposes

- 3.26 The Authority can make investments to assist local public services, including making loans to local service providers, local small businesses to promote economic growth, the Authority's subsidiaries that provide services. Total investments for service purposes are currently valued at £0m
- 3.27 Risk management:** In light of the public service objective, the Authority is willing to take more risk than with treasury investments, however it still plans for such investments to break even after all costs.. A limit of £2.5m is placed on total investments for service purposes to ensure that plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services .
- 3.28 Governance:** Decisions on service investments are made by the relevant service manager in consultation with the Director of Finance and must meet the criteria and limits laid down in the investment strategy. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme. The relevant service director is responsible for ensuring that adequate due diligence is carried out before investment is made.
- Further details on service investments are in the Treasury Management Strategy.

Commercial Activities

- 3.29 With central government financial support for local public services declining, and the Change in PWLB regulations, the Council does not invest in commercial property purely or mainly for financial gain. It has Towns Funding of over £15m to deliver schemes over the next three years and an Office Complex in Oak Tree Park within the Borough (due to shortage) but these are both regeneration in nature.
- 3.30 Risk management:** The Council will not make investments in commercial property purely or mainly for financial gain in the future. It might for re-generational purposes and if that is the case once regeneration have been delivered the Authority will assesses the risk of loss before entering into commercial agreements by using specialist advice to understand the market and the potential future demands of the market and the customers in it. It will also use benchmarking data from the market to determine future potential risks which need to be planned for. External advice will be sought from credible sources eg acknowledged experts in their fields, and officers ensure that they fully understand any information given to them before decision or advice is taken

In 2019 the Council did invest in property at Oak Tree Park Offices. The biggest issue facing Redditch's office market is the obsolescence of existing stock. By investing in existing premises, the Council has control over the condition and quality of its assets and therefore contributes to a supply of offices that are fit for purpose and attractive to the end occupiers. Therefore although a return is made this investment is for regenerative purposes

- 3.31 Governance:** Decisions on commercial investments are made by Head of Finance and Customer Services in line with the criteria and limits approved by Council in the Investment strategy. Property and most other commercial investments are also capital expenditure and purchases will therefore also be approved as part of the capital programme. The Head of Finance and Customer Services is responsible for ensuring that adequate due diligence is carried out before investment is made.

Table 10: Prudential indicator: Net income from commercial and service investments to net revenue stream

	2021/22 actual	2022/23 forecast	2023/24 budget	2024/25 budget	2025/26 budget
Total net income	0	0	0	0	0
Proportion of net Revenue Stream	0%	0%	0%	0%	0%

Liabilities

- 3.33 In addition to debt of £104m detailed above, the Authority is committed to making future payments to cover its pension fund deficit (valued at £5.2m), It has also set aside £0.5m to cover risks of Insurance Claims.

- 3.24 Governance:** Decisions on incurring new discretionary liabilities are taken by service managers in consultation with the Interim Director of Finance. The risk of liabilities crystallising and requiring payment is monitored by Audit, Governance and Standards Committee. New liabilities exceeding £0.5m are reported to full council for approval/notification as appropriate.

Revenue Budget Implications

- 3.35 In addition to debt of £104m detailed above, the Authority is committed to making future payments to cover its pension fund deficit (which is in a deficit position of £5.179m as per the 2022 Triennial revaluation and the backlog will be cleared in 2037). It has also set aside £3.2m for Business Rates Appeals via a reserve.

Table 11: Prudential Indicator: Proportion of financing costs to net revenue stream

	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget	2025/26 budget
Financing costs (£m)	1.1	1.1	1.0	0.9	1.2
Proportion of net revenue stream	10.48%	10.48%	9.56%	9.09%	11.47%

The Council is still to finalise work required for the adoption of IFRS16 linking to the accounting for leases which must be implemented by the 2024/5 financial year.

- 3.36 Sustainability:** Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Director of Finance] is satisfied that that the proposed capital programme is prudent, affordable and sustainable because of the current Medium Term Financial Plan (MTFP) forecasts which show that the Council is financially sustainable over that period.

Knowledge and Skills

- 3.37 The Authority employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Executive Director of Finance and Head of Service are qualified accountant with significant experience. The Authority pays for junior staff to study towards relevant professional qualifications including CIPFA and AAT.
- 3.38 Where Authority staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Authority currently employs Arlingclose Limited as treasury management advisers, and Bruton Knowles as property consultants. This approach is more cost effective than employing such staff directly, and ensures that the Authority has access to knowledge and skills commensurate with its risk appetite.
- Further details on staff training can be found in the HR Employee Development section of the website.

TREASURY MANAGEMENT STRATEGY REPORT 2023/24

Introduction

- 3.1 Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.
- 3.2 Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2021 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.
- 3.3 Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy.

External Context

Economic background:

- 3.4 The ongoing impact on the UK from the war in Ukraine, together with higher inflation, higher interest rates, uncertain government policy, and a deteriorating economic outlook, will be major influences on the Authority's treasury management strategy for 2023/24.
- 3.5 The Bank of England (BoE) increased Bank Rate by 0.75% to 3.0% in November 2022, the largest single rate hike since 1989 and the eighth successive rise since December 2021. The decision was voted for by a 7-2 majority of the Monetary Policy Committee (MPC), with one of the two dissenters voting for a 0.50% rise and the other for just a 0.25% rise.
- 3.6 The November quarterly Monetary Policy Report (MPR) forecast a prolonged but shallow recession in the UK with CPI inflation remaining elevated at over 10% in the near-term. While the projected peak of inflation is lower than in the August report, due in part to the government's support package for household energy costs, inflation is expected remain higher for longer over the forecast horizon and the economic outlook remains weak, with unemployment projected to start rising.

- 3.7 The UK economy grew by 0.2% between April and June 2022, but the BoE forecasts Gross Domestic Product (GDP) will decline 0.75% in the second half of the calendar year due to the squeeze on household income from higher energy costs and goods prices. Growth is then expected to continue to fall throughout 2023 and the first half of 2024.
- 3.8 CPI inflation is expected to peak at around 11% in the last calendar quarter of 2022 and then fall sharply to 1.4%, below the 2% target, in two years' time and to 0% in three years' time if Bank Rate follows the path implied by financial markets with a peak of 5.25%. However the BoE has stated it considers this path to be too high, suggesting that the peak in interest rates will be lower, reducing the risk of inflation falling too far below target.
- 3.9 The labour market remains tight for now, with the most recent statistics showing the unemployment rate fell to 3.5%, driven mostly by a shrinking labour force. Earnings were up strongly in nominal terms by 6% for total pay and 5.4% for regular pay but factoring in inflation means real total pay was -2.4% and regular pay -2.9%. Looking forward, the MPR shows the labour market weakening in response to the deteriorating outlook for growth, leading to the unemployment rate rising to around 6.5% in 2025.
- 3.10 Interest rates have also been rising sharply in the US, with the Federal Reserve increasing the range on its key interest rate by 0.75% in November 2022 to 3.75%-4.0%. This was the fourth successive 0.75% rise in a pace of tightening that has seen rates increase from 0.25%-0.50% in March 2022. Annual inflation has been slowing in the US but remains above 8%. GDP grew at an annualised rate of 2.6% between July and September 2022, a better-than-expected rise, but with official interest rates expected to rise even further in the coming months, a recession in the region is widely expected at some point during 2023.
- 3.11 Inflation has been rising consistently in the Euro Zone since the start of the year, hitting an annual rate of 10.7% in October 2022. Economic growth has been weakening with an expansion of just 0.2% in the three months to September 2022. As with the UK and US, the European Central Bank has been on an interest rate tightening cycle, pushing up its three key interest rates by 0.75% in October, the third major increase in a row, taking its main refinancing rate to 2% and deposit facility rate to 1.5%.

Credit outlook:

- 3.12 Credit default swap (CDS) prices have followed an upward trend throughout the year, indicating higher credit risk. They have been boosted by the war in Ukraine, increasing economic and political uncertainty and a weaker global and UK outlook, but remain well below the levels seen at the beginning of the Covid-19 pandemic.

- 3.13 CDS price volatility has been higher in 2022 compared to 2021 and this year has seen a divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities once again.
- 3.14 The weakening economic picture during 2022 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several local authorities and financial institutions, revising them from to negative from stable.
- 3.15 There are competing tensions in the banking sector which could impact bank balance sheet strength going forward. The weakening economic outlook and likely recessions in many regions increase the possibility of a deterioration in the quality of banks' assets, while higher interest rates provide a boost to net income and profitability.
- 3.16 However, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

Interest rate forecast (November 2022):

- 3.17 The Authority's treasury management adviser Arlingclose forecasts that Bank Rate will continue to rise in 2022 and 2023 as the Bank of England attempts to subdue inflation which is significantly above its 2% target.
- 3.18 While interest rate expectations reduced during October and November 2022, multiple interest rate rises are still expected over the forecast horizon despite looming recession. Arlingclose expects Bank Rate to rise to 4.25% by June 2023 under its central case, with the risks in the near- and medium-term to the upside should inflation not evolve as the Bank forecasts and remains persistently higher.
- 3.19 Yields are expected to remain broadly at current levels over the medium-term, with 5-, 10- and 20-year gilt yields expected to average around 3.6%, 3.7%, and 3.9% respectively over the 3-year period to September 2025. The risks for short, medium and longer-term yields are judged to be broadly balanced over the forecast horizon. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.
- 3.20 A more detailed economic and interest rate forecast provided by Arlingclose is in Appendix A.
- 3.21 For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate of 2.00%, and that new long-term loans will be borrowed at an average rate of 4.57% which is the PWLB rate for 40 year debt on the 16th January 2022.

Local Context

- 3.22 On 31st December 2022, the Authority held £103.9m of borrowing and £29m of treasury investments. This is set out in further detail in this report. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance sheet summary and forecast

	31.3.22	31.3.23	31.3.24	31.3.25	31.3.26
	Actual	Estimate	Forecast	Forecast	Forecast
	£m	£m	£m	£m	£m
General Fund CFR	15.1	13.2	11.3	9.3	9.2
Investments CFR	0.0	0.0	0.0	0.0	0.0
Total CFR	15.1	13.2	11.3	9.3	9.2
Less: External borrowing **	0.0	0.0	0.0	0.0	0.0
Internal (over) borrowing	15.1	13.2	11.3	9.3	9.2
Less: Usable reserves	-12.5	-9.7	-7.1	-6.2	-5.5
Less: Working capital	-6.2	-6.2	-6.2	-6.2	-6.2
Treasury investments (or New borrowing)	3.6	2.7	2.0	3.1	2.4

* leases that form part of the Authority's total debt

** shows only loans to which the Authority is committed and excludes optional refinancing

- 3.23 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying sums available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

The Authority has an increasing CFR due to the capital programme, but minimal investments and will not need to borrow in the short term to finance its capital programme until 2025/26.

- 3.24 CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2023/24

- 3.25 Liability benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £0.2m at each year-end to maintain sufficient liquidity but minimise credit risk.

- 3.26 The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while

keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Table 2: Prudential Indicator: Liability benchmark

	31.3.21	31.3.22	31.3.23	31.3.24	31.3.25
	Actual	Estimate	Forecast	Forecast	Forecast
	£m	£m	£m	£m	£m
CFR	15.1	13.2	11.3	9.3	9.2
Less: Usable reserves	-12.5	-9.7	-7.1	-6.2	-5.5
Less: Working capital	-6.2	-6.2	-6.2	-6.2	-6.2
Plus: Minimum investments	0.2	0.2	0.2	0.2	0.2
Liability Benchmark	-3.4	-2.5	-1.8	-2.9	-2.2

3.27 Following on from the medium-term forecasts in table 2 above, the long-term liability benchmark assumes capital expenditure funded by internal resources.

Borrowing Strategy

3.28 The Authority currently holds £104 million of loans, no change on the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that the Authority does not expect to need to borrow in 2023/24. The Authority may also borrow additional sums to pre-fund future years' approved requirements, providing this does not exceed the authorised limit for borrowing.

3.29 Objectives: The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.

3.30 Strategy: Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

3.31 By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal and short-term] borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2023/24 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

- 3.32 The Authority has previously raised the majority of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans.
- 3.33 Alternatively, the Authority may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
- 3.34 In addition, the Authority may borrow short-term loans to cover unplanned cash flow shortages.
- 3.35 Sources of borrowing:** The approved sources of long-term and short-term borrowing are:
- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
 - any institution approved for investments (see below)
 - any other bank or building society authorised to operate in the UK
 - any other UK public sector body
 - UK public and private sector pension funds (except Worcestershire Pension Fund)
 - capital market bond investors
 - UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues.
- 3.36 Other sources of debt finance:** In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
- leasing
 - hire purchase
 - Private Finance Initiative
 - sale and leaseback
- 3.27 Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to [\[full Council\]](#).

- 3.29 Short-term and variable rate loans:** These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).
- 3.30 Debt rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

Treasury Investment Strategy

- 3.31 The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's treasury investment balance has ranged between £20 and £40 million, and similar levels are expected to be maintained in the forthcoming year.
- 3.21 Objectives:** The CIPFA Code requires the Authority to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. Redditch Borough Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.
- 3.33 Strategy:** As demonstrated by the liability benchmark above, the Authority expects to be a funding borrowing from internal resources and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and boost investment income.
- 3.34 The CIPFA Code does not permit local authorities to both borrow and invest long-term for cash flow management. But the Authority may make long-term investments for treasury risk management purposes, including to manage interest rate risk by investing sums borrowed in advance for the capital

programme for up to three years; to manage inflation risk by investing usable reserves in instruments whose value rises with inflation; and to manage price risk by adding diversification to the strategic pooled fund portfolio.

- 3.35 ESG policy:** Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Authority's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Authority will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.
- 3.36 Business models:** Under the IFRS 9 standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Authority aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.
- 3.37 Approved counterparties:** The Authority may invest its surplus funds with any of the counterparty types in table 3 below, subject to the limits shown.

Table 3: Treasury investment counterparties and limits

Credit rating	Banks unsecured	Banks secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£3 m 5 years	£3m 20 years	£3m 50 years	£3m 20 years	£1m 20 years
AA+	£3m 5 years	£3m 10 years	£3m 25 years	£3m 10 years	£1m 10 years
AA	£3m 4 years	£3m 5 years	£3m 15 years	£3m 5 years	£1m 10 years
AA-	£3m 3 years	£3m 4 years	£3m 10 years	£3m 4 years	£1m 10 years
A+	£3m 2 years	£3m 3 years	£3m 5 years	£3m 3 years	£1m 5 years
A	£3m 13 months	£3m 2 years	£3m 5 years	£3m 2 years	£1m 5 years
A-	£3m 6 months	£3m 13 months	£3m 5 years	£3m 13 months	£1m 5 years
None	£1.5m 6 months	n/a	£3m 25 years	£1m 5 years	£500k 5 years

Pooled funds and real estate investment trusts	£2.5m per fund or trust
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- 3.38 * Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.
- 3.39 For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of £500,000 per counterparty as part of a diversified pool e.g. via a peer-to-peer platform.
- 3.40 Government:** Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.
- 3.41 Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.
- 3.42 Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.
- 3.43 Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in

Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

- 3.44 Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
- 3.45 Strategic pooled funds:** Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.
- 3.46 Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.
- 3.47 Other investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.
- 3.48 Operational bank accounts:** The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £2.0m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.
- 3.49 Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
 - any existing investments that can be recalled or sold at no cost will be, and

- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
- 3.50** Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “negative watch”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.
- 3.51 Other information on the security of investments:** The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Authority’s treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.
- 3.52** When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority’s cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.
- 3.53 Investment limits:** The Authority’s revenue reserves available to cover investment losses are forecast to be £9.7 million on 31st March 2023 and £7.1 million on 31st March 2024. In order that no more than 45% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £5.0 million. A group of entities under the same ownership will be treated as a single organisation for limit purposes.
- 3.54** Credit risk exposures arising from non-treasury investments, financial derivatives and balances greater than £2m in operational bank accounts count against the relevant investment limits.
- 3.55** Limits are also placed on fund managers, investments in brokers’ nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Additional investment limits

	Cash limit
Any single organisation, except the UK Central Government	£5m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£5m per group
Any group of pooled funds under the same management	£5m per manager
Negotiable instruments held in a broker's nominee account	£5m per broker
Foreign countries	£5m per country
Registered providers and registered social landlords	£2.5m in total
Unsecured investments with building societies	£2.5m in total
Loans to unrated corporates	£1m in total
Money market funds	£20m in total
Real estate investment trusts	£2.5m in total

3.55 Liquidity management: The Authority uses detail spreadsheets to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium-term financial plan and cash flow forecast.

3.56 The Authority will spread its liquid cash over at least four providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

Treasury Management Prudential Indicators

3.57 The Authority measures and manages its exposures to treasury management risks using the following indicators.

3.58 Security: The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target
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- 3.59 Liquidity:** The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three month period, without additional borrowing.

Liquidity risk indicator	Target
Total cash available within 3 months	£2.5m

- 3.61 Interest rate exposures:** This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£500,000
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£500,000

- 3.62 The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at new market rates.

- 3.63 Maturity structure of borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	50%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	50%	0%
10 years and above	50%	0%

The Council has not taken out debt financing for a number of years, therefore all debt is presently over 10 years old. This revised ratio gives flexibility for new debt that will possibly be required. Time periods start on the first day of each financial year.

- 3.64 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

- 3.65 Long-term treasury management investments:** The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management investments will be:

Price risk indicator	2023/24	2024/25	2025/26	No fixed date
Limit on principal invested beyond year end	£1.5m	£1m	£0.5m	£0m

- 3.66 Long-term investments with no fixed maturity date include strategic pooled funds and real estate investment trusts but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

Related Matters

- 3.67 The CIPFA Code requires the Authority to include the following in its treasury management strategy.
- 3.68 Financial derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).
- 3.69 The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
- 3.70 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.
- 3.71 In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.
- 3.72 Housing Revenue Account:** On 1st April 2012, the Authority notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured each month and interest transferred between the General Fund and HRA at the Authority's average interest rate on investments, adjusted for credit risk.

3.73 External Funds: The Council does invest funds for its fully owned subsidiary Rubicon.

3.74 Markets in Financial Instruments Directive: The Authority has retained retail client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a smaller range of services but with the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, the Director of Finance believes this to be the most appropriate status.

Financial Implications

3.75 The budget for investment income in 2023/24 is £0.670 million, based on an average investment portfolio of £30 million at an interest rate of 2.0%. The budget for debt interest paid in 2023/24 is £0.448m million, based on an average general fund debt portfolio of £12 million at an average interest rate of 3.42%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different

3.76 Where investment income exceeds budget, e.g. from higher risk investments including pooled funds, or debt interest paid falls below budget, e.g. from cheap short-term borrowing, then 50% of the revenue savings will be transferred to a treasury management reserve to cover the risk of capital losses or higher interest rates payable in future years.

Other Options Considered

3.77 The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Director of Finance, having consulted the Executive Member for Finance and Enabling, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however

		long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Appendix A – Arlingclose Economic & Interest Rate Forecast – November 2022**Underlying assumptions:**

- UK interest rate expectations have eased following the mini-budget, with a growing expectation that UK fiscal policy will now be tightened to restore investor confidence, adding to the pressure on household finances. The peak for UK interest rates will therefore be lower, although the path for interest rates and gilt yields remain highly uncertain.
- Globally, economic growth is slowing as inflation and tighter monetary policy depress activity. Inflation, however, continues to run hot, raising expectations that policymakers, particularly in the US, will err on the side of caution, continue to increase rates and tighten economies into recession.
- The new Chancellor dismantled the mini-budget, calming bond markets and broadly removing the premium evident since the first Tory leadership election. Support for retail energy bills will be less generous, causing a lower but more prolonged peak in inflation. This will have ramifications for both growth and inflation expectations.
- The UK economy is already experiencing recessionary conditions, with business activity and household spending falling. Tighter monetary and fiscal policy, alongside high inflation will bear down on household disposable income. The short-to medium-term outlook for the UK economy is bleak, with the BoE projecting a protracted recession.
- Demand for labour remains strong, although there are some signs of easing. The decline in the active workforce has fed through into higher wage growth, which could prolong higher inflation. The development of the UK labour market will be a key influence on MPC decisions. It is difficult to see labour market strength remaining given the current economic outlook.
- Global bond yields have steadied somewhat as attention turns towards a possible turning point in US monetary policy. Stubborn US inflation and strong labour markets mean that the Federal Reserve remains hawkish, creating inflationary risks for other central banks breaking ranks.
- However, in a departure from Fed and ECB policy, in November the BoE attempted to explicitly talk down interest rate expectations, underlining the damage current market expectations will do to the UK economy, and the probable resulting inflation undershoot in the medium term. This did not stop the Governor affirming that there will be further rises in Bank Rate.

Forecast:

- The MPC remains concerned about inflation but sees the path for Bank Rate to be below that priced into markets.
- Following the exceptional 75bp rise in November, Arlingclose believes the MPC will slow the rate of increase at the next few meetings. Arlingclose now expects Bank Rate to peak at 4.25%, with a further 50bp rise in December and smaller rises in 2023.

- The UK economy likely entered into recession in Q3, which will continue for some time. Once inflation has fallen from the peak, the MPC will cut Bank Rate.
- Arlingclose expects gilt yields to remain broadly steady despite the MPC's attempt to push down on interest rate expectations. Without a weakening in the inflation outlook, investors will price in higher inflation expectations given signs of a softer monetary policy stance.
- Gilt yields face pressures to both sides from hawkish US/EZ central bank policy on one hand to the weak global economic outlook on the other. BoE bond sales will maintain yields at a higher level than would otherwise be the case.

	Current	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
Official Bank Rate													
Upside risk	0.00	0.25	0.50	0.75	1.00	1.00	1.00	1.25	1.50	1.75	1.50	1.25	1.25
Arlingclose Central Case	3.00	3.50	4.00	4.25	4.25	4.25	4.25	4.00	3.75	3.50	3.50	3.50	3.50
Downside risk	0.00	0.25	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00
3-month money market rate													
Upside risk	0.00	0.25	0.50	0.75	1.00	1.00	1.00	1.25	1.50	1.75	1.50	1.25	1.25
Arlingclose Central Case	3.00	3.90	4.40	4.40	4.40	4.35	4.30	4.25	4.00	3.75	3.75	3.75	3.75
Downside risk	0.00	0.25	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00
5yr gilt yield													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.36	3.65	3.90	3.90	3.90	3.90	3.80	3.70	3.60	3.50	3.40	3.30	3.20
Downside risk	0.00	0.70	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
10yr gilt yield													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.46	3.70	3.75	3.75	3.75	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70
Downside risk	0.00	0.70	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
20yr gilt yield													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.88	4.00	4.00	4.00	4.00	4.00	3.90	3.90	3.90	3.90	3.90	3.90	3.90
Downside risk	0.00	0.70	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
50yr gilt yield													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.24	3.40	3.40	3.40	3.40	3.40	3.30	3.30	3.30	3.30	3.30	3.30	3.30
Downside risk	0.00	0.70	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

UKIB Rate (Maturity Loans) = Gilt yield + 0.60%

Appendix B – Existing Investment & Debt Portfolio Position

	31.12.22 Actual portfolio £m	31.3.22 Average rate %
External borrowing:		
Public Works Loan Board	98.9	3.35
Local authorities		
LOBO loans from banks		
Other loans	5.0	4.71
Total external borrowing	103.9	3.42
Other long-term liabilities:		
Private Finance Initiative		
Leases		
Transferred Debt		
Total other long-term liabilities	0	0
Total gross external debt	103.9	3.42
Treasury investments:		
The UK Government	19.7	
Local authorities		
Other government entities		
Secured investments		
Banks (unsecured)		
Building societies (unsecured)		
Registered providers (unsecured)		
Money market funds	9.1	
Strategic pooled funds		
Real estate investment trusts		
Other investments		
Total treasury investments	28.8	1.56
Net debt	75.1	

Annual Minimum Revenue Provision Statement 2023/24

Introduction

- 3.1 Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The *Local Government Act 2003* requires the Authority to have regard to the former Ministry of Housing, Communities and Local Government's *Guidance on Minimum Revenue Provision* (the MHCLG Guidance) most recently issued in 2018.
- 3.2 The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.
- 3.3 The MHCLG Guidance requires the Authority to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance as well as locally determined prudent methods.
- For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset as the principal repayment on an annuity with an annual interest rate of 4%, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.
 - For assets acquired by leases MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
 - When former operating leases are brought onto the balance sheet due to the adoption of the *IFRS 16 Leases* accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or incentives, then the annual MRP charges will be adjusted so that the total charge to revenue remains unaffected by the new standard.
 - For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. While this is not one of the options in the MHCLG Guidance, it is thought to be a prudent approach since it ensures that the capital expenditure incurred on the loan is fully funded over the life of the assets.

- There is no requirement to charge MRP where the Capital Financing Requirement (CFR) is nil or negative at the end of the preceding financial year
- Where the council makes a capital contribution or loan to another entity or where responsibility for a council asset with borrowing attached is transferred to a third party, then no MRP will be set aside if:
 - the payments are appropriately covered by assets
 - there are detailed plans demonstrating that all the expenditure will be recovered in an appropriately short time frame

To ensure that this remains a prudent approach the Council will review the expenditure and income regularly to determine if the income or asset values have decreased to the point that MRP needs to be provided for. Should evidence emerge which suggests the expenditure will no longer be recovered MRP will be provided for.

- Where the council uses internal borrowing and receipts of rental income are greater than the MRP calculated then as there are sufficient revenues to repay the capital cost no MRP will be set aside.
- 3.4 Capital expenditure incurred during 2023/24 will not be subject to a MRP charge until 2024/25 or later.
- 3.5 Based on the Authority's latest estimate of its capital financing requirement (CFR) on 31st March 2023, the budget for MRP has been set as follows:

:

	31.03.2023 Estimated CFR £m	2023/24 Estimated MRP £
Capital expenditure before 01.04.2008		
Supported capital expenditure after 31.03.2008		
Unsupported capital expenditure after 31.03.2008	19.8	910.000
Leases and Private Finance Initiative		
Transferred debt		
Loans to other bodies repaid in instalments		Nil
Voluntary overpayment (or use of prior year overpayments)	n/a	
Total General Fund		910,000
Assets in the Housing Revenue Account	23.3	
HRA subsidy reform payment	98.9	
Total Housing Revenue Account	122.2	0
Total	143.0	910,000

INVESTMENT STRATEGY REPORT 2023/24

Introduction

- 3.1 The Authority invests its money for three broad purposes:
- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
 - to support local public services by lending to or buying shares in other organisations (**service investments**), and
 - to earn investment income (known as **commercial investments** where this is the main purpose).
- 3.2 This investment strategy meets the requirements of statutory guidance issued by the government in January 2018 and focuses on the second and third of these categories.

Treasury Management Investments

- 3.3 The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £20m and £40m during the 2023/24 financial year.
- 3.4 **Contribution:** The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.
- 3.5 **Further details:** Full details of the Authority's policies and its plan for 2023/24 for treasury management investments are covered in a separate document, the treasury management strategy, which is part of these appendices.

Service Investments: Loans

- 3.6 **Contribution:** The Council will lend money to its subsidiaries, local businesses, local charities, housing associations, to support local public services and stimulate local economic growth.
- 3.7 **Security:** The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this

risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as follows:

Table 1: Loans for service purposes in £ millions

Category of borrower	31.3.2022 actual			2023/24
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Subsidiaries			0	1.0
Suppliers			0	0
Parish councils			0	0
Local businesses			0	0.5
Local charities			0	0.5
Housing associations			0	1.0
Local residents			0	0
Employees			0	0
TOTAL			0	3.0

3.8 Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's statement of accounts are shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

3.9 **Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding service loans by using specialist advice to understand the market and the potential future demands of the market and the customers in it. It will also use benchmarking data from the market to determine future potential risks which need to be planned for. External advice is only sought from credible sources eg acknowledged experts in their fields, and officers ensure that they fully understand any information given to them before decision or advice is taken.

Commercial Investments: Property

3.10 Contribution: The Council has Towns Fund Funding of over £15m to regenerate the Town Centre and deliver an Innovation Centre. Although these schemes will generate an income stream at the end of the process their main purpose, as per the Grant requirements, is for regeneration. As set out in the Capital Strategy it invested in offices at Oak Tree Part in 2019 for regenerative purposes (See Asset Strategy). Fully let these premises will generate £76k per annum. The Council does not invest in property for commercial gain.

Table 3: Property held for investment purposes in £ millions

Property	Actual	31.3.2022 actual		31.3.2023 expected	
	Purchase cost	Gains or (losses)	Value in accounts	Gains or (losses)	Value in accounts
N/a	0	0	0	0	0
TOTAL	0	0	0	0	0

3.16 Security: In accordance with government guidance, the Authority considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

3.17 *Where value in accounts is at or above purchase cost:* A fair value assessment of the Authority's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2022/23 year end accounts preparation and audit process value these properties below their purchase cost, then an updated investment strategy will be presented to full council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom.

3.18 *Where value in accounts is below purchase cost:* The fair value of the Authority's investment property portfolio is no longer sufficient to provide security against loss, and the Authority is therefore taking mitigating actions to protect the capital invested.

3.19 Risk assessment: The Authority assesses the risk of loss before entering into and whilst holding property investments by involving specialist advisors with expertise in the type of property being purchased, looking at historic data and speaking to other councils undertaking similar activities.

3.20 Liquidity: Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice, and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the

Authority the Authority ensures that properties purchased are in an active market where there is demonstrable demand to ensure that the authority does not purchase assets which it will not be able to sell on at a later date.

Loan Commitments and Financial Guarantees

- 3.22 Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Authority and are included here for completeness.

Proportionality

- 3.24 The Authority does not plan to become dependent on profit generating investment activity to achieve a balanced revenue budget.

Borrowing in Advance of Need

- 3.25 Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. The Authority would only not follow this guidance if interest rate forecasts and treasury advisor guidance set out that it was more cost effective, **in terms of significantly reduced debt interest charges**, for the Council to borrow for the **Approved 3 year capital programme** at a point of time rather than when that expenditure is taking place over that 3 year period. It is unlikely that this will happen however the option should not be closed off. Funds would be invested The Authority's policies in investing the money borrowed, including management of the risks, would be as per normal short term Treasury Investments.

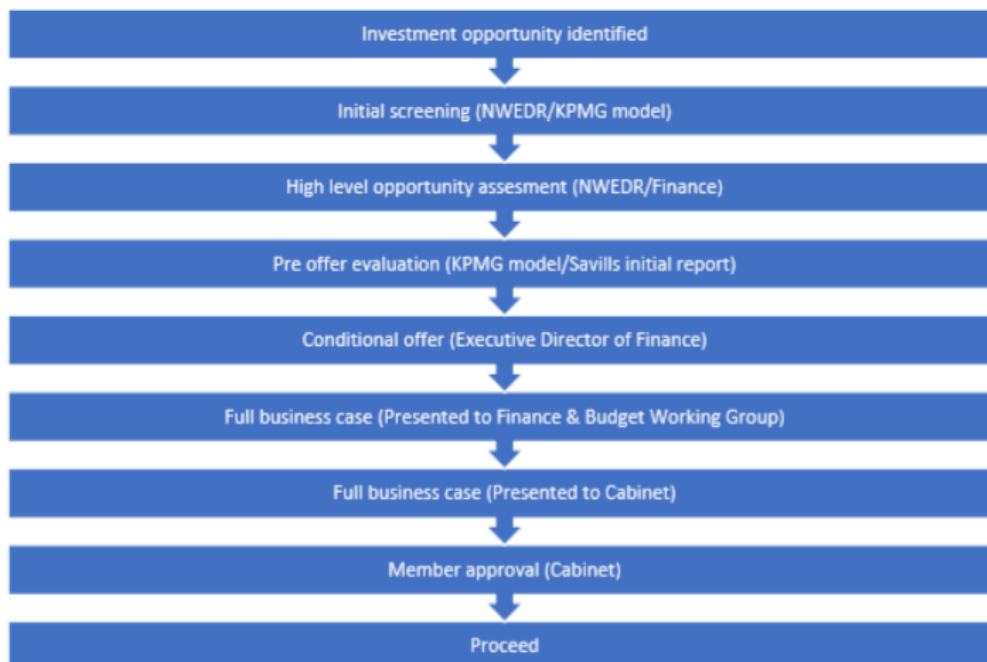
Capacity, Skills and Culture

- 3.26 **Elected members and statutory officers:** Member training will take place annually as part of the induction process. External advisors will provide reports to support investment decisions with officers ensuring that they fully understand them and can relate them to the strategic objectives and risk profile of the authority.
- 3.27 **Commercial deals:** Significant work has been undertaken using external advisors and relevant training courses have been attended to ensure that officers are fully aware of the code and statutory requirements of a local authority which is investing.

KPMG have developed a modelling tool for the authority to use when assessing potential purchases as a precursor to engaging with external consultants to

ensure that potential purchases are likely to make sense from the perspective of the authority before incurring advisor costs. However, following an internal review of policy, it has been decided that the council may wish to make purchases which do not make a financial return or may indeed make a loss in the short term. On these occasions a business case will be developed which specifies the non-financial benefits of the investment. These are likely to be regenerative schemes for the greater good of the area with an intended long term impact. The regenerative and redevelopment benefits which will flow from the investment will be taken into account in the development of the business case, so if the net investment yield falls below 0.75% it can still proceed if these benefits are deemed to outweigh the lower than target yield.

- 3.28 Corporate governance:** when investment decisions are to be made, they are to be led by the Council's Executive Director of Finance in consultation with the Corporate Management Team. They will assess the potential investment opportunity, consulting North Worcestershire Economic Development and Regeneration (NWEDR) and using the KPMG finance appraisal model, and should they decide it presents a strong opportunity for the authority and complies with the relevant criteria a conditional offer can be made. A business case will then be developed and presented ensuring that once greater detail is included, it makes a satisfactory income yield and/or economic redevelopment and regeneration impact. When the business case is completed, if it is still compliant with the council criteria, it will be presented to Executive for approval before purchase is completed.



Once a purchase has been made, the Director of Finance will provide quarterly updates, in line with finance and performance monitoring reports, on the status of the investment.

Investment Indicators

3.29 The Authority has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure as a result of its investment decisions.

3.30 Total risk exposure: The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees the Authority has issued over third party loans.

Table 5: Total investment exposure in £millions

Total investment exposure	31.03.2022 Actual	31.03.2023 Forecast	31.03.2024 Forecast
Treasury management investments	35	30	20
Service investments: Loans			
Service investments: Shares			
Commercial investments: Property	0	0	0
TOTAL INVESTMENTS	35	30	20
Commitments to lend			
Guarantees issued on loans			
TOTAL EXPOSURE	35	30	20

3.31 How investments are funded: Government guidance is that these indicators should include how investments are funded. Since the Authority does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Authority's investments are funded by usable reserves and income received in advance of expenditure.

Table 6: Investments funded by borrowing in £millions

Investments funded by borrowing	31.03.2022 Actual	31.03.2023 Forecast	31.03.2024 Forecast
Treasury management investments	0	0	0
Service investments: Loans	0	0	0
Service investments: Shares	0	0	0
Commercial investments: Property	0	0	0
TOTAL FUNDED BY BORROWING	0	0	0

3.32 Rate of return received: This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Table 7: Investment rate of return (net of all costs)

Investments net rate of return	2021/22 Actual	2022/23 Forecast	2023/24 Forecast
Treasury management investments	0.08%	1.56%	2.0%
Service investments: Loans			
Service investments: Shares			
Commercial investments: Property			
ALL INVESTMENTS	0.08%	1.56%	2.0%

Table 8: Other investment indicators

Indicator	2021/22 Actual	2022/23 Forecast	2023/24 Forecast
<i>e.g.</i> Debt to net service expenditure ratio	0%	0%	0%

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Labour Group's Alternative budget

We agree that the right approach for the use of the Town Hall is as a Community Hub, but are opposed to the Library moving in as a tenant as they should remain at their present site. We know, with the present 2023/24 to 25/16 Medium Term Financial Plan, that this will result in a deficit of circa £260k. However, we agree with the Community Hub concept and our approach will be to attract other Public and Voluntary Sector Tenants to ensure there is no shortfall in 2025/26.

We want to invigorate the area running down from the Church past the library with a static market, which for three days in the week would be a normal market and on Saturdays be a specialist Market. We need to ensure that we attract footfall to this area to attract business both to the Market and existing shops. As such we propose investing in 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.

We propose funding The Market initiative from the following two sources

- 1) The revised member Allowance Scheme. The Original costs of the Scheme are £236,600 and our proposals reduce the cost to £214,728 – a £21,872 reduction
- 2) The remaining £16,128 would be a reduction in Rubicon Management fee. Any additional costs due to Utilities over and above this difference would be funded from the Utilities Reserve.

In year three there is a proposal, approved at Council in January, to move to all out elections which we oppose. The savings in the 2025/26 financial year is £170,000. We feel there needs to be a debate at full Council before a measure like this is implemented as it has a significant impact on all Political parties.

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Executive Committee
202327th February**30 year HRA business plan, investment programme and asset management strategy for council housing**

Relevant Portfolio Holder	Councillor Craig Warhurst (Housing and Procurement) Councillor Karen Ashley (Finance and Enabling)
Portfolio Holder Consulted	Yes
Relevant Head of Service	Sue Hanley (Deputy Chief Executive) Peter Carpenter (Executive Director of Finance) Guy Revans (Head of Environmental Services and Housing Property Services) Judith Willis (Head of Community and Housing Services)
Report Author	Job Title: Simon Parry - Housing Property Services Manager Contact email: simon.parry@bromsgroveandredditch.gov.uk Contact Tel: 01527 64252
Wards Affected	All Wards
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	'Finding somewhere to live' 'Living Independent, active, and healthy lives' 'Communities which are safe, well maintained and green'.
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATIONS**The Executive Committee RECOMMEND that: -**

- 1) The Housing Revenue Account 30-year Business Plan 2023-2053 be approved as set out in Appendix 1.**
- 2) The Housing Asset Management Strategy be approved as set out in Appendix 2.**
- 3) The Housing Capital Programme 2023-2027 be approved as set out in Appendix 3**

Executive Committee
202327th February

2. BACKGROUND

- 2.1 The Housing Revenue Account (HRA) is the financial account that is used to manage the Council's Landlord activities. The HRA account can only be used to provide services to Council Housing tenants through the collection of rent and other service charges.
- 2.2 The HRA covers a wide range of services to tenants and Leaseholders including

Maintenance & Improvements

- Day to Day Repairs
- Managing Empty Homes
- Major Improvements
- Estate based and environmental improvements
- Aids and Adaptations
- Cleaning of communal areas in flats

Compliance activities

- Gas Servicing
- Electrical Testing
- Fire Safety
- Lift Maintenance
- Asbestos Management

Housing Management

- Rent Collection including service charges
 - Income advice and support
 - Tenancy and Estate Management
 - Allocations
 - Right To buy
 - Garage rentals
 - Homelessness
- 2.3 The Housing Revenue Account (HRA) Business Plan sets out the priorities and provides direction for the management of the Council's Social Housing Stock over the next 30 years. The Business Plan has been reviewed, at the same time as developing a new HRA Asset Management Strategy, to ensure that the investment in the Council's Housing stock provides homes that have modern facilities, are safe and warm as contained within the 5-year Housing Capital Programme.

Executive Committee
202327th February

2.4 HRA Business Plan

- 2.4.1 The HRA Business Plan (Appendix 1) sets out the Council's income and expenditure plans for delivering services to Redditch Borough Council Housing.
- 2.4.2 The plan relies on several assumptions including changes in stock levels, right to buy sales, the number of voids, rent increases, debt, management costs for delivering the services above and borrowing costs associated with capital investment requirements that are based on stock condition information. More detail on these assumptions is included in the financial implications below. These assumptions are reviewed annually as a minimum.
- 2.4.3 The HRA Business Plan ensures that the Council has HRA reserves that are established and maintained at appropriate levels to provide a safety net for cost pressures or significant changes to assumptions made.
- 2.4.4 The long-term capital forecasts over the 30-year period are based on the Stock Condition Survey undertaken in 2019/20. This independent survey was commissioned to undertake a sample stock condition survey of the housing stock, garages, and parking sites. The survey provided an independent opinion of the 30-year profile of re-investment required for the Housing Stock broken down into the various categories of expenditure.
- 2.4.5 The reporting categories used within the stock condition data followed the Department for Levelling Up, Housing and Communities (DLUHC) guidance as follows
- Catch-up Repairs.
 - Future Major Works.
 - Improvements.
 - Estate Works.
 - Contingent Major Repairs.
 - Exceptional Extensive Works.
 - Cyclical Maintenance.
 - Disabled Adaptations
 - Responsive Repairs and Void Works.

Executive Committee
202327th February

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- 2.4.6 The survey identified that the housing stock was in a reasonable state of repair with a proportionally low level of catch-up repairs and early years works required, however continued investment over a 30 year period was required in order to ensure that all properties are maintained to provide a good standard.
- 2.4.7 The proportion of responsive repairs and voids works at the time of the survey were deemed higher than expected when compared to the level of capital investment at that time. The reduced level of Capital Investment was largely due to the Service Review having restructured Housing Property Services including the Capital Team in 2019.
- 2.4.8 Subsequently however the level of repairs required has increased with the restrictions made during 2020 and 2021 because of the Covid-19 Pandemic. The contents of this report illustrate the Capital Programme of investment to improve our housing stock over the next 5 years.
- 2.5 HRA Asset Management Strategy**
- 2.5.1 The Housing Asset Management Strategy (Appendix 2) sets out the strategic approach to managing the Council's Social Housing Stock over the next 5 years. It sets out key principles and strategic priorities for projects and programmes to ensure that the housing stock is well maintained.
- 2.5.2 There are several key objectives within the strategy including to ensure we provide properties with modern facilities, that are safe and warm, and that repairs and maintenance activities are conducted in a cost effective and timely manner. This applies not only to the properties themselves but also the environment in which they are located.
- 2.5.3 Over the 30-year period that the stock condition survey results covered, clear re-investment priorities are identified including
- Kitchens and bathrooms (28%)
 - Heating system and space heating (22%)
 - Electrical Installations (18%)
 - External windows and doors (14%)
- 2.5.4 The HRA Capital Programme includes a variety of projects that will seek to ensure properties are improved to provide better safety, more modern facilities, such as kitchens and bathrooms, and to improve the thermal efficiency of properties.

Executive Committee
202327th February

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- 2.5.5 Compliance functions including Fire, Electric, Gas and Asbestos are a key part of the Asset Management Strategy to ensure our homes are safe to live in. Compliance has seen significant improvements over the last 2 years with works completed and improvement programmes being delivered. For Fire Prevention the Council is required to undertake Fire Risk Assessments for our flatted accommodation. This has identified a range of improvements that are part of a rolling programme of improvements including new fire doors, fire alarms, preventative works and signage which continue to be upgraded initially across our previously 'sheltered' accommodation.
- 2.5.6 The programme of Electrical Inspection and Condition Reports (EICRs) required to test the electrical installations in our housing units on a 5-year cycle continues and includes checks on the level of smoke and carbon monoxide detection equipment in our properties to ensure they are compliant.
- 2.5.7 The Council's internal Gas Team have, over the last two years, provided increased levels of service and compliance through the delivery of the annual servicing programme, which checks all properties with gas to ensure compliance with Regulations, the delivery of gas repairs, as well as a programme of boiler replacement.
- 2.5.8 The replacement programme has been developed by targeting various models of old (14+ years) low efficiency (65%) boilers that have parts that are difficult to source. To date approximately 700 boilers have been replaced over the last 2 years with modern, efficient (90+%) boilers with associated 7-year warranties.
- 2.5.9 To further test compliance the Gas Engineers are audited by an external audit company which has seen performance rise from 74% two years ago to 100% in December 2022.
- 2.5.10 The Gas Team were also audited by the Internal Audit team in 2022, looking at ongoing investment in gas appliances in the Council's Housing stock, that Annual Gas Safety checks were undertaken, records were up to date and that Gas Engineers had the required certification and training. The conclusion of the report gave Significant Assurance.
- 2.5.11 A survey of asbestos in our communal areas has been undertaken and included a programme of removal of those items identified at risk. Other asbestos containing materials are still present in these areas

Executive Committee
202327th February

however these are subject to cyclical re inspection in order to ensure their integrity has not been altered. An internal Audit of Asbestos Management within Housing Property Services was also conducted in 2022 and this also gave a Significant Assurance outcome.

2.5.12 Improving the Energy Efficiency of our Housing Stock, together with lowering the impact on the climate, are key drivers within the strategy with a target of ensuring all of our properties meet a minimum Energy Performance Certificate Rating of C.

2.5.13 We have seen an increase in reported cases of Damp and Mould cases over the winter period and following the case and inquest into the death of Awaab Ishak. A review of our working practices has taken place and work is being delivered to remove this from our properties together with customer facing documents to assist in the removal of condensation from our properties. An internal working group has been set up to monitor the delivery of the action plan to tackle this particular issue.

2.6 HRA Capital Programme 2023/24-2027/28

2.6.1 Based on the Capital Investment requirements contained within the Stock Condition Survey under, predominantly, the Future Major Works category a 5-year Capital Programme has been identified. This sets out the investment under various budget heads to complete works that will in turn reduce the volume and value of responsive and void repairs over the period.

2.6.2 The programme has been built around the key principles as outlined in the AMS

1. Maintenance through an effective Repairs Service,
2. Compliance functions being managed through good data management, processes and cyclical testing or inspection regimes
3. Ongoing investment to ensure compliance with the Decent Homes standard
4. Improving the thermal efficiency of our properties to achieve an EPC rating of C or above

2.6.3 The Repairs Service is currently under review regarding its structure and processes to ensure that it delivers an effective and efficient service to our tenants. Significant improvements have been made within the Voids team in ensuring repairs to voids are undertaken in a timelier manner, as well as significant reductions in the number of voids open, as this will directly impact on the assumptions made within the

Executive Committee
202327th February

Business Plan with the reduction of rent experienced while properties are empty.

- 2.6.4 The Capital Programme is established to ensure our properties remain compliant with the Decent Homes standard as well as providing thermal comfort through increased Energy performance.
- 2.6.5 The 30-year projection is based on the condition of the housing stock and assets from the stock condition survey. A rolling stock condition survey will be commissioned with results uploaded into the Asset Management Database to refresh data as part of the review of the plan and to ensure that capital investment is targeted accurately as part of future years programmes. This programme aligns with the Business Plan and is developed to align with the Asset Management Strategy.
- 2.6.6 The HRA Capital Programme 2023/4-27/8 (Appendix 3) aligns with the data from the stock condition data and is established to ensure our properties have modern facilities are safe and warm. Over the initial 2 years of the programme budgets have been included to ensure that the Council's responsibilities regarding compliance activities such as Electrical Rewires and Smoke detection upgrades are undertaken.
- 2.6.7 Works to improve fire protection across the housing stock form part of the programme to ensure that properties have the correct level of fire compartmentation together with new front and communal entrance doors.
- 2.6.8 We are also reviewing our Housing Stock to establish opportunities for re modelling existing buildings in order to create new housing units in order to extend both the number and choice of units available for our customers.
- 2.6.9 The internal refurbishment programme will ensure that the replacement and or upgrading of kitchens, bathrooms, associated wiring and heating works are undertaken across the Borough.
- 2.7 Regulator of Social Housing (RSH)**
- 2.7.1 In September 2022 the RSH launched a 'Tenant Satisfaction measures' (TSM) document which places a responsibility on all social housing landlords in England to return performance information, so that each provider can be assessed for how well it is providing good quality homes and services. This is part of the strategy to improve services for people living in social housing that was published in 2020 under the Social Housing White Paper – *The Charter for social housing residents*.

Executive Committee
202327th February

2.7.2 The TSM document sets out 22 measures covering 5 themes.

1. Keeping Properties in good repair
2. Maintaining Building Safety
3. Respectful and helpful engagement
4. Effective handling of complaints
5. Responsible neighbourhood management

2.7.3 Of the 22 measures they are split between those that the landlord is required to measure directly (10 No.) and those that are measured by tenant perception surveys (12 No.) (Appendix 4)

2.7.4 These new requirements come into force on 1st April 2023 with the results for 2023/24 to be forwarded to the RSH in the Summer of 2024 which will be subsequently published in Autumn 2024. It is anticipated that these will form 'league tables' so that tenants of their respective landlord can benchmark against our peers.

2.7.5 Whilst the survey results are not expected to be returned until Summer 2024 the approach adopted across Housing is to seek to develop a survey based on the criteria and questions specified by the RSH and release the survey in the new financial year. This will allow the Service to ensure the survey and its methodology is in line with the criteria of the survey. It will also allow the service to understand the current level of perception and to ensure dedicated plans are in place for any identified areas for improvement.

3. FINANCIAL IMPLICATIONS

3.1 Through the development of the 30-year HRA Business Plan a number of key assumptions have been made. These include the following points:

- Consumer price index assumed at 2% per year from year 3 in line with government inflation target.
- Retail Price inflation with drives cost assumed at 10% in year one of the plan, 7.5% in year 2, 5% in years 3 and 4, and 3% thereafter.
- Pay inflation assumed to be 4.4% in year 1, 2.5% in year 2 and 1% thereafter.
- No additional borrowing assumed in this plan.
- Interest rate applied to Housing Revenue Account balances is 1.56%
- Rental Income assumes:

Executive Committee
202327th February

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- An average rent of £150.41 and £96.65 on a 48 week basis for affordable and social rent properties respectively
 - New tenants will pay target rent.
 - Rent increase of 7% in years 1 and 2 in line with Government guidance and 3% (CPI +1%) thereafter.
 - Rent Loss from voids is assumed to be 1.2% of rental income per year
 - Provision for bad debts assumed to be 2% of rental income for the next 2 years to allow for the cost-of-living situation, reducing to 1.5% for the remaining years
 - A minimum HRA revenue reserve of £400 per property (£2.1m) will help to mitigate the risk of unforeseen circumstances. A prudent level of HRA balance reserve will be determined annually as part of the budget setting process.
 - RTB assumed to be 40 sales per year with 1,200 sales over 30 years.
 - Capital charges of £4.2m based on HRA total debt of £122.2m, this includes £98.9m taken out on a fixed interest only basis in 2012 to cover the self-financing settlement payment.
 - No debt repayment is assumed in this plan

National Rents Policy

- 3.2 The Direction on the Rent Standard 2019 issued by the Government in February 2019 confirmed that from 1 April 2020 weekly dwelling rents can be increased by CPI inflation (Consumer Price Index), plus 1% for the 5 year period through to 2024/25. This is the fourth year following the new rent standard guidance. An increase of CPI plus 1% in 2023-24 will have resulted in a rent increase of 11.1%
- 3.3 On the 31st of August 2022, DLUHC published a consultation on a draft Direction to the Regulator of Social Housing about social housing rents in England. DLUHC was seeking views on whether a rent cap should be introduced, where it should be set and whether it should potentially cover one or two years
- 3.4 In the Autumn statement issued by the Chancellor on the 17th of November 2022, The government stated that it is capping the amount that social rents can increase by next year at 7% compared to circa.11.1% under current rules (CPI plus 1%).

HRA Borrowing Cap

Executive Committee
202327th February

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- 3.5 Self-financing placed a limit (Debt Cap) on borrowing for housing purposes at the closing position for 2011/12 at £122.2 million, however, the removal of the cap means that the HRA can borrow (within prudential limits) to pay for investment in our existing stock and provide new homes.

Capital Investment

- 3.6 Capital investment in our existing homes, is funded primarily from the Major Repairs Reserve, which holds the depreciation charge to the HRA and can be used purely to finance investment in existing stock and the repayment of HRA debt.
- 3.7 Capital receipts from Right to Buy sales can also be used to finance the HRA capital investment programme, although some of these receipts can only be used to finance new homes to replace those that have been sold. Borrowing, which is no longer capped, can also be used to finance the capital programme providing that it is affordable and complies with the Prudential Code for Capital Finance in Local Authorities. No additional borrowing is assumed in this plan.
- 3.8 Revenue surplus generated by the HRA is transferred to an earmarked capital reserve and this usable reserve is currently used as match funding for the new homes program but can also be used to repay HRA debt.
- 3.9 The table below summarised capital resource requirements on a 5 year basis over the full 30 year Business plan. The detailed year by year plan is set out in Appendix 1.

REDDITCH BOROUGH COUNCIL**Executive Committee
2023**27th February

	Outturn 2022/23	2023-2028	2028-2033	2033-2038	2038-2043	2043-2048	2048-2053
	£	£	£	£	£	£	£
Major Repairs Reserve							
Internal Refurbishment	300,000	12,500,000	13,671,025	15,848,465	18,372,714	21,239,011	24,691,331
Boiler Replacements	850,000	3,850,000	4,101,307	4,754,539	5,511,814	6,389,703	7,407,417
High Trees Project	30,000	750,000	0	0	0	0	0
External Refurbishment	225,000	2,800,000	3,281,046	3,803,631	4,409,451	5,111,763	5,925,934
Electrical Upgrades	300,000	500,000	546,841	633,939	734,309	851,960	987,656
Door Entry and Security Upgrades	600,000	450,000	410,131	475,454	551,181	638,970	740,742
Smoke Detection Upgrades	590,000	1,100,000	546,841	633,939	734,309	851,960	987,656
Balcony Replacements	10,000	300,000	0	0	0	0	0
Major Voids	750,000	2,500,000	2,734,205	3,169,693	3,674,543	4,259,802	4,938,278
Energy Efficiency	270,000	3,750,000	4,101,307	4,754,539	5,511,814	6,389,703	7,407,417
Disrepair Cases	75,000	250,000	273,420	316,969	367,454	425,980	493,828
Fire Compartmentation	1,590,000	2,250,000	1,367,102	1,584,846	1,837,271	2,129,301	2,469,139
Garage Improvement Works	-	1,100,000	1,367,102	1,584,846	1,837,271	2,129,301	2,469,139
Structural Repairs	75,000	375,000	410,131	475,454	551,181	638,970	740,742
Asbestos General	200,000	500,000	546,841	633,939	734,309	851,960	987,656
Capitalized Salaries	500,000	2,500,000	2,734,205	3,169,693	3,674,543	4,259,802	4,938,278
	6,365,000	36,075,000	36,091,505	41,839,346	48,503,965	56,229,389	65,185,273
Capital Receipts							
Disabled Adaptations	200,000	1,750,000	1,367,102	1,584,846	1,837,271	2,129,301	2,469,139
HRA Stock - Remodelling	-	500,000	546,841	633,939	734,309	851,960	987,656
Estate & Environmental Improvements	450,000	1,250,000	1,367,102	1,584,846	1,837,271	2,129,301	2,469,139
Estate's Parking and Paving	-	650,000	820,261	950,908	1,102,363	1,277,341	1,481,483
Stock Condition Survey Fees		750,000	820,261	950,908	1,102,363	1,277,341	1,481,483
Housing Management	350,000						
	1,000,000	4,900,000	4,921,563	5,705,447	6,614,177	7,667,644	8,888,901
New Build/Acquisitions	2,300,000	15,200,000	16,200,000	17,200,000	18,200,000	19,200,000	20,200,000
	10,265,000	56,175,000	57,213,074	64,745,394	73,318,142	83,097,033	94,274,174
Financed by							
Major Repairs Reserve	6,365,000	36,075,000	36,091,505	41,839,346	48,503,965	56,229,389	65,185,273
Capital Receipts	1,000,000	4,900,000	4,921,563	5,705,447	6,614,177	7,667,644	8,888,901
Capital Receipts earmarked for acquisition	1,160,000	6,080,000	6,480,000	6,880,000	7,280,000	7,680,000	8,080,000
HRA Capital Reserve	1,740,000	9,120,000	9,720,000	10,320,000	10,920,000	11,520,000	12,120,000
HRA - Borrowing							
	10,265,000	56,175,000	57,213,074	64,745,394	73,318,142	83,097,033	94,274,174

Financial viability of the Housing Revenue Account

- 3.10 The Business Plan is based upon financial modelling to ensure the financial viability of the HRA over the next 30 years.
- 3.11 The reduction in the number of dwellings from Right to Buy sales represent a loss of income and can jeopardise the long term financial viability of the HRA if these dwellings are not replaced. The current Government policy encourage the council to replace homes with the proceeds from RTB Sales. To mitigate the impact of the loss of rental income, the capital investment program will finance 600 replacement homes over the life of this plan.

Executive Committee

2023

27th February

- 3.12 We have to look at Right to Buy assumptions as to the viability of the Housing Revenue Account, as reductions in numbers of dwellings impacts works required in terms of delivery, magnitude and cost.

HRA Rental income - Sensitivity analysis to net reduction in Number of dwellings					
Net Reduction in number or Dwellings per year	2023.24 £'000	2024.25 £'000	2025.26 £'000	2026.27 £'000	2027.28 £'000
20	25,658	27,357	28,076	28,815	29,572
25	25,649	27,323	28,015	28,727	29,454
50	25,589	27,136	27,697	28,269	28,849
75	25,534	26,955	27,384	27,816	28,248
100	25,474	26,768	27,066	27,358	27,643
125	25,419	26,587	26,752	26,906	27,043
150	25,360	26,401	26,434	26,448	26,437

The business plan assumes a net reduction of 20 dwellings over the next five years as highlighted in tables above (RTB less acquisitions).

The sensitivity analysis shows the impact of net reductions in dwellings on rental income over the medium term or first five years of the plan. Typically for every additional 25 properties lost, in year 1, the value of rental income reduces by £60k.

By Year 5 the equivalent rent loss for every additional 25 properties is approximately £600k.

- 3.13 The impact of the rental income affects the net operating expenditure.

HRA Net Operating Expenditure Surplus(-) or deficit (+) Sensitivity Analysis to net reduction in number of dwellings					
Net Reduction in number or dwellings per year	2023.24 £'000	2024.25 £'000	2025.26 £'000	2026.27 £'000	2027.28 £'000
20	-449	-1,145	-1,370	-1,445	-1,761
25	-442	-1,120	-1,325	-1,380	-1,673
50	-398	-981	-1,087	-1,040	-1,224
75	-357	-845	-854	-704	-779
100	-312	-706	-616	-364	-330
125	-271	-571	-382	-29	115
150	-226	-432	-145	311	565

Executive Committee
202327th February

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- 3.17 Alongside assumptions for Right To Buy losses within the stock profile assumptions have also been included for the development, acquisition and remodelling of housing stock to provide additional units forms the strategy for reducing the impact of RTB losses.
- 3.18 Currently the Council's housing growth programme has 19 units of accommodation under construction and 8 sites agreed for development expected to provide an additional 37 units of accommodation over the next 3 years. A Housing Development Officer is now in place to deliver this programme and identify additional sites to be added to the programme to maintain the delivery of additional properties in the future.

4. LEGAL IMPLICATIONS

- 4.1 The HRA consists of expenditure on Council owned assets, primarily its Housing. There is a statutory requirement that the Council is obliged to keep its Housing Revenue Account separate from other housing activities in accordance with the Local Government and Housing Act 1989 (as amended).
- 4.2 The Council has a duty to disclose specified information in relation to the HRA and its operation under the Housing Revenue Account (Accounting Practices) Directions 2016.
- 4.3 In November 2020 MHCLG (now DLUHC) published guidance on the operation of the Housing Revenue Account ring-fence and highlighted the need to be fair to both tenants and council taxpayers and that there should be a fair and transparent apportionment of costs between the HRA and General Fund.
- 4.4 The Localism Act 2011 introduced a system of Council Housing finance which replaced the HRA subsidy system with self-financing arrangements.
- 4.5 In October 2018 the HRA borrowing cap was abolished allowing local authorities the opportunity to borrow against expected rental income in accordance with the CIPFA Prudential Code 2021 (as amended).

5. STRATEGIC PURPOSES - IMPLICATIONS**Relevant Strategic Purpose**

- 5.1 This report supports the strategic priorities of the Council principally in ensuring the Council provides a range of Housing for our tenants that

Executive Committee
202327th February

provide modern, safe and warm housing as part of 'Finding somewhere to live'.

- 5.2 Providing funding and programmes of works to ensure properties can be adapted to suit the needs of individuals is a key component of achieving 'Living Independent, active and healthy lives.'
- 5.3 Investment within the environment in which the Council's Social Housing stock is located including designing out crime, better security and safety measures as well as well-maintained space will assist in achieving 'Communities which are safe, well maintained and green'. Investing in energy efficiency of our stock as set out in 5.4 below also supports this Strategic Purpose.

Climate Change Implications

- 5.4 The Government's Clean Growth Strategy 2017 and Heat and Buildings Strategy 2021 sets a target for social housing providers to achieve a minimum Energy Performance Certificate (EPC) rating of C by 2030 for all fuel poor properties together with a target to make all homes 'net zero carbon' by 2050. Within the Capital Programme budgets there are budgets set aside for improving the energy efficiency of the housing stock in order to meet Government.
- 5.5 The upgrading of electrical installations including LED lighting, more efficient gas boilers and further research and implementation of viable renewable energy technologies will assist in carbon reduction as a consequence of the use of our housing assets.
- 5.6 Increased thermal efficiency, more efficient lighting and heating will assist all of our tenants including those in Fuel Poverty. Support and Guidance is also offered through our contracted Energy Advice Service provider regarding energy bills, minimising home energy use, and referrals for energy saving measures.
- 5.7 New build properties delivered through the Council housing growth programme will be constructed to the highest energy efficiency rating viable and utilise renewable heating systems rather than gas boilers.
- 5.8 The improvement of the energy efficiency of the Council's housing stock is an important step in tackling fuel poverty and improving the quality of life of tenants and future tenants to reduce fuel bills and improve their quality of life. This will also assist the Council in reducing its carbon footprint in line with the Council's Climate Change Strategy

6. OTHER IMPLICATIONS

Executive Committee
202327th February

Equalities and Diversity Implications

- 6.1 Understanding the profile and needs of tenants will give greater insight into how specific requirements can be addressed and funded. The ongoing implementation of the new Housing System will assist in the development of a robust and detailed tenant profile, in conjunction with planned tenant engagement and wider local demographic data.
- 6.2 There are positive equalities implications resulting from the proposed plan, including the focus on heating, thermal efficiency, and window replacement, which will benefit physical health and wellbeing, those with long term conditions or disabilities and people in fuel poverty or struggling with the cost of living. The provision for aids and adaptations will also support people with a disability to remain, and remain independent, in their properties.
- 6.3 The provisions detailed in the plan, such as tenancy support, income advice and homelessness support will all help vulnerable tenants, such as those experiencing mental health challenges.

Operational Implications

- 6.4 As part of the ongoing review within Housing Property Services and the Housing Management Service Area a core objective is to ensure that there is sufficient capacity, knowledge and skills to deliver the range of services contained with this report.
- 6.5 The implementation and successful utilisation of ICT software, modernising service delivery and a greater emphasis on Performance Management will be critical factors in delivering the services.
- 6.6 The current cost of living situation will impact on some of our tenant's ability to pay their rent and could have an impact on this Plan. Several actions are being undertaken to support tenants and to keep arrears and bad debts to a minimum, for example:
1. Referrals to Home Finance Advisors who provide money advice and assist residents to maximise their income.
 2. Moving Universal Credit claimants on to Alternative Payment Arrangements and apply for arrears direct payments as a preventative measure to avoid legal action.
 3. Working with Revenues and Benefits to access additional support, such as discretionary housing payments and make referrals to the Citizens Advice.

Executive Committee
202327th February

4. Utilising the Homelessness Prevention Support Grant where applicable.
5. Developing a partnership agreement with Redditch Job Centre to provide additional support to our residents who visit the job centre.

7. RISK MANAGEMENT

- 7.1 The Council may be in breach if a 30-year HRA Business Plan is not agreed.
- 7.2 There are a wide range of assumptions that are built into the model, combinations of these assumptions not being accurate, could impact significantly on the affordability of the plan. Ongoing and regular review of these together with the reserves, mitigate against these risks.
- 7.3 A large proportion of the works identified to improve our council housing stock is reliant on the capacity and performance of contractors. Good Contract and performance management will allow us to understand and manage this risk.

8. APPENDICES and BACKGROUND PAPERS

Appendix 1 – 30 Year HRA Business Plan
 Appendix 2 – Housing Asset Management Strategy
 Appendix 3 – Housing Capital Programme 2023/4- 2027/8
 Appendix 4 – Tenant Satisfaction Measures

9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Craig Warhurst (Housing and Procurement) Karen Ashley (Finance and Enabling)	14/2/23
Lead Director / Head of Service	Guy Revans (Head of Environmental Services and Housing Property Services) Peter Carpenter (Executive Director of Finance) Judith Willis	14/2/23 15/2/23 14/2/23

Executive Committee
202327th February

	(Head of Community and Housing Services) Sue Hanley (Deputy Chief Executive)	15/2/23
Financial Services	Kunmi Joseph	7/2/23
Legal Services	Claire Green	3/2/23
Policy Team (if equalities implications apply)	Rebecca Green	13/2/23
Climate Change Officer (if climate change implications apply)	Matthew Bough (Strategic Housing Manager)	9/2/23

Appendix 1 30 Year HRA Business Plan

Executive Committee
202327th February

Appendix 2 – HRA Asset Management Strategy

Redditch Borough Council - Housing Asset Management Strategy 2023-2027

1.0 INTRODUCTION

Redditch Borough Council (the 'Council') has a retained stock of affordable housing located within the county of Worcester. This document sets our approach to the strategic management of our assets over the next 5 years; with reference to the anticipated reinvestment requirements over the next 30 years. It is directly linked to the Council's Corporate Plan 2020-2024, Local Plan Housing Strategy, the Worcestershire Housing Partnership Plan and supported by the 30-year Business Plan and forms a strategic golden thread throughout the business.

1.1 This strategy helps us ensure a focus on:

- The safety and security of residents in their homes and communities;
- Achieving net zero carbon (NZC) milestones for our homes;
- Accurate data driven reinvestment decisions;
- Putting in place a properly funded business plan for asset investment and repair;
- Ensuring our stock is fit for purpose and financially viable.

1.2 We have embraced the principles of effective asset management, recognising the importance of:

- Accurate stock condition information, accurate and up to date compliance records;
- A transparent and robust mechanism for assessing stock viability and sustainability;
- Effective governance, stewardship and procurement;
- The value of a healthy relationship between the Asset Management, Housing Operations, Housing Management and Development functions;
- Effective programme and repairs service delivery.

2.0 STRATEGIC PRIORITIES AND CONSULTATION

This strategy sets out the mission, enablers and strategic objectives for the Council and its operating functions and how service development is

Executive Committee
202327th February

driven by these. The Council aims to be recognised as a truly customer centric organisation. During 2019/20 the Council reviewed and set the following strategic priorities:

- Run and grow a successful business;
- Finding somewhere to live;
- Aspiration, Work and Financial Independence;
- Living independent, active, and healthy lives; and
- Communities which are safe, well maintained, and Green

- 2.1 The Grenfell Tower tragedy in June 2017 and thereafter the Fire Safety Act 2021, Building Safety Act 2022 and Social Housing Bill 2022 have further highlighted safety issues that remain in the affordable housing sector and what the Council will need to consider in future management and investment within homes. Whilst other issues such as the lack of affordable housing, welfare reform (Universal Credit), deprivation, homelessness, and demographic changes are all still relevant there is now a clear priority on the safety of residents in their communities and providing them with a forum to raise any concerns. Whilst the Council does not have any higher risk buildings (HRBs) as currently defined by the Building Safety Act 2022, we still need to consider other complex buildings (e.g., sheltered, and elderly accommodation) and those of medium height (11 to 18 meters) which over time are likely to become prescribed as HRBs.
- 2.2 In addition, the UK government amended its Climate Change Act in June 2019 to introduce a legally binding zero carbon target for the UK for 2050. A further strategic requirement is the eradication of fuel poverty. The Government has set out its further ambitions for housing with a target for getting all homes to EPC C by 2030.
- 2.3 The Corona virus, COVID-19, pandemic affected affordable housing providers in a variety of ways including the temporary cessation of planned investment works and emergency repairs as well as impacting many other services. The impact on resources and the ability to deliver asset management related investment is a priority against the backdrop of a difficult economic position impacted by the conflict in Ukraine and the rising costs of living. In particular the costs of materials and fuel which have led to higher levels of inflation than have been seen in the last 40 years.

Executive Committee
202327th February

- 2.4 A key responsibility of the Council is to ensure there is effective engagement with its tenants and providing customer focussed services based on two-way communication. A review of tenant engagement is ongoing and will include annual surveys as prescribed by the Regulator of Social Housing, publishing an Annual Report highlighting performance, successes and areas of improvement required. This will be supported by bespoke consultation to groups and or individuals based on the programmes of work to be delivered. The Council believes that paying attention to the views of residents assists with improving satisfaction with the service as a whole.
- 2.5 A key focus is to ensure the front-line services are efficient and customer focussed. The implementation of the new Civica CX system (Housing Management and Repairs Software) will enable better business information and performance data regarding the delivery of the Responsive Repairs service. Analysis of the balance of trades and their respective skills is being undertaken which will result in further recruitment to deliver a more productive and efficient service in line with best practice.
- 2.6 Over the last two years significant improvements have been made to the management of voids significantly reducing both the number of properties open and the time that they are void. Both directly impact on the Council's ability to receive rental income from these properties. Further work is ongoing to provide continuous improvement to processes and resultant performance.
- 3.0 OBJECTIVES
- 3.1 The key objectives of this strategy are:
- Aligning with the Council's six strategic priorities, which are based on our commitment to providing residents with effective and efficient services that not only meet their needs but understand them.
 - Ensuring the health, safety and security of our residents and the communities in which they live.
 - Managing and maintaining homes to a good standard.
 - Improving and maintaining homes, and as a by-product, continue to meet the Regulator of Social Housing's 'Home Standard' (including Decent Homes).

Executive Committee
202327th February

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- Programming and procuring works so that repairs and maintenance is conducted cost effectively and responsively, in a way that reflects residents' needs, preferences and aspirations.
 - Ensuring that necessary re-investment in the stock is made a key priority within the Council's financial framework.
 - Improving environments on estates and supporting community regeneration.
 - Ensuring all homes meet our landlord obligations for health and safety compliance.
 - Ensuring the stock is fit for purpose and meets the needs of residents, the business and that demonstrate viability as well as value for money.

3.2.1 In order to deliver these objectives, the Council must ensure that the requirements of the stock are affordable in the context of its HRA Business Plan.

4.0 OUR ASSETS

4.1 Our housing stock includes 5,711 dwellings and 532 leaseholders. All the stock is all located within Redditch Borough. The Council does not own any higher risk buildings (HRBs) (defined as properties with at least 7 storeys or at least 18 metres in height by the Building Safety Act 2022).

4.2 In addition to dwellings, The Council is also responsible for the management of a number of assets related to dwellings, for example garages, unadopted roads, street lighting and paths. In October 2019 there were 197 garage sites comprising 1,340 garages and 1,044 off-curtilage parking sites.

4.3 The extent of any non-traditionally constructed dwellings (including PRC construction etc.) is to be assessed as part of the new stock condition survey programme that will continually update information on our Housing Stock and Assets. Any non-traditional construction will need to be intrusively assessed by a specialist structural engineer, so that any structural repairs can be identified within the forecast expenditure plans. Provisional amounts have been included as an interim measure.

4.4 The Council recognises that the home remains truly at the heart of our tenants' needs and wellbeing and we aim to provide appropriate

Executive Committee
202327th February

adaptations to enable our residents to live independently. We also acknowledge our social responsibility to provide these adaptations and facilities for disabled and vulnerable people and to comply with the requirements of the Equality Act. Providing this service not only has a significant effect on the resident's welfare but also relieves significant pressure on the local health service.

5.0 OUR CURRENT POSITION

5.1 Stock Condition

The Council commissioned a stock condition survey in October 2019 which comprised a 100% inspection of blocks and common parts, as well as off curtilage garages and parking sites. A sample survey (55.8%) was undertaken of homes and the data uploaded into a new asset management database. Where surveys have not been undertaken yet, information has been cloned within the asset management database to provide a whole stock assessment.

5.2 The survey identified that the housing stock is in a reasonable state of repair with a proportionately low level of catch-up and early years work required. The stock will require continued expenditure over a 30-year planning term to maintain homes to a good, tenable standard.

5.3 According to the stock condition survey the priority issues for re-investment (% of total 30-year expenditure indicated) include:

- Kitchens and bathrooms (28%)
- Heating system and space heating (22%)
- Electrical Installations (18%)
- External windows and doors (14%)

5.4 Initial Tenders have been procured to enable the delivery of internal refurbishment works (Kitchen, Bathrooms, Electrical and Heating Works) identified above. Over 2021 and 2022 the Council identified a programme of replacement boilers to remove old, inefficient, hard to repair boilers and during this time replaced over 700 units with modern efficient boilers.

6.0 Decent Homes

Executive Committee
202327th February

The Decent Homes Standard is a Government led initiative, introduced in 2000, and now incorporated into the Home Standard which is one of four consumer standards that registered providers of social housing must comply with. The Council met the standard in 2010 and now must maintain homes to it, in a logical and affordable manner.

- 6.1 The Council plans re-investment works in accordance with the forecasts of stock condition survey, as part of a wider programme. Decent Homes works will therefore continue to be delivered as a by-product of effective works planning, founded from an ethos of pre-planned and programmed 'just in time renewals' (as promoted by the DLUHC in their Decent Homes and stock condition survey guidance) and in logical geographical groups.
- 6.2 The asset management database identified an overall Decent Homes failure rate of 3.33% (i.e., 41 of the 1,230 surveyed dwellings as part of the stock survey), however at that time, 9.93% was Potentially Non-Decent, within the next two years. The Council will assess Potentially Non-Decent over a 5-year period as part of its Capital Programme of works.
- 6.3 The Council plans to maintain Decent Homes by developing works programmes in 5-year bands. An amount of non-decency may therefore be experienced within any 5-year period, although zero non-decency will be delivered at the end of each programme period. In this way the Council can maintain a logical programme of work that afford economies of scale and value for money and avoid the need to 'pepper-pot' works year on year to meet this standard.
- 7.0 Compliance

The Council has and will continue to undertake regular reviews of housing compliance risks using both internal and external resources. These reviews will ensure that related policies, management plans, procedures and processes for each of the core compliance risk align with our landlord obligations. This will ensure the health and safety of our residents, visitors and other stakeholders are maintained.

- 7.1 The key risk areas that will be reviewed are:
- Asbestos containing materials
 - Fire including Fire Risk Assessments

Executive Committee
202327th February

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- Electrical safety (a 5-year testing programme);
 - Water safety (legionella and scalding risks);
 - Lifts and lifting equipment; and
 - Fuel and Gas Safety (annual testing and servicing of boilers)

7.2 The Council have developed related policies, management plans, procedures, and processes for each of the core compliance risks, aligned with our Landlord Obligations. These are subject to regular review and auditing using both internal and external resources as verification. This will ensure the health and safety of our residents, visitors and other stakeholders are maintained.

7.3 Programmes of work have and continue to deliver a range of compliance functions including fire prevention works to previously sheltered accommodation, upgrading of smoke and carbon monoxide detection, an ongoing programme of Fire Risk Assessments, cyclical testing of fire alarms, emergency lighting, lift installations, electrical systems and boilers.

8.0 ENERGY EFFICIENCY

Based on the 2019 sample Stock Condition Survey, the average Standard Assessment Procedure (SAP) score for Redditch's homes is 67.9, which is EPC band D (band C beginning at SAP 69). Approximately 40% of the stock has an EPC lower than C. The stock will need improvement works to improve it to band C by 2030 and thereafter NZC (band A) by 2050. These targets should ensure that where practical all our stock achieves the Government low carbon emission targets.

8.1 The current financial forecast does not include for retrofit improvements, although it does include for component replacement which can help to deliver improved energy efficiency, for example, window replacement. Over the next year we will undertake more detailed analysis and modelling of our stock to determine the measures needed to improve energy efficiency and reduced carbon emissions. This will enable us to determine the funding required and put in place programmes of works which align with cyclical and planned works, to minimise disruption to residents and obtain better value for money.

8.2 As part of the strategy to attract external funding to support Energy Efficiency Works the Council has applied for funding via the Social

Executive Committee
202327th February

Housing Decarbonisation Fund with results to be announced around March 2023. These works are tackling the worst performing properties based on a 'fabric first' approach. In 2022 the Council were successful in attracting Local Authority Delivery 2 (LADs) funding that improved properties in Laurel Close.

- 8.3 The selection of energy efficient measures likely to be required and that form part of the criteria of funding streams based on the 'fabric first' approach will include:
- The installation of double/triple glazing;
 - The installation of cavity wall insulation;
 - The addition of External Wall Insulation (EWI);
 - The improvement of loft insulation to at least 300mm thickness;
 - Proper insulation of hot water cylinders and pipework; and
 - Air and ground source heat pumps, especially to off gas grid homes.
- 8.4 Before considering options, it is important for the Council to fully understand its starting point through a detailed analysis of the energy efficiency performance of its stock. The Council has commissioned a consultant to undertake specialist energy efficiency modelling to assist with the understanding of our strategic needs and the related delivery.
- 8.5 The modelling will use the latest RdSAP method, with additional and enhanced analysis using georeferenced data. The model will use all relevant asset data to produce a full energy model of the Council's housing stock. The collation and cleansing of data will usually involve some cloning and highlight conflicting or missing data. To reflect this, the model stores a data confidence score for every data point. This allows the highlighting of homes with the poorest data confidence as priority for survey, or to identify particular data areas (for example heating information, or floor information) that need improving across the stock. This could be used to focus a programme of energy surveys designed to improve the quality of energy data if required.
- 8.6 Once the data is in the model, the Council can view and report on the stock's baseline performance and profile and identify installation options. As well as identifying all potential measures for each property and across the stock, the model tests user-defined investment scenarios. These can:

Executive Committee
202327th February

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- Seek the most cost-effective ways of reaching energy targets, such as minimum SAP rating or Net Zero, across all stock or a specified group;
 - Model the effect of a planned installation programme;
 - Identify additional measures that meet various criteria that could be added to an existing programme; and
 - Calculate SAP, fuel bill and CO2 savings for all options and scenarios evaluated.

8.7 The outputs of this modelling will then be used to determine the investment priorities to achieve NZC milestone and other maintenance requirements.

9.0 ASSET PERFORMANCE MODELLING

The Council will assess viability and re-investment priorities through a Stock Viability Model that takes account of a range of factors including demand and projected costs. This appraisal process results in individual properties being allocated a red, amber, or green re-investment status (RAG).

9.1 This will provide an opportunity to tailor our management, maintenance, improvement and investment of our properties based on a key range of data.

9.2 The portfolio will therefore be divided into one of three categories:

1. Red – Those properties deemed to be of high risk (i.e. requiring higher than average levels of reinvestment (or cost) in order to maintain them in a good lettable condition) and/or that are in low demand (i.e. are difficult to let or which have an unjustifiably high void turnover rate).
2. Amber – Those properties that offer peripheral performance and that require further investigation to be reclassified as either red or green.
3. Green – Those properties that are in high demand and that require average or below average levels of re-investment. This category may otherwise be described as ‘core stock’.

Executive Committee
202327th February

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- 9.3 Property in Red or Amber status is to be the subject of further investigation, or review through an options appraisal, until they are either re-classified or until such time as an alternative strategy is agreed.
- 9.4 A green status indicates that the stock classified as such is viable with a long-term future, being of low cost and high demand. The majority of stock falls within this classification and can be included within reinvestment plans without concern. The assessment of cost is made with direct reference to asset management data and associated reports. Demand will be assessed with reference to housing management perception informed by void turnover rates and associated performance indicators.

10.0 LEASEHOLDERS

The Council has made a number of commitments to Leaseholders which are contained within the Leasehold Management Policy.

- 10.1 Any reinvestment decisions and resulting works must provide cost effective services, accurate and timely information and ensure that service charges reflect actual costs in accordance with statutory obligations and lease terms.
- 10.2 The Council will adhere to the statutory requirements for consultation under Section 20 of the Commonhold and Leasehold Reform Act and work with recognised organisations to ensure that we maintain a good two way communication with leaseholders.
- 10.3 Before any work starts on a leaseholder's property the Council will consult the leaseholder on the extent, timing and estimated cost of the work taking into consideration leaseholders' comments and recommendations.

11.0 FUNDING

The 30-year HRA Business Plan and associated 5 year Capital Programmes identifying investment requirements define the resources available to the Council for the management and maintenance of the housing stock. There are defined categories to which re-investment can be directed and the manner in which the business will be regulated and monitored.

Executive Committee
202327th February

- 11.1 The requirements for revenue related activities including the management and reactive repairs and maintenance of the Housing Stock are assessed annually.

Appendix 3 – 5 Year Capital Programme 2023/24 – 2027/28

REDDITCH BOROUGH COUNCIL**Executive Committee
2023**27th February

	Outturn 2022/23	1 2023.24	2 2024.25	3 2025.26	4 2026.27	5 2027.28
	£	£	£	£	£	£
Major Repairs Reserve						
Internal Refurbishment	300,000.00	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Boiler Replacements	850,000.00	850,000	750,000	750,000	750,000	750,000
High Trees Project	30,000.00	350,000	400,000	0	0	0
External Refurbishment	225,000.00	300,000	500,000	700,000	700,000	600,000
Electrical Upgrades	300,000.00	100,000	100,000	100,000	100,000	100,000
Door Entry and Security Upgrades	600,000.00	100,000	100,000	100,000	75,000	75,000
Smoke Detection Upgrades	590,000.00	300,000	300,000	300,000	100,000	100,000
Balcony Replacements	10,000.00	100,000	300,000	300,000	200,000	0
Major Voids	750,000.00	500,000	500,000	500,000	500,000	500,000
Energy Efficiency	270,000.00	750,000	750,000	750,000	750,000	750,000
Disrepair Cases	75,000.00	50,000	50,000	50,000	50,000	50,000
Fire Compartmentation	1,590,000.00	1,000,000	500,000	250,000	250,000	250,000
Garage Improvement Works	-	100,000	250,000	250,000	250,000	250,000
Structural Repairs	75,000.00	75,000	75,000	75,000	75,000	75,000
Asbestos General	200,000.00	100,000	100,000	100,000	100,000	100,000
Capitalised Salaries	500,000	500,000	500,000	500,000	500,000	500,000
	6,365,000	7,675,000	7,675,000	7,225,000	6,900,000	6,600,000
Capital Receipts						
Disabled Adaptations	200,000	500,000	500,000	250,000	250,000	250,000
HRA Stock - Remodelling	-	100,000	100,000	100,000	100,000	100,000
Estate & Environmental Improvements	450,000	250,000	250,000	250,000	250,000	250,000
Estates Parking and Paving	-	50,000	150,000	150,000	150,000	150,000
Stock Condition Survey Fees		150,000	150,000	150,000	150,000	150,000
Housing Management	350,000					
	1,000,000	1,050,000	1,150,000	900,000	900,000	900,000
New Build/Acquisitions						
	2,900,000	3,000,000	3,000,000	3,000,000	3,000,000	3,200,000
	10,265,000	11,725,000	11,825,000	11,125,000	10,800,000	10,700,000
Financed by						
Major Repairs Reserve	6,365,000	7,675,000	7,675,000	7,225,000	6,900,000	6,600,000
Capital Receipts	1,000,000	1,050,000	1,150,000	900,000	900,000	900,000
Capital Receipts earmarked for acquisition	1,160,000	1,200,000	1,200,000	1,200,000	1,200,000	1,280,000
HRA Capital Reserve	1,740,000	1,800,000	1,800,000	1,800,000	1,800,000	1,920,000
HRA - Borrowing						
	10,265,000	11,725,000	11,825,000	11,125,000	10,800,000	10,700,000

REDDITCH BOROUGH COUNCIL**Executive Committee**
202327th February**Appendix 4 – Tenant Satisfaction Measures**

<u>Measured by landlords directly</u>	TP - Measured by doing tenant perception surveys
	TP01: Overall satisfaction
<u>RP - Keeping properties in good repair</u>	
RP01: Homes that do not meet the Decent Homes Standard	TP02: Satisfaction with repairs
RP02: Repairs completed within target timescale	TP03: Satisfaction with time taken to complete most recent repair
	TP04: Satisfaction that the home is well maintained
<u>BS - Maintaining building safety</u>	
BS01: Gas safety checks	TP05: Satisfaction that the home is safe
BS02: Fire safety checks	
BS03: Asbestos safety checks	
BS04: Water safety checks	
BS05: Lift safety checks	
<u>Respectful and helpful engagement</u>	
	TP06: Satisfaction that the landlord listens to tenant views and acts upon them
	TP07: Satisfaction that the landlord keeps tenants informed about things that matter to them
	TP08: Agreement that the landlord treats tenants fairly and with respect
<u>CH - Effective handling of complaints</u>	
CH01: Complaints relative to the size of the landlord	TP09: Satisfaction with the landlord's approach to handling complaints
CH02: Complaints responded to within Complaint Handling Code timescales	
<u>NM - Responsible neighbourhood management</u>	
NM01: Anti-social behaviour cases relative to the size of the landlord	TP10: Satisfaction that the landlord keeps communal areas clean and well maintained
	TP11: Satisfaction that the landlord makes a positive contribution to neighbourhoods
	TP12: Satisfaction with the landlord's approach to handling anti-social behaviour

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REDDITCH BOROUGH COUNCIL

Council
2023

27th February

Recommendations from the Constitutional Review Working Party

Relevant Portfolio Holder	Councillor Karen Ashley
Portfolio Holder Consulted	
Relevant Head of Service	Claire Felton, Head of Legal, Democratic and Property Services
Report Author Claire Felton	Job Title: Head of Legal, Democratic and Property Services Contact email: c.felton@bromsgroveandredditch.gov.uk
Wards Affected	N/A
Ward Councillor(s) consulted	N/A
Relevant Strategic Purpose(s)	An Effective and Sustainable Council
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATIONS

Council is asked to RESOLVE that:-

- 1) the Section 151 Officer be delegated authority to accept, administer and distribute ring fenced Government Grant Funding, or Funding from bodies acting on behalf of Government, and to make the necessary and corresponding adjustments to the Medium Term Financial Plan following consultation with the relevant Portfolio Holder and subject to meeting the conditions of grant funding;**
- 2) the Chief Executive be delegated authority, as Proper Officer, to declare the office of Councillor vacant immediately after a person has ceased to be a Councillor where s/he has not attended a Council or Committee meeting for six months or more; and**
- 3) the Policy Framework be updated to remove reference to policies that no longer exist or which are considered in an alternative forum and to add reference to the Contract Procedure Rules**

2. BACKGROUND

- 2.1 A meeting of the Constitutional Review Working Party took place on Monday 23rd January 2023.

Council
2023

27th February

- 2.2 During this meeting, a range of issues were discussed by Members of the group and a number of recommendations were proposed which have implications for the content of the Council's constitution.
- 2.3 The report provides further information about the background to each of these recommendations and Council is asked to consider whether to approve the changes proposed to the constitution.

3. OPERATIONAL ISSUES

Ring Fenced Grant Funding

- 3.1 From time to time the Council receives grant funding from the Government to use for specific purposes.
- 3.2 These grants are often given with short notice periods and a requirement to start spending immediately based on the specific conditions of the grant. This is made more challenging in cases where at the point in time the authority is made aware of them the Government announces them to the public which leads to a high level of contact from the public, pressuring Council officers whilst they are trying to set schemes up to spend the monies.
- 3.3 Currently, grant funding can only be utilised by the Council following approval through the decision-making process, via the Executive Committee and the Council (unless this is Covid grant funding, for which officers have received delegated authority).
- 3.4 Due to the nature of the Council approval cycle, it is often not possible to get reports through the reporting mechanisms in a timescale which allows compliance with grant conditions and this can delay the speed at which monies are paid out in line with the grant conditions. Delegated authority would allow the Council to respond in an agile and transparent manner for the benefit of Redditch.
- 3.5 Unfortunately, Government grant funding is often repayable if it is not defrayed within a timetable set by Government.
- 3.6 In this context, Members are asked to consider recommending that officers should receive delegated authority to accept, administer and distribute Government Grant Funding, or Funding from bodies acting on behalf of Government, which has been ring fenced for specific purposes, and to make the necessary and corresponding adjustments to the Medium Term Financial Plan (MTFP) following consultation with the Leader and subject to meeting the conditions of grant funding.

Council
2023

27th February

- 3.7 Members previously agreed, at a meeting of full Council held on 26th July 2021, to grant Officers delegated authority to accept, administer and distribute any grant funding provided by the Government in relation to the Covid-19 pandemic, which included authority to adjust the MTFP in response. This delegation enabled Officers to act promptly and efficiently as soon as Covid grant funding was allocated to the Council, without delay. The proposed delegation to officers in respect of other forms of ring fenced Government grant funding would similarly enable the Council to act promptly and efficiently.
- 3.8 Where the funding is area specific or for the benefit of area-based activity, Members are advised that officers will consult with the relevant ward Councillors.
- 3.9 Grant monitoring will be in place in line with the financial procedure rules, with information included in the quarterly finance and performance monitoring reports and will be accounted for appropriately.

Six Month Rule – Declaring a Vacancy

- 3.10 A Councillor ceases to be an elected Member should s/he fail to attend a meeting of the authority for six consecutive months since their previous attendance at a meeting. This could involve attendance at meetings of Council or Committees.
- 3.11 Currently, at Redditch Borough Council, should a Councillor fail to attend a Council or Committee meeting in this period, the vacancy can only be declared at a Council meeting. This could potentially cause delays between the person ceasing to be a Member and the vacancy occurring as it is dependent on the date of the next Council meeting.
- 3.12 The Association of Electoral Administrators (AEA) has provided guidance indicating that it is considered best practice for the Council's constitution to provide delegated authority to the proper officer of the Council to declare vacancies that occur in these instances.
- 3.13 Members are therefore asked to consider agreeing to grant the Chief Executive, as Proper Officer, delegated authority to declare vacancies that occur in the event of a Councillor failing to attend a Council or Committee meeting in a six-month period.

Policy Framework

- 3.14 Redditch Borough Council has a Leader and Cabinet model of decision making. Within this structure of decision making, there are some decisions that must be taken by full Council, some decisions that must be taken by the Executive Committee, some decisions where there are shared responsibilities and some “local choice” functions, whereby the authority determines whether the decision is taken by the Executive Committee or Council.
- 3.15 The Council is required to have a policy framework, comprising a list of important policies and strategies. Only Full Council can make decisions about policies and strategies included in the Policy Framework.
- 3.16 A list of items currently included in the Council’s Policy Framework can be found at Paragraph 4 in the Articles of the constitution (Appendix 1).
- 3.17 The content of the Policy Framework can be reviewed by the Council from time to time to ensure that it remains suitable for the authority. When reviewing the content of the Policy Framework, Members should take into account the legal requirements in respect of responsibilities for functions, as detailed in the Responsibilities for Functions at Part 3 of the Council’s constitution.
- 3.18 Items that form part of the Policy Framework can only be determined by Council, although will be debated at a prior meeting of the Executive Committee. This is a lengthier decision-making process than that in place for items that can be determined by the Executive Committee alone, or which have been delegated to other Committees, and so can cause delays to implementation. It is therefore important for Members to ensure that the most appropriate items, including those items where there is a legal requirement to do so, are included in the Policy Framework.
- 3.19 At Appendix 3 to the report, Members can view the items in the Policy Frameworks for other Councils in Worcestershire. Members will observe that the list of items in the Policy Framework for Redditch Borough Council is lengthier than for other local authorities in the county.
- 3.20 Where items are removed from the Policy Framework, they still form the basis of reports to the Executive Committee unless delegated authority is granted to officers to determine particular matters.

Council
202327th February

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- 3.21 All the items that are debated at both Executive Committee and Council meetings are advertised in advance on the Executive Committee's Work Programme, which is published on the Council's website. The Overview and Scrutiny Committee can select items from the work programme to pre-scrutinise and this would continue, regardless of any changes to the Policy Framework.
- 3.22 The Constitutional Review Working Party reviewed the content of the Council's current Policy Framework at their meeting held on 23rd January 2023. In considering the content of the Policy Framework, Members were advised that a number of items no longer existed whilst other items in the framework were or could more appropriately be considered via alternative routes.
- 3.23 Members of the Constitutional Review Working Party agreed that explanatory notes should be provided in relation to items that it is proposed should be removed from the Policy Framework. These explanatory notes are as follow:
- Annual Performance Plan - There is no longer an Annual Performance Plan. Instead, the Council's performance is monitored in quarterly finance and performance monitoring reports. These reports are considered by the Executive Committee and the Budget Scrutiny Working Group (the latter in respect of the budget.) The Performance Scrutiny Working Group can also consider the content of this report in relation to the performance data provided.
 - Community Safety Partnership Plan - Overview and Scrutiny has a statutory duty to scrutinise the work of the local Crime and Disorder Reduction Partnership, which is the North Worcestershire Community Safety Partnership, on an annual basis. The Crime and Disorder Scrutiny Panel fulfils this role, with the latest such meeting taking place on 2nd November 2022. It is suggested that the Panel could scrutinise the content of the plan as part of this work.
 - Plans and strategies which together form part of the Local Development Framework / Development Plan – The Head of Planning, Regeneration and Leisure Services has reported that the Local Development Framework and Development Plan are essentially the same thing. It is therefore proposed that this should be reflected in the Policy Framework, with reference made to the Development Plan as a single item. Members are asked to note that planning policies require Council approval and cannot

Council
2023

27th February

be determined by the Executive Committee alone. Therefore, planning policies will continue to be reported to Council.

- Food Law Enforcement Service Plan – The Food Law Enforcement Plan is covered by the Worcestershire Regulatory Services (WRS) annual service plan and should have been delegated to the WRS Board, which makes decisions on behalf of the shared service, along with discharge of the Food Safety Act and associated provisions. The service plan will be signed off at the February 2023 meeting of the WRS Board and a specific recommendation covers the food element. Redditch Borough Council has Member representatives on the WRS Board who participate in the decision-making process.
- The Plan and Strategy which Comprise the Housing Investment Programme – Officers have advised that this referred to the Worcestershire Local Investment Plan and Affordable Homes Programme Framework which went to Committee in 2011. This was produced as part of the work for Homes England (the then Homes and Communities Agency) to give them strategic direction for funding of new affordable homes as part of the affordable homes programme. This is no longer needed due to the changes in how affordable homes are funded and the introduction of continuous market engagement as a way to deliver new affordable homes. Therefore, this item can be removed.
- The Local Transport Plan – The Local Transport Plan is included in Worcestershire County Council's Policy Framework. Local transport is a County Council function and it is suggested that it is more appropriate for the County Council, which has decision making powers in relation to transport services, to include this in their policy framework. In this context, it is suggested that the item should be removed from Redditch Borough Council's Policy Framework.
- Procurement Strategy – The Council does not have a specific Procurement Strategy but does have Contract Procedure Rules. Due to the importance of effective Contract Procedure Rules to good governance, it is proposed that references to the Procurement Strategy should be replaced with reference to the Contract Procedure Rules in the Council's Policy Framework. This should help to provide Members with assurance that the Council is complying with best practice.

Council
2023

27th February

- Single Equalities Scheme – The Council does not have a Single Equalities Scheme. Instead, the authority has equalities strategies which need to be produced and agreed in a timely manner. Delays in respect of equalities strategies could have negative implications for specific groups within the local community.

3.25 The Constitutional Review Working Party agreed to consider the content of the Policy Framework further at their next meeting, with a focus on the following areas, for which officers have been asked to supply additional information:

- Emergency Plan
- Enforcement Policy
- Sustainable Community Strategy

4. FINANCIAL IMPLICATIONS

- 4.1 The proposal that authority be delegated to the Section 151 Officer will be in line with good financial practice.
- 4.2 The delegation to accept administer and distribute any Government Funding or Funding from bodies acting on behalf of Government relating and to make the necessary and corresponding adjustments to the MTFP will be done following consultation with the relevant portfolio holder.
- 4.3 Any additional funding or expenditure will be spent in accordance with the conditions of grant and be reported retrospectively to the Executive Committee and Council either in a stand alone report should it be a particularly large, or complex grant scheme or in the quarterly finance monitoring report.

5. LEGAL IMPLICATIONS

- 5.1 Review and revision of the Constitution is governed by Article 15 of the Constitution.
- 5.2 Section 101 of the Local Government Act 1972 (as amended) gives a general power to local authorities to discharge functions through officers. Local Authorities are required by the same Act to maintain a list of these, which is referred to as the Scheme of Delegation. This sets out those powers of the Council which can be carried out by officers of the Council.

Council
2023

27th February

- 5.3 The Council is required to review its scheme of delegations on an annual basis. This generally occurs at the annual Council meeting, held in May. The Council can also review the Officer Scheme of Delegations during a municipal year, where requested.
- 5.4 Section 85 of the Local Government Act 1972 states that if a member of a local authority fails, throughout a period of six consecutive months from the date of their last attendance, to attend a meeting of the authority, they shall cease to be a member of the Council. An exception applies if their non-attendance has been approved by Council before the expiry of the six-month period.
- 5.5 Section 86 of the Local Government Act 1972 states that where a Councillor has ceased to be a Member under these circumstances, the Council will forthwith declare the office to be vacant.
- 5.6 The AEA advises that the requirement for the Council to forthwith declare the office to be vacant places an expectation that this will happen without delay. By delegating authority to the proper officer, any such vacancies can be declared in the timely manner anticipated by the legislation.
- 5.7 The Local Government Act 2000, in particular Section 13 (Functions which are the responsibility of an executive) details the matters which are the responsibility of the Executive.
- 5.8 The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (as amended) gives effect to section 13 of the Local Government Act 2000 by specifying in Schedule 1 to the regulations which functions are not to be the responsibility of the Executive. In other words, the Executive Committee cannot by law make the decision on those matters.
- 5.9 The areas that the Executive cannot determine, so instead are the preserve of full Council, fall under the following headings:
- Functions relating to town and country planning and development control (planning policies)
 - Functions relation to Licensing and Registration (many of which are delegated in Redditch to the relevant regulatory Committees)
 - Functions relating to health and safety at work
 - Functions relating to elections (many of which are delegated to the Electoral Matters Committee)
 - Functions relating to the name and status of areas and individuals
 - Power to make, amend, re-enact or enforce byelaws

Council
2023

27th February

- Power to promote or oppose local or personal Bills
- Functions relating to pensions
- Miscellaneous functions

6. OTHER - IMPLICATIONS

Relevant Strategic Purpose

- 6.1 The Strategic purposes are included in the Council Plan and guide the Council's approach to expenditure ensuring the authority focuses on the issues and what are most important for the Borough and its communities. Grants will be paid out in line with grant conditions whilst ensuring that they align with the Council's strategic purposes as far as is possible.
- 6.2 Regular review of the Council's Scheme of Delegations helps Members to determine whether the delegations remain fit for purpose. This supports the strategic purpose to be an Effective and Sustainable Council.
- 6.3 It is important to review the Council's Policy Framework from time to time to ensure that the content enables the authority to continue to be 'An Effective and Sustainable Council'.

Climate Change Implications

- 6.4 The green thread is a priority in the Council Plan. Any grants which have implications for climate change will be addressed and reviewed when relevant by climate change officers to ensure the correct procedures have been followed and that any impacts on climate change are fully understood.
- 6.5 Any other changes to the Scheme of Delegations which could have climate change implications would be reviewed on a case by case basis.

Equalities and Diversity Implications

- 6.6 Removing the Single Equalities Strategy from the Policy Framework would enable the Council to act more promptly on updating relevant Equalities Strategies to meet the needs of different groups in the local community.

7. RISK MANAGEMENT

Council
2023

27th February

- 7.1 Grants are monitored in line with the financial procedure rules and grant conditions.
- 7.2 There is a risk that if authority is not delegated to officers in respect of Government grant funding the Council might need to return some of this grant funding due to not being able to process the grants in accordance with tight timescales.
- 7.3 Where the Council does not regularly review and update the Policy Framework the content becomes out of date. This can hold up the efficiency of the decision making process.

8. APPENDICES and BACKGROUND PAPERS

Appendices

Appendix 1 – Extract from the Articles – the Current Policy Framework

Appendix 2 - Extract from the Articles – Suggested Changes to the Policy Framework

Appendix 3 – Policy Frameworks at other Councils in Worcestershire

Background Papers:

AEA Guidance – ‘Casual Vacancy – Failure to Attend Meetings.’

Redditch Borough Council’s constitution

9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Councillor Karen Ashley	
Lead Director / Head of Service	Pete Carpenter, Interim Section 151 Officer	
Financial Services	Pete Carpenter, Interim Section 151 Officer	

Council
2023

27th February

Legal Services	Claire Felton, Head of Legal Democratic and Property Services	
Policy Team (if equalities implications apply)	Deb Poole, Head of Business Transformation, Organisational Development and Digital Strategy	

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APPENDIX 1 THE ARTICLES OF CONSTITUTION – EXTRACT**ARTICLE 4 – THE FULL COUNCIL****4.1 Meanings**

"Policy Framework"

The policy framework means the following plans and strategies:-

- Annual Performance Plan;
- Climate Change Strategy
- Community Safety Partnership Plan
- Council Plan;
- Plans and strategies which together comprise the Local Development Framework;
- Development Plan;
- Emergency Plan;
- Enforcement Policy;
- Food Law Enforcement Service Plan;
- The plan and strategy which comprise the Housing Investment Programme;
- Local Transport Plan;
- Procurement Strategy;
- Single Equalities Scheme;
- Sustainable Community Strategy.

"Budget"

The budget includes the allocation of financial resources to different services and projects, the medium-term financial plan, proposed contingency funds, setting the Council tax, decisions relating to the control of the Council's borrowing requirements, the control of its capital expenditure and the setting of virement limits.

4.2 Functions of the full Council

Only the Council will exercise the following functions:

- a. adopting and changing the Constitution;

- b. approving or adopting the Budget and the Policy Framework and any application to the Secretary of State in respect of any Housing Land Transfer;
- c. subject to the urgency procedure contained in the Access to Information Procedure Rules in Part 8 of this Constitution, making decisions about any matter in the discharge of an Executive function which could have been (but was not) covered by the Budget and Policy Framework or where the decision maker is minded to make it in a manner which would be contrary to the Policy Framework or contrary to/or not wholly in accordance with the Budget;
- d. appointing or removing from office:-
 - (i) the Leader;
 - (ii) the Mayor or Deputy Mayor;
- e. confirming the appointment of the Chief Executive, Monitoring Officer and Section 151 Officer;
- f. agreeing and/or amending the terms of reference for the Council's committees, sub-committees, etc., deciding on their composition and, subject to Article 8.3, making appointments to them;
- g. the appointment and revocation of appointments of representatives to outside bodies unless the appointment is an Executive function or has been delegated by the Council;
- h. adopting an allowances scheme;
- j. changing the name of the area or conferring the title of Honorary Alderman or Freeman of the Borough;
- k. making, amending, revoking, re-enacting or adopting bylaws and promoting or opposing the making of local legislation or personal Bills;
- l. all local choice functions set out in Part 3 of this Constitution (Responsibilities for Functions) which the Council decides should be undertaken by itself rather than the Executive; and
- m. all other matters which, by law, must be reserved to Council.

4.3 Council meetings

There are three types of Council meeting:

- a. the annual meeting;
- b. ordinary meetings;
- c. extraordinary meetings, including the Council Tax-setting meeting of the Council

and they will be conducted in accordance with the Council Procedure Rules in Part 7 of this Constitution.

4.4 Responsibility for functions

The Council will maintain the tables in Parts 3 - 6 of this Constitution setting out:

- a. those functions which are the responsibility of the Council;
- b. those functions which are the responsibility of the Council and which it has delegated to committees or officers.

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PART 2

APPENDIX 2 THE ARTICLES OF CONSTITUTION – EXTRACT SUGGESTED CHANGES TO THE POLICY FRAMEWORK

ARTICLE 4 – THE FULL COUNCIL

4.1 Meanings

"Policy Framework"

The policy framework means the following plans and strategies:-

- ~~Annual Performance Plan;~~
- Climate Change Strategy
- ~~Community Safety Partnership Plan~~
- Council Plan;
- ~~Plans and strategies which together comprise the Local Development Framework;~~
- Development Plan;
- Emergency Plan;
- Enforcement Policy;
- ~~Food Law Enforcement Service Plan;~~
- ~~The plan and strategy which comprise the Housing Investment Programme;~~
- ~~Local Transport Plan;~~
- ~~Procurement Strategy;~~ Contract Procedure Rules
- ~~Single Equalities Scheme;~~
- Sustainable Community Strategy.

"Budget"

The budget includes the allocation of financial resources to different services and projects, the medium-term financial plan, proposed contingency funds, setting the Council tax, decisions relating to the control of the Council's borrowing requirements, the control of its capital expenditure and the setting of virement limits.

4.2 Functions of the full Council

Only the Council will exercise the following functions:

- a. adopting and changing the Constitution;

PART 2

- b. approving or adopting the Budget and the Policy Framework and any application to the Secretary of State in respect of any Housing Land Transfer;
- c. subject to the urgency procedure contained in the Access to Information Procedure Rules in Part 8 of this Constitution, making decisions about any matter in the discharge of an Executive function which could have been (but was not) covered by the Budget and Policy Framework or where the decision maker is minded to make it in a manner which would be contrary to the Policy Framework or contrary to/or not wholly in accordance with the Budget;
- d. appointing or removing from office:-
 - (i) the Leader;
 - (ii) the Mayor or Deputy Mayor;
- e. confirming the appointment of the Chief Executive, Monitoring Officer and Section 151 Officer;
- f. agreeing and/or amending the terms of reference for the Council's committees, sub-committees, etc., deciding on their composition and, subject to Article 8.3, making appointments to them;
- g. the appointment and revocation of appointments of representatives to outside bodies unless the appointment is an Executive function or has been delegated by the Council;
- h. adopting an allowances scheme;
- j. changing the name of the area or conferring the title of Honorary Alderman or Freeman of the Borough;
- k. making, amending, revoking, re-enacting or adopting bylaws and promoting or opposing the making of local legislation or personal Bills;
- l. all local choice functions set out in Part 3 of this Constitution (Responsibilities for Functions) which the Council decides should be undertaken by itself rather than the Executive; and
- m. all other matters which, by law, must be reserved to Council.

PART 2**4.3 Council meetings**

There are three types of Council meeting:

- a. the annual meeting;
- b. ordinary meetings;
- c. extraordinary meetings, including the Council Tax-setting meeting of the Council

and they will be conducted in accordance with the Council Procedure Rules in Part 7 of this Constitution.

4.4 Responsibility for functions

The Council will maintain the tables in Parts 3 - 6 of this Constitution setting out:

- a. those functions which are the responsibility of the Council;
- b. those functions which are the responsibility of the Council and which it has delegated to committees or officers.

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Policy Framework Items for Worcestershire Councils	
<p>Bromsgrove District Council</p> <p>ARTICLE 1 - THE CONSTITUTION (bromsgrove.gov.uk) (Article 4.1)</p>	<ul style="list-style-type: none"> ▪ Annual Performance Plan ▪ Crime and Disorder Reduction Plan ▪ Plans and strategies which together comprise the Local Development Framework ▪ The Development Plan ▪ The Council Plan ▪ Inclusive Equalities Scheme ▪ Pay Policy.
<p>Malvern Hills District Council</p> <p>MHDC Constitution - Article 4</p>	<ul style="list-style-type: none"> ▪ The Council's Five-Year Plan ▪ Community Safety Partnership ▪ Plans and strategies which together form the Local Development Scheme ▪ Any other plan which is required by statute to be approved by the Council.
<p>Worcester City Council</p> <p>Part 2: Articles of the Constitution</p>	<ul style="list-style-type: none"> ▪ Plans and strategies which together comprise the Local Development Scheme ▪ Worcestershire Housing Strategy ▪ Plans and Strategies for Finance and Asset Management ▪ Corporate Plan ▪ Statement of Licensing Policy under the Licensing Act 2003
<p>Worcestershire County Council</p> <p>WCC Constitution - Appendix 1 - Scheme of Assignment of Responsibility for Functions</p>	<ul style="list-style-type: none"> ▪ Sustainable Community Strategy (if any) ▪ Corporate Plan ▪ Children and Young People's Plan ▪ Local Transport Plan ▪ The approval, for the purpose of its submission to the Secretary of State for independent examination under section 20 (independent examination) of the Planning and Compulsory Purchase Act 2004, of a development plan document ▪ Youth Justice Plan ▪ 'Act Local in Worcestershire' framework

	<ul style="list-style-type: none"> ▪ Such other plans and strategies as required by law to form part of the Policy Framework or which may be and have been adopted to be part of that Framework
<p>Wychavon District Council</p> <p>WDC Constitution – Chapter 3</p>	<ul style="list-style-type: none"> ▪ Corporate Strategy ▪ Financial Strategy ▪ Business Plan ▪ Housing Strategy ▪ The Development Plan ▪ Neighbourhood Plans
<p>Wyre Forest District Council</p> <p>Section 4 WFDC Constitution – Responsibility for Functions</p>	<ul style="list-style-type: none"> ▪ Plans or strategies that are required under statute ▪ Crime and Disorder Reduction Strategy ▪ Development Plan documents ▪ Licensing Authority Policy Statement ▪ Plans and alterations which together comprise the Development Plan ▪ Corporate Plan ▪ Financial Strategy, including any plan or strategy for the control of the authority's borrowing, investments or capital expenditure or for determining the authority's minimum revenue provision ▪ Shared Services Strategy ▪ Fees and Charges Strategy ▪ Property Rationalisation Strategy

Redditch Borough Council
Overview and Scrutiny Committee
Annual Report 2022 – 2023



CONTENTS

TITLE	PAGE NO.
CHAIR'S FOREWORD	3
INTRODUCTION	4
THE ROLE OF OVERVIEW AND SCRUTINY	4
MEMBERSHIP	5
ACTIVITIES AND OUTCOMES DURING 2022/2023	6
CRIME AND DISORDER SCRUTINY PANEL	18
TASK GROUPS AND SHORT SHARP REVIEWS	19
WORKING GROUPS	21
EXTERNAL SCRUTINY BODIES	22
CONCLUSION	23
SCRUTINY PROPOSAL FORM – APPENDIX A	24

CHAIR'S FOREWORD

I would like to extend my thanks to the Democratic Services Officers Jo Gresham, Jess Bayley-Hill and Mateusz Sliwinski, who have been very helpful and supportive to the Committee during the year.

It has been a very busy year for the Overview and Scrutiny Committee with nine meetings having taken place at the Town Hall between May and the end of December, with a further three meetings scheduled during February and March.

I would like to thank all Members of the Committee for their contributions and participation, and in particular extend my thanks to Councillor Joanna Kane, who is the Vice-Chair of Overview and Scrutiny and the Chair of both the Performance Scrutiny and Budget Scrutiny Working Groups. I would also like to extend my thanks to Councillor Michael Chalk for his regular written reports and updates from the meetings he attends as the Council's representative on the Worcestershire County Council Health Overview and Scrutiny Committee and the West Midlands Combined Authority Overview and Scrutiny.

Although the Committee have not completed any Task and Finish Group reviews, the Committee have several which have been agreed, scoped and ready to be launched.

The Committee have both taken an overview of and scrutinised a wide range of topics including: - Town Investment Plan Business Case, Levelling Up Fund Bid 2, Future Use Of Town Hall And Customer Access, Leisure Strategy, Council Plan, Town Hall Hub, Asset Disposal Strategy, HR and Organisational Development / Workforce Strategy / People Strategy, Climate Change / Carbon Reduction Strategy, and support provided by the Council to residents of Redditch in respect of the rise in the cost of living.

During Committee meetings, Members have asked detailed questions of senior officers and portfolio holders including the Leader of the Council. This has supplemented information received in the reports, led to constructive debates, and enabled Members to come to informed decisions.

The Committee have regularly made comments and recommendations to the Executive Committee.

I am pleased to report that at several meetings during the year members of the public have requested and addressed the Committee, speaking on items on the agenda.



Councillor Bill Hartnett
Chair of Overview and Scrutiny Committee

INTRODUCTION

This report outlines the work undertaken by the Overview and Scrutiny Committee of Redditch Borough Council during 2022 – 2023.

THE ROLE OF OVERVIEW AND SCRUTINY

The role of overview and scrutiny is an important one in the Council's governance structure, in providing challenge and driving improvement. It is often referred to as the "critical friend" of the Council and can review any issues of concern or of real interest to local residents.

The Overview and Scrutiny Committee has a number of roles within the Council. These include:

- Holding the Executive Committee to account by thoroughly scrutinising their decisions to ensure that the Council continues to provide the best services possible for Redditch residents. As part of this role, the Committee has the power to 'call-in' decisions made by the Executive Committee and to request that the Executive Committee review the original decisions, taking into account the issues raised by the Committee.
- Acting as a 'critical friend' to the Executive Committee by reviewing Council policies and strategies, making recommendations where appropriate.
- Performance and financial monitoring, to ensure the Council's services are sustainable and delivered to the highest possible standard.
- Commissioning reviews of services/topics that impact on the Council or on the lives of Redditch residents.
- Pre-scrutiny of items prior to a decision being made by the Executive Committee.
- Setting up Task Groups to focus on specific subjects and recommend ways to improve existing practices within the Council and community as a whole. A flow chart on how to consider potential scrutiny reviews can be found on the Council's information management system and the Council's scrutiny scoping form at Appendix A.

MEMBERSHIP

The Committee appoints individual Members to oversee the work of Overview and Scrutiny. Membership of the Committee for 2022/23 is as follows:



Cllr Bill Hartnett (Chair)



Cllr Joanna Kane (Vice-Chair)



Cllr Salman Akbar



Cllr Imran Altaf



Cllr Michael Chalk



Cllr Brandon Clayton



Cllr Sid Khan



Cllr Timothy Pearman



Cllr Gareth Prosser
May 2022 - October 2022



Cllr Tom Baker-Price
October 2022 –present

ACTIVITIES AND OUTCOMES DURING 2022-23

The Overview and Scrutiny Committee held a scrutiny training and work programme planning session in June 2022 at the start of the municipal year. This session was held online and provided an opportunity for both existing and new Members of the Committee to understand the importance of the scrutiny process at the Council and the function of the Committee. During the training session, areas of interest were identified by Members for potential Overview items that could be considered during the municipal year 2022/2023. These Overview items are subjects for discussion at a single meeting of the Committee and are of particular interest to residents within the Borough. In addition to this the following were identified by Members:

- Items for pre-scrutiny, identified from the Executive Committee's Work Programme.
- Subjects considered suitable for further scrutiny through a Task Group investigation.

Covid-19 And Remote Meetings

In May 2021 the Government removed the temporary legislation that allowed local authorities to hold public meetings virtually. This meant that Overview and Scrutiny Committee meetings were once again held in person after May 7th, 2021. Meetings continue to be live streamed if there is significant local interest in the items being considered at Overview and Scrutiny Committee meetings. Meetings of scrutiny Task Groups and Working Groups continue to be held remotely, since these meetings are private and not live streamed.

The Death of Queen Elizabeth II

Following the death of Queen Elizabeth II, it was agreed by Members that, as a mark of respect, Committee meetings due to be held during the mourning period would be postponed. This resulted in the postponement of the following meetings:

- Overview and Scrutiny Committee – 22nd September 2022 (rearranged to 6th October 2022)
- Crime and Disorder Scrutiny Panel – 21st September 2022 (rearranged to 2nd November 2022)

This report provides a summary of the work undertaken by the Overview and Scrutiny Committee during the 2022-2023 municipal year. Further information on the agendas and minutes from these meetings can be found using the link below:

[Overview and Scrutiny Committee Meetings - 2022-2023](#)

The Overview and Scrutiny Committee monitors the impact of all of its recommendations that have been endorsed by the Executive Committee. A tracking report is presented to the Committee during the year stating progress made to date.

During consideration of the Executive Committee's Work Programme, Members agreed to pre-scrutinise the following items:

- Redditch Town Investment Plan Business Cases
- Levelling Up Fund 2 Bid
- Future Us
- Leisure Strategy
- Climate Change/Carbon Reduction Strategy and Action Plan
- Voluntary Bodies Scheme
- Appropriation of Land off Ipsley Church Lane for Planning Purposes
- HR and Organisational Development / People Strategy

In addition to pre-scrutiny of the Executive Committee Work Programme items, the following items were included in the Committee's Work Programme and were considered at meetings throughout the municipal year:

- Support Provided by the Council to residents in respect of the cost of living
- Overview and Scrutiny Training Event – June 2022

Portfolio Holders for the relevant reports are invited to each meeting of the Committee in order to answer questions and to provide further information to the Executive Committee on the areas that the Overview and Scrutiny Committee raise at their meetings.

Recommendations to the Executive Committee

During the municipal year 2022 the majority of the recommendations contained within Executive Committee reports were endorsed by the Committee. There were two instances when the recommendations made by the Committee were rejected by the Executive Committee. In respect of the additional recommendation made during consideration of the Leisure Strategy the Executive Committee amended its proposed recommendation to reflect the changes suggested by the Overview and Scrutiny Committee.

As stated earlier in this report all of the minutes and agendas for these meetings can be accessed via this link below.

[Overview and Scrutiny Committee Meetings - 2022-2023](#)

Further information about the issues discussed by the Committee during the year and Members' findings are detailed below.

9th June 2022

Council Plan (Recovery and Restoration Plan)

During consideration of this report, it was noted that the current Council Plan was developed prior to the Covid-19 pandemic and therefore a review of the priorities contained within the Plan was undertaken in 2021 and an Addendum produced, designed to sit alongside the Plan. This Addendum would provide an intermediary position prior to the review of the Council Plan due to take place in 2024.

During consideration of this report Members highlighted the following areas of interest:

- The procurement of an energy advice service
- Asset Based Community Development (ABCD)
- The allocation of Safer Streets Funding
- Redeployable Cameras
- Green Thread
- Face-to face interaction with officers within the Council
- Rough Sleepers
- Recruitment and Retention of staff

Council Tax Support Scheme - Update - Pre-Scrutiny

This report provided information on the review of the current Council Tax Support scheme and the proposed consultation process for the 2023/2024 scheme. It was clarified that the consultation was a legal requirement under Section 1A (3) of the Local Government Finance Act 1992 and that this would be carried out later this year.

During consideration of this matter it was highlighted that along with the public that major precepting authorities must also be consulted with regarding review of the Council Tax Reduction scheme. As this was a very technical scheme, at this meeting Members were informed that the documentation would be vastly simplified in order for it to be more understandable to all residents and that the consultation would be carried out so that it could be accessed by as many residents as possible.

23rd June 2022

Redditch Town Investment Plan Business Cases - Pre-Scrutiny

This was a detailed presentation for Members and the following areas were highlighted:

- Redditch Borough Council had submitted a bid to the Government in January 2021 and were awarded in excess of £15 million to spend on particular regeneration projects in the town centre.
- Three projects that had been approved were the Redditch Digital Manufacturing and Innovation Centre, Redditch Town Centre Public Realm and the Redevelopment of Redditch Library Site.
- The business cases included in the report provided more detailed information regarding the agreed projects and would inform the summary statements to the Government which were due to be submitted by 29th June 2022.
- The bid would continue to be worked on until submitted to the Department for Levelling Up, Housing & Communities on 29th June 2022.

At this meeting, Members raised their concerns that there was little detail in the late reports; and highlighted that it was important to be able to see more detail when looking at significant amounts of funding.

Further detailed discussion followed regarding the positive impact the funding would have on the Town Centre and that it was important to get the business cases in by the required deadline, in order to ensure that all available monies would be able to be drawn down. Members were in agreement that this was an exciting and aspirational opportunity for Redditch Town Centre.

Levelling Up Fund 2 Bid - Pre-Scrutiny

Included in this presentation of this report was further information on the Levelling Up Fund.

At this meeting Members were informed that the second round of Levelling Up funding focussed on the following three key themes:

- Transport
- Regeneration and Town Centre
- Culture and Heritage

Members were informed that the Regeneration and Town Centre theme provided the greatest chance of successfully bidding for funding and that Matchborough and

Winyates District Centres would be the focus of the proposal due to the significant amount of preparatory work that had already been undertaken.

Members commented that this was an exciting prospect for the Borough and thanked all of the Officers involved in the preparation of the bid for the second phase of Levelling Up funding.

7th July 2022

Asset Rationalisation for Easemore Road - Pre-Decision-Scrutiny

This matter was considered by Members, and it was reported that following a recent detailed condition survey and report, it was envisioned that over the following 5 years a minimum sum of £340,000 needed to be spent on maintenance of Easemore Road. Members were informed that the tenants, mainly from Voluntary and Community Sector (VCS) organisations, would be displaced and that alternative properties had been located for all of the tenants.

During consideration of this item, Members discussed the importance of the community centre to local residents, and it was noted by some Members that a better solution might potentially be to sell part of the site and use that income to improve the existing building. However, it was thought by some Members that it would not be wise to postpone this due to significant repairs and problems with the building.

Future Use of the Town Hall and Customer Access - Pre-Decision-Scrutiny

This report was in respect of the future use of the Town Hall and closure of the cashier service. It was explained that the effects of the pandemic had led to fewer users accessing the Town Hall in person to make payments.

At this meeting it was explained that there would be a dedicated manned customer service desk opened and telephone and internet access; and that this would allow colleagues to assist the public to access alternative forms of payment while the transition was being undertaken.

It was highlighted that if the cashiers' area were to be sublet to public sector tenants, that revenue would be generated for the Council.

There were some queries as a result of this report including data collection, redundancies, parking for any new tenants in the Town Hall and the improvement of IT literacy for those residents who needed extra support.

At this meeting Members were pleased that there would be no redundancies. However, there were concerns raised with regard to the need for the continuation of some face to face interactions with residents.

Overview and Scrutiny Training Event June 2022

Officers informed the Committee that the Overview & Scrutiny (O&S) Work Programme Planning Event was well attended, and all Non-Executive Members were invited. At this meeting, Officers reported that during the event a series of items were raised by Members to add to the Overview and Scrutiny Work Programme.

Members requested that a report regarding the Cost of Living Crisis be presented to the Committee later in the municipal year. This report was considered at a meeting held on 1st December 2022.

21st July 2022

Pre-Decision Scrutiny - UK Shared Prosperity Fund

The Head of Planning, Regeneration and Leisure Services presented a report on the subject of the UK Shared Prosperity Fund.

The Committee was advised that the UK Shared Prosperity Fund formed part of the national Levelling Up scheme. It was explained to Members that the investment plan was a high level, strategic document and that the Council needed to demonstrate how the proposed use of the funding in the Borough matched key interventions that had been identified by the Government

During consideration of this report there were discussions regarding the surety of receiving the full funding of £2.5m, the length of time in which the UK Shared Prosperity Fund would be available, the challenges faced by the Council in terms of ensuring the sustainability of projects that received funding after the end of the three-year period; and the consequences arising should the Council fail to demonstrate that the targets for expenditure of the funding were being met.

5th September 2022

Nomination of the Community Centre at Easemore Road - Asset of Community Value - Pre-Scrutiny

The Nomination of the Community Centre at Easemore Road - Asset of Community Value was presented at this meeting for consideration by the Committee. It was confirmed to the Committee that included within the Localism Act 2011 was a 'Community Right to Bid' enabling communities the right to identify a building they believed to be of importance to their community.

An independent evaluation had highlighted that a Condition Survey carried out in November 2021 had identified costs of repairs and maintenance of £340,407 and that Community House had been valued between £1.2m and £1.5m which was deemed a sum well beyond RCNT's means.

Members were interested in the consultation process that had been undertaken with the tenants and it was explained that there had been contact made with the tenants prior to the previous report presented to the Executive Committee on 12th July 2022.

6th October 2022

Redditch Tip Library Development - Business Case

This report included the business case and summary documents due to be submitted to the Department for Levelling Up, Housing and Communities on 15th October 2022.

The high level objectives of the Redditch Library Redevelopment were to improve connectivity between the Kingfisher Centre and the Conservation Area. The report also included plans in respect of the demolition of the current library building.

At this meeting some Members expressed considerable concern regarding the plans for the project which resulted in a robust debate amongst Members regarding risk, archives from the current library, the timeline of projects, the lease on the library building and the procurement of contractors.

Town Hall Hub

During consideration of the Town Hall Hub report Officers reported that the cost of the refurbishment project would be £5.2m and would be funded by capital receipts and the sale of Council assets which had been valued by Savills as between £3.45m and £5.65m.

Some Members felt that establishing a Community Hub within the Town Centre was a great opportunity to create a vibrant workplace alongside wider financial and social benefits. However, at this meeting, concerns were raised by some Members regarding the costs of the demolition of the current library combined with the costs of the Town Hall Hub and whether this was good value for money for residents.

20th October 2022

Leisure Strategy - Pre-Decision Scrutiny

The Head of Planning, Regeneration and Leisure Services together with the Cultural Services and Parks Manager and, the Development Services Manager provided a detailed presentation on the Leisure and Culture Strategy.

The strategy comprised of several different parts, including the main Leisure and Cultural Strategy and two other strategies which underpinned this document, including the Arts and Culture Strategy and the Parks and Open Spaces Strategy. Two further leisure strategies were due to be presented for the consideration of the Executive Committee in 2023 on the subjects of built facilities strategy and playing pitches strategy. The Leisure and Culture Strategy covered a wide range of topics including arts, heritage, physical activity and sport, events, parks, open space facilities, venues, sites and services.

Asset Disposal Strategy - Pre-Scrutiny

At this meeting, the Head of Legal, Equalities and Democratic Services presented a report on the proposed implementation of an Asset Disposal Strategy and explained that the Council held a comprehensive asset register which provided a valuation of those assets in monetary and service delivery terms.

It was reported to Members that the Council had a duty to ensure that its fixed assets were reviewed on a continual basis to ensure that they remained fit for their strategic purpose, complied with legislative and regulatory requirements, and did not lose value.

Climate Change/Carbon Reduction Strategy and Action Plan- Pre-Scrutiny

The Vice-Chair welcomed the Net Zero Projects Manager from the Midlands Net Zero Hub to the meeting who provided a detailed presentation regarding the Redditch Borough Council's Carbon Reduction Strategy and Action Plan.

The Carbon Reduction Strategy and Action Plan covered exclusively the carbon dioxide emissions of the Council and would need to be reviewed annually and progress against targets monitored twice a year.

Members were informed during consideration of this item that a Climate Change Officer would be appointed and that there would be a further resource requirement as the Strategy was implemented.

Voluntary Bodies Scheme Pre-Decision Scrutiny

This report was considered by the Committee at its meeting held on 20th October 2022.

At this meeting options for the Voluntary and Community Sector (VCS) Grants Scheme for the next three years, after the current scheme expired in March 2023, were outlined for Members' consideration. It was reported that VCS groups respondents had expressed a preference for option 2 to be adopted by the Council.

There was detailed discussion regarding the concessionary rents during consideration of this item and the impact of this on smaller, locally based community and voluntary groups in Redditch. However, Officers reminded the Committee that there was currently no concessionary rents scheme offered by the Council.

1st December 2022

Cost of Living

This matter was considered via a report and presentation which the Committee received at its meeting on 1st December 2022. The report detailed all of the initiatives that the Council was providing to residents in relation to the cost of living situation. Specifically, Members considered what financial support was being made available by the Council for residents impacted by the cost of living crisis and how the support provided by the Council was communicated to eligible residents.

At the meeting, Members had the opportunity to provide feedback and suggest improvements, and a recommendation was made to the Executive Committee regarding seeking external grant funding to enable a borough-wide campaign to subsidise the insulation of poorly insulated dwellings in the private sector.

HR and Organisational Development / People Strategy / Workforce Strategy - Pre-Decision Scrutiny

This report was pre-scrutinised at the meeting held on 1st December 2023 where it reported that the key aim of the Council's Workforce Strategy 2022-2026 was to have a workforce that was fit for the future and able to deliver the Council Plan and Strategic priorities whilst promoting the wellbeing of the workforce.

Three key themes of the Strategy were outlined as follows:

- Workforce Planning and Talent Management
- Engagement
- Health, Safety and Wellbeing.

The Committee was informed that action plans would be devised and implemented during the course of this Workforce Strategy to ensure that the aims of the new strategy were being implemented in practice.

As part of the discussion the following areas were raised remote working, hot desking policy and key performance indicators (KPIs) that were being developed in relation to the strategy and associated action plans.

Revisiting Items Identified at the Overview And Scrutiny Training Event held on 6th June 2022

Consideration of this item was a follow up to the previously considered item on 7th July 2022. At this meeting Members were asked to decide which of the outstanding items they wished to add to the work programme for the rest of the municipal year.

Members were asked to prioritise the task and finish review they wished to undertake in the first instance, as there was limited Officer resource and time left in the municipal year to undertake a substantive task and finish group review. It was agreed that a Task and Finish Group review of bulky waste collections should be prioritised by the Committee in the first instance and that it was possible to tie this topic together with the issue of fly tipping. Time and resource permitting, the Committee could then investigate launching the other task groups which were previously agreed by the Committee – Health Inequalities within the BME Committee Task Group and the Road Safety and Speeding Task Group.

Council Motion - Bulky Waste Collection

At this meeting Members were reminded of the original motion in relation to bulky waste proposed at the full Council meeting on 14th November 2022 as follows:

“Council is concerned about the cost-of-living crisis having a new impact on fly tipping, with the cost of bulky waste collection becoming a disincentive for many residents. Council asks the Overview and Scrutiny Committee to set up a Task and Finish review, to consider the costs, consequences and benefits of a pre-booked, free household bulky waste collection service for those Redditch residents who are low paid, elderly, disabled or in receipt of benefits, which will enable Members to consider options and determine what action, if any, to take.”

The Council had a duty to provide bulky waste collections for domestic properties, although it was entitled to charge for the collection of some waste dependent on criteria.

It was agreed by Members and Officers that linking the issues of fly tipping and bulky waste collections in one task group review was a sensible proposal. And therefore, a scoping document for the task group would be submitted for approval by the Committee at a meeting later in the municipal year in advance of the launch of the Task Group.

Road Safety Task Group

As a result of the previous item in this report it was agreed that the Fly Tipping and Bulky Waste Collection Task Group be launched in the first instance, and the decision on the launch and membership of the Road Safety and Speeding Task Group be deferred to a future meeting of the Committee.

8th December 2022

Pre-Decision Scrutiny - Appropriation Of Land Off Ipsley Church Lane For Planning Purposes

At this meeting, the Bereavement Services Manager presented a report on the appropriation of Land off Ipsley Church and explained that the report before the Committee detailed the planning designations of open space and primarily open space used within the change of use application.

The Bereavement Services Manager clarified the steps that the Council had taken so far in order to lawfully proceed with the process of appropriation proposal and that the Council also had to consider any objections to the proposed appropriation.

The details of the objections received were summarised and were categorised into 14 categories, with categories 2-14 having been dealt with via the planning application of 13th October 2021. The loss of recreational space was the outstanding

objection that had to be considered in the appropriation process and 60 objections were recorded in this category. However, the Committee were informed that if appropriation was to be approved for this land, it would still be classed as open space under the legislation

During consideration of this item biodiversity and environmental implications of the proposed appropriation were discussed and that a commitment to enhance biodiversity on the site and the wider local area had been made via the planning process; and that there were conditions attached to the planning permission for the land off Ipsley Church Lane to the effect of enhancing biodiversity.

It was also raised at this meeting that since all of the objections had not been made available to Members, they were unable to scrutinise the report sufficiently. However, it was argued that the objections received had been sufficiently summarised in the report and by Officers during the course of the meeting to enable Members to scrutinise the matter.

Crime And Disorder Scrutiny Panel – 2nd November 2022

Local authorities were required to have a Committee designated with responsibility to review the work of the local Crime and Disorder Reduction Partnership and that this Committee must meet at least once a year to discuss the work of the partnership. In Redditch this role was undertaken by the Crime and Disorder Scrutiny Panel, which was a permanent Sub-Committee of the Overview and Scrutiny Committee. The Panel holds the North Worcestershire Community Safety Partnership (NWCSP) to account for its work in Redditch.

At the meeting of the Crime and Disorder Scrutiny Panel on 2nd November 2022, Members received an update on the work of the Partnership in the Borough in the preceding 12 months. This included an update on new funding to tackle fly-tipping on private land that had been implemented since the last meeting of the panel. In addition to this, information was provided in respect of tools and powers used to tackle Anti-Social Behaviour and the work undertaken by the Community Safety Team in order to carry out one of the responsibilities of the NWCSP, which was to reduce the fear of crime and raise awareness.

There was also a discussion regarding local initiatives, particularly with young people including the Empowering Young People Project, Volunteer it Yourself (VIY), Launch of the W.I.S.E Youth Centre, Community Safety Enhanced Youth Support Workers, The Respect Programme, and the Virtual Decisions Knife Crime Project.

The Community Safety Partnership Manager presents the updates, and the information was always well received by Members, who were grateful for such detailed updates from Officers.

TASK GROUPS AND SHORT SHARP REVIEWS

Task Groups were established by the Overview and Scrutiny Committee in order to conduct an in-depth review of any service, policy or issue that affected the Borough. During this municipal year there were 2 Task Groups proposed and agreed by Members of the Committee. There was also 1 task group proposed in the 2021/22 municipal year but this had not been launched yet.

Road Safety

The Committee agreed to establish this Task Group at its meeting of 3rd February 2022, whereby the draft scoping document for the Task Group was also considered.

On 1st December 2022, the Committee agreed to prioritise the undertaking of the Bulky Waste and Fly Tipping Task and Finish review in the 2022-23 municipal year. It was suggested that the Road Safety and Speeding Task Group would be launched following the completion of this review.

Health Inequalities within the BME Communities in Redditch

The Committee agreed to launch this Task Group at its meeting of 5th September 2022, whereby the scope and objectives of the investigation were also agreed.

On 1st December 2022, the Committee agreed to prioritise the undertaking of Bulky Waste and Fly Tipping Task and Finish review in the 2022-23 municipal year. It was agreed that the Health Inequalities within the BME Communities in Redditch Task Group would be launched following the completion of this review.

Bulky Waste and Fly Tipping

The Overview and Scrutiny Committee agreed to prioritise undertaking a Task and Finish review of this matter during the remainder of the 2022/23 municipal year. This decision was made following on from a Full Council resolution of 14th November 2022, whereby the Overview and Scrutiny Committee was asked to set up a Task and Finish review to consider the costs, consequences and benefits of a pre-booked, free household bulky waste collection service for those Redditch residents who were low paid, elderly, disabled or in receipt of benefits.

It was agreed that before embarking on the Task Group review, a presentation on bulky waste collections and fly tipping would be considered by the Committee at its meeting on 2nd February 2023. This would enable Members to better understand the Council's current position on these issues. It was envisaged that meetings of this

task group would commence, once the membership and scope of the Task and Finish review was agreed by the Committee.

WORKING GROUPS

The Council has two permanent scrutiny working groups, the Budget Scrutiny Working Group, and the Performance Scrutiny Working Group.

Budget Scrutiny Working Group – Chair, Councillor Joanna Kane

The Budget Scrutiny Working Group held 7 meetings on Microsoft Teams in 2022-2023 recognising the importance of regular scrutiny of the Council's Budget.

During the year the Budget Scrutiny Working Group considered the following matters:

- Financial and Performance Monitoring
- Medium Term Financial Plan – Tranche 1
- Fees and Charges
- Financial Outturn
- Housing Revenue Account
- Council Tax Base
- Finance Recovery report

Performance Scrutiny Working Group – Chair, Councillor Joanna Kane

The Performance Scrutiny Working Group met several times throughout the municipal year 2022-2023 and with more regularity than the during the previous year.

- Landscaping and Tree Maintenance
- The new Corporate Dashboard
- Energy Advice Services
- Skills in Redditch
- Housing (including Voids)

It was hoped that the regularity of these meetings would continue into the next municipal year, providing Members with a more in-depth knowledge of performance across the Council.

EXTERNAL SCRUTINY BODIESWest Midlands Combined Authority (WMCA) Overview and Scrutiny Committee – Council representative, Councillor Michael Chalk

The Committee had received regular updates from Councillor Chalk, the Council's representative on the West Midlands Combined Authority Overview and Scrutiny Committee.

During the year Councillor Chalk provided written updates about the work of the Committee and highlighted the following points:

- Skills Budget
- UK Shared Prosperity Fund (UKSPF)

Worcestershire Health Overview and Scrutiny Committee (HOSC) – Council Representative, Councillor Michael Chalk.

The Committee had received regular updates from Councillor Chalk about the work of the Worcestershire Health Overview and Scrutiny Committee (HOSC). Some of the issues highlighted during the year included:

- Integrated Cares Systems
- Worcestershire Acute Hospitals NHS Trust including patient flow and bed shortages

The written updates from Councillor Chalk provided useful information of the scrutiny work being undertaken by other authorities across the local area and the Committee were grateful of the time taken by Councillor Chalk in providing these updates.

CONCLUSION

A significant amount of pre-scrutiny work has been carried out by the Committee throughout the year and as you can see from the report there were fewer Overview items considered by the Committee. The Committee, however, have carried out some constructive scrutiny throughout this municipal year and have considered issues that really mattered to the residents of Redditch.

The Chair of Overview and Scrutiny Committee express his thanks to all Members of the Overview and Scrutiny Committee, recognising in particular the valuable contribution made by Members through Task Group investigations and on the Budget and Performance Scrutiny Working Groups.

For any background information on the work of Overview and Scrutiny Committee in Redditch, please visit <https://www.redditchbc.gov.uk/council/the-council.aspx>

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(This form should be completed by sponsoring Member(s), Officers and / or members of the public when proposing an item for Scrutiny).

APPENDIX A

Note: The matters detailed below have not yet received any detailed consideration. The Overview and Scrutiny Committee reserves the right to reject suggestions for scrutiny that fall outside the Borough Council's remit.

Proposer's name and designation		Date of referral	
Proposed topic title			
Link to local priorities including the strategic purposes			
Background to the issue			
Key Objectives Please keep to SMART objectives (Specific, Measurable, Achievable, Relevant and Timely)			
How long do you think is needed to complete this exercise? (Where possible please estimate the number of weeks, months and meetings required)			

Please return this form to: Jo Gresham, Democratic Services Officer, Redditch Borough Council, Town Hall, Walter Stranz Square, Redditch, B98 8AH

Email: joanne.gresham@bromsgroveandredditch.gov.uk