



# Council

Mon 26 Feb  
2024

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

Redditch Town Hall,  
Walter Stranz Square  
Redditch  
B98 8AH

**REDDITCH** BOROUGH COUNCIL



*making  
a  
difference*

[www.redditchbc.gov.uk](http://www.redditchbc.gov.uk)

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

Town Hall, Walter Stranz Square, Redditch, B98 8AH  
Tel: (01527) 64252 (Ext: 3072)  
e.mail: [jess.bayley-hill@bromsgroveandredditch.gov.uk](mailto:jess.bayley-hill@bromsgroveandredditch.gov.uk)

## **GUIDANCE ON FACE-TO-FACE MEETINGS**

---

Please note that this is a public meeting and will be live streamed for general access via the Council's YouTube channel.

You are able to see and hear the livestream of the meeting from the Committee Pages of the website, alongside the agenda for the meeting.

[Link to live stream of the 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**

Meeting attendees 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.

### **PUBLIC ATTENDANCE AT MEETINGS**

Members of the public 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 and for any such items the live stream will be suspended and that part of the meeting will not be recorded.



# Council

Monday, 26th February, 2024

7.00 pm

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

## Agenda

### Membership:

Cllrs:

Salman Akbar  
(Mayor)  
Karen Ashley  
(Deputy Mayor)  
Imran Altaf  
Joe Baker  
Juliet Barker Smith  
Joanne Beecham  
Juma Begum  
Brandon Clayton  
Luke Court  
Matthew Dormer  
James Fardoe  
Peter Fleming  
Alex Fogg  
Andrew Fry  
Lucy Harrison

Bill Hartnett  
Sharon Harvey  
Chris Holz  
Joanna Kane  
Sid Khan  
Anthony Lovell  
Emma Marshall  
Kerrie Miles  
Gemma Monaco  
Timothy Pearman  
Jane Spilsbury  
Monica Stringfellow  
Craig Warhurst  
Ian Woodall

- 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 - 24)**
- 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 from the Executive Committee meeting held on 6th February 2024

- 6 .1 Carbon Reduction Strategy - annual review' (Pages 47 - 88)
- 6 .2 Non-Domestic Rates - Discretionary Rate Relief Policy (Pages 89 - 114)
- 6 .3 Pay Policy 2024/25 (Pages 115 - 124)
- 6 .4 Medium Term Financial Plan (including Treasury Management Strategy, Capital Strategy, Minimum Revenue Provision and Investment Strategy) (Tranche 2) (Pages 125 - 204)

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.

#### 6.4.1 Alternative Budget (to Follow)

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.

#### 6 .5 Parking Enforcement Service Level Agreement (Pages 205 - 212)

NOTE: the exempt appendix (Appendix 1) attached for this report has only been made available to Members and relevant Officers. Should Members wish to discuss Appendix 1 in any detail, a decision will be required to exclude the public and press from the meeting on the grounds that exempt information is likely to be divulged, as defined in paragraph 3 of Schedule 12 (a) of Section 100 1 of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006.

(Paragraph 3: Subject to the "public interest" test, information relating to the financial or business affairs of any particular person (including the authority holding that information).)

## **6 .6 Termination of Shared Service Arrangement: North Worcestershire Economic Development and Regeneration (Pages 213 - 222)**

NOTE: the exempt appendix (Appendix 1) attached for this report has only been made available to Members and relevant Officers. Should Members wish to discuss Appendix 1 in any detail, a decision will be required to exclude the public and press from the meeting on the grounds that exempt information is likely to be divulged, as defined in paragraphs 3 and 4 of Schedule 12 (a) of Section 100 1 of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006.

(Paragraph 3: Subject to the “public interest” test, information relating to the financial or business affairs of any particular person (including the authority holding that information).)

(Paragraph 4: Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority and employees of, or office holders under the authority).)

## **Recommendations from the meeting of the Executive Committee due to take place on 26th February 2024**

### **6 .7 Council Tax Resolutions 2024/25 (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. 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).

## **8. 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.)



# Council

Monday, 29th January, 2024

---

## MINUTES

### Present:

Councillors Salman Akbar (Mayor), Karen Ashley (Deputy Mayor), Imran Altaf, Joe Baker, Juliet Barker Smith, Joanne Beecham, Brandon Clayton, Luke Court, Matthew Dormer, James Fardoe, Peter Fleming, Lucy Harrison, Bill Hartnett, Sharon Harvey, Chris Holz, Joanna Kane, Sid Khan, Emma Marshall, Kerrie Miles, Timothy Pearman, Jane Spilsbury, Monica Stringfellow, Craig Warhurst and Ian Woodall

### Officers:

Peter Carpenter, Nicola Cummings, Claire Felton, Sue Hanley and Guy Revans

### Democratic Services Officers:

Jess Bayley-Hill

### 57. WELCOME

The Mayor welcomed all present to the meeting. He announced that the item about Land at Upper Norgrove had been withdrawn from the agenda and would be referred to the Executive Committee meeting on 6<sup>th</sup> February 2024.

### 58. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Juma Begum, Alex Fogg, Andy Fry, Anthony Lovell and Gemma Monaco.

### 59. DECLARATIONS OF INTEREST

Councillor Joanna Kane declared an Other Disclosable Interest in minute number 65, Executive Committee, relating to Redditch Planning Enforcement Policy and the Planning and Environmental Enforcement Business Case, as she was a member of Worcestershire Regulatory Services Board.

The following members declared an interest in minute item no. 63, Motions on Notice, in relation to the Motion about Fire Services:

Chair

# Council

Monday, 29th January, 2024

---

Councillor Matthew Dormer – in his capacity as a serving fire officer.

Councillors Brandon Clayton and Emma Marshall – in their capacity as members of the Fire Authority.

All three Councillors left the room during consideration of that Motion on Notice and did not take part in the debate or vote thereon.

## 60. MINUTES

### RESOLVED that

**The minutes of the meeting held on Monday 5<sup>th</sup> December 2023 be approved as a true and correct record and signed by the Mayor.**

## 61. ANNOUNCEMENTS

The following announcements were provided at the meeting:

### a) The Mayor's Announcements

A list of the Mayor's engagements during December 2023 had been included in the agenda pack for the meeting.

The Mayor announced that it was Councillor Sharon Harvey's birthday and presented her with a bouquet of flowers.

### b) The Leader's Announcements

Councillor Matthew Dormer announced that he had attended meetings of the West Midlands Combined Authority Board, Housing Land Delivery and Economic Growth Boards.

### c) The Chief Executive's Announcements

The Interim Chief Executive confirmed that she had no announcements on this occasion.

## 62. QUESTIONS ON NOTICE (PROCEDURE RULE 9)

Four questions on notice had been submitted for this meeting.

Social Value

Councillor Sid Khan asked the Leader: “Can the leader tell us how Redditch Borough Council has factored in Social Value in its contracting and tendering process in accordance with the Social Value Act 2012 for recent and ongoing Redditch Borough Council Regeneration projects?”

The Leader responded “Whilst the Council does not have a formal Social Value policy, Social Value is now considered in every major procurement undertaken. The extent and nature of Social Value included in an individual procurement depend on the specifics of each project.

Social value is scored as part of the quality evaluation on any major procurement. An example of Social Value scored in a recent Redditch Borough Council regeneration project is as follows:

Social Value and support to the Community and Local Businesses

Provide details of how you will ensure the local supply chain, subcontractors and people benefit from this project? How will you monitor local supply chain spend?

What are your quantifiable social value commitments to this project?

Consider how will your company directly improve the local economy, what local jobs will be created and sustained by you to complete the works, what local Bidders will you utilise and what training or apprenticeship schemes will be provided.

What support will be offered to local community organisations to support their development.

What facilities will be provided for use by community groups and voluntary organisations as a direct result of this contract.

What time will be allowed for your employees to volunteer for community work in the local area (Number of hours).

What donations to be made to local community funds to support local causes (value).

What is the total amount (£) to be spent in the local supply chain within the local area through the contract (value per year).

Provide details of support to be provided for local businesses to assist them to survive and grow (Number of hours).”

Councillor Khan asked a supplementary question about what social value the Council had gained for its residents in tangible and monetary terms.

The Leader replied that although no formal policy was in place social value was considered in every major procurement undertaken. He agreed to provide an answer to the detail in the question outside the meeting.

Armed Forces Champion

Councillor Joe Baker asked the Leader “In the public interest can the Leader explain what exactly is the role of the Council’s Armed Forces Champion?”

The Leader replied: “The Armed Forces Champion is appointed by Council at the Annual Council meeting in May.

Our Armed Forces Champion is currently Councillor Fogg and this appointment was made at our AGM as part of the appointment to outside bodies process. We are invited to appoint to the role by Worcestershire County Council’s Armed Forces Covenant Partnership.

The purpose of the role is:

To act as a positive focus for the local community at elected Member level in respect of the Armed Forces Covenant.

The responsibilities are:

- Act as an advocate on behalf of the Armed Forces Covenant within the Council and to the wider community.
- Become an active member of Worcestershire’s Armed Forces Covenant Partnership, working collaboratively with other District Council Champions, officers and stakeholders to improve access to local services to ensure our local armed forces community is not disadvantaged in any way.
- Champion and be a public point of contact for the local armed forces community including serving / reservists / veterans / spouses / families / carers.
- Become familiar with the needs and priorities of the armed forces community in Worcestershire in order to accurately address their needs.
- Act as a conduit between Worcestershire’s Armed Forces Covenant Partnership and the District Council in order to make departments aware of relevant issues and where necessary ensure that the covenant is being implemented as part of the District Council’s commitment to the Armed Forces Covenant.
- To engage with relevant local groups and organisations who support the armed forces community, such as local military charities, voluntary groups, and so on.
- Ensure that officers who have daily contact with the public are aware of the Covenant and understand how it impacts upon local services and delivery.
- Support local activities and events presented by Armed Forces Week and Remembrance Day.

- Promote the Armed Forces Covenant to local businesses and organisations.”

Councillor Baker asked a supplementary question in which he referred to Councillor Sid Khan’s attendance at various events associated with the Armed Forces and asked whether the Leader would thank him for doing so. The Leader replied that he was very appreciative to Councillor Khan for attending the Remembrance Sunday service. However, he was not prepared to comment on Councillor Fogg’s attendance in his absence from the Council meeting.

#### Public Sector Equality Duty – Play Strategy

Councillor Jane Spilsbury asked the Leader: “Can the Leader explain how the council meets its obligations under the Public Sector Equality Duty, particularly in regard to the Play Strategy?”

The Leader replied: “The Public Sector Equality Duty (section 149 of the Act) came into force on 5th April 2011. The Equality Duty applies to public bodies and others carrying out public functions. It supports good decision-making by ensuring public bodies consider how different people will be affected by their activities, helping them to deliver policies and services which are efficient and effective, accessible to all, and which meet different people’s needs. The Equality Duty is supported by specific duties, set out in regulations which came into force on 10<sup>th</sup> September 2011.

All play areas are in locations accessible to all. A range of equipment and opportunity is currently provided.

Regarding the Play Provision Strategy, the important purposes are:

- Sound decision making around our provision both current and proposed.
- Management of our provision in line with strategies, audits, and policies (i.e. Parks, Leisure Culture Strategies / management plans, play audits, inspections).
- How we procure our new sites and improve / refurbish existing, working in line with standards, codes of practices, legal requirements, and the manufacturer’s guidance.
- The services we provide (i.e. play value and accessibility).

To expand on the points above, we make decisions regarding our provision which are based on a competent and thorough inspection regime, staff insight and knowledge, site user feedback, and budget/funding management. We ensure our provision complies

with codes of conduct, professional body/bodies' guidance and that it operates within the set standards.

We have started to undertake strategy recommendations and audit works on our facilities and provisions, to ensure our parks and play provisions continue to be kept to a high standard and deficiencies are addressed.

We regularly consult site users and residents on proposed new play provisions and site refurbishments to ensure we are meeting the users' needs. Frameworks are used to ensure goods and services are sourced in the correct manner.

In relation to inclusivity and disabled access, our play audit/investment strategy has cross referenced play provision accessibility with demographic health data including: Health Deprivation and Disability; Population aged 12 and Under and Child Obesity. This will provide the Council with the opportunity to address deficiencies where reasonable and meet service needs." The Leader explained that he would arrange for relevant website links to be sent to Councillor Spilsbury.

Councillor Spilsbury referred to Matchborough having a high proportion of families with young children living in disadvantaged circumstances and a higher-than-average proportion of adolescents living with obesity, and asked in a supplementary question how these issues were ignored in the decision-making process for the Play Strategy.

The Leader replied that the audit and recommendations were produced by an external body. He suggested that if a Parks Strategy had existed previously, the equipment might have been better maintained over time and there might not have been a need to decommission some facilities. Members were reminded that consultation had taken place.

#### Digital Manufacturing and Innovation Centre

Councillor James Fardoe asked the Leader, "Could the Leader of the Council describe, in Layman's terms, what a Digital Manufacturing and Innovation Centre is?"

The Leader responded that "As set out in the business case dated the 19<sup>th</sup> August 2021, The Digital Manufacturing and Innovation Centre (DMIC) is a new 2,500m<sup>2</sup> facility which will provide flexible office and workspace for start-ups as well as providing support to existing manufacturing businesses. The centre seeks to help develop more innovation within the Redditch economy and encourage productivity growth within the manufacturing sector through, in particular, the development of digital and 5G technologies. It will also provide access to advanced equipment

such as 3D printers and offer more opportunities for employees to develop digital skills through on the job learning.

For further context:

The need for the DMIC is driven by a number of key challenges faced by the Redditch economy. The key challenges that it will help to address are:

- An enterprise deficit: Redditch suffers from an enterprise deficit, with a low rate of business startups (44.6 per 100,000 per annum compared to the national average of 60.4 in 2018).
- Low educational attainment: Redditch has poor educational outcomes, and a smaller than average population of individuals educated to degree level (27.8%, 12 percentage points lower than the national average in 2018).
- Aging assets: The town has a wide range of aging assets which reduce the value of the public realm and overall appeal of the town. This includes the current police station, which will be relocated to allow the current site to be demolished ahead of the development of the DMIC.

The DMIC will help tackle these challenges and in so doing will help create a number of new opportunities for Redditch. These opportunities include: retaining more educated young workers; creating more innovation through the provision of a clear focal point in the town; improving digital and 5G connectivity; and increasing employability through the provision of a higher level of digital skills.”

Councillor Fardoe asked a supplementary question, “How many companies and businesses have shown an active interest in using the space and facilities provided by the DMIC?”

The Leader replied that the Council had spoken to local estate agents who had confirmed that there was unmet demand for office space, startups and commercial space in Redditch which were not being fulfilled. Ageing buildings and improving educational attainment were a challenge. There was a 30% manufacturing base in Redditch, but it did not feature in education and the DMIC aimed to address this. The Leader offered to arrange a visit to the Greater Birmingham and Solihull Institute of Technology which would give an insight into what was trying to be achieved in the DMIC.

**63. MOTIONS ON NOTICE (PROCEDURE RULE 11)**

The Mayor advised that three Motions on Notice had been received for this meeting.

Post 16 Education

# Council

Monday, 29th January, 2024

---

Councillor Jane Spilsbury submitted the following Motion for consideration:

“In light of Osprey House being repurposed, I move that Redditch Borough Council seek guarantees from Worcestershire county council that the quality and breadth of the post-16 education offer in Redditch is at least maintained, and ideally, enhanced to address the needs of school leavers and adult learners, as well as addressing the needs of the local economy.”

In proposing the Motion, Councillor Spilsbury referred to the current provision for post 16 education across the town. She reported that Sixth form provision was thriving and there was a broad and balanced offer at A-level. In the past Osprey House had offered level 4 and beyond provision via Heart of Worcestershire (HOW) College. In the light of Osprey House being repurposed, she was concerned that degree level education would no longer be provided in Redditch, especially in disciplines such as social work and education. It appeared that only one level 4 course would be offered by HOW College, in Therapeutic Counselling. Councillor Spilsbury acknowledged that the Borough Council was not responsible for education provision in the town, but suggested it was in a position to influence provision via the County Council.

Councillor Sid Khan seconded the Motion. He referred to the regression in the levels of education available in Redditch which increased the potential for young people to get into debt if they had to leave to complete their studies. Enhancing the post 16 education provision would increase the intellectual capital in the local population.

The main points raised during the debate were:

- Worcestershire County Council was not responsible for post 16 education, it was the responsibility of HOW College.
- The Leader offered to raise this issue at one of his regular meetings with the Principal of the College who he considered was receptive to the need for change.
- There would potentially be access to resources via regional funding, so it was important that the Council pursued this issue with other authorities, including the West Midlands Combined Authority.
- Retaining in Redditch the ability to learn at degree level was important in enabling access to a wide range of the population as an alternative to leaving the Borough to attend University.

# Council

Monday, 29th January, 2024

---

Councillor Craig Warhurst proposed an amendment, that the issue was tackled via a Short Sharp review. This would enable the relevant organisations to be approached for input whilst reflecting the concerns expressed by Councillors. The amendment was seconded by Councillor Joanne Beecham and was accepted by the proposer, so became the substantive motion.

During discussion of the Motion the following points were made;

- Work was being undertaken by the County Council and partners to achieve a smoother transition between children's and adults' services.
- The statistics on educational achievement quoted earlier in the meeting formed the basis of a case for improvement and to raise the aspirations of young people in the town.
- Adult learning was also important for those learning in later adult life.

## **RESOLVED that**

**In light of Osprey House being repurposed, Redditch Borough Council undertake a Short Sharp review into the quality and breadth of the post-16 education offer in Redditch so it is at least maintained, and ideally, enhanced to address the needs of school leavers and adult learners, as well as addressing the needs of the local economy.**

### Proposed Cuts to Local Fire Services

Councillors Brandon Clayton, Matt Dormer and Emma Marshall declared an interest in this item and left the room prior to its discussion and determination.

Councillor Sharon Harvey submitted the following motion for consideration:

“As community leaders, this council opposes the proposed cuts to local Fire Services, which will leave Redditch with only 2 fire engines and calls on Herefordshire and Worcestershire Fire and Rescue Authority to reconsider their proposal.”

In proposing the Motion, Councillor Harvey referred to a recent consultation on proposals to reduce the number of engines across Herefordshire and Worcestershire. In the proposals the three engines currently based in Redditch would be reduced to two. She believed the proposals put the community at risk and that the reduced capacity represented cuts disguised as efficiencies. There were huge financial costs to the community from fire, in terms of housing, lost business and emotional impact. Councillor Harvey

# Council

Monday, 29th January, 2024

---

gave examples of the deployment of the third engine at Redditch for incidents including an explosion and flooding. A reduction in the number of engines also risked the availability for large events where engines were called from other stations to assist. The consultation document itself was large and could dissuade people from responding as it was difficult to navigate.

Councillor Joe Baker seconded the Motion.

Councillor Craig Warhurst proposed an amendment, to add the following to the Motion:

“The Council should submit a formal, cross-party response to the Herefordshire and Worcestershire Fire Authority’s Resource Review Public Consultation.

A paper is requested from the Herefordshire and Worcestershire Fire and Rescue Authority setting out the rationale behind cutting the service, with risk-based data to be included.

Clarification is requested from Herefordshire and Worcestershire Fire and Rescue Authority about how many calls could have been made had the third fire engine been available 24/7, fully crewed.”

Councillor Harvey accepted the additions and the amended Motion became the substantive motion. The following points were made during debate on the motion:

- It was important to retain capacity not only for the town but to enable cross county and cross border assistance to be offered; if only two engines were available then it would leave the town exposed if one was called away in such circumstances.
- Councillors had an important role in widening understanding about the proposals since the consultation document was large and complex.
- The increase in the population of the Borough as a result of development meant that a third engine was necessary.
- Any delay in response times due to shortage of engines risked lives.
- Redditch currently had 13 firefighters compared to 17 in 2021 and 950 hours per week were available compared to 1,350.

**RESOLVED that**

- 1) As community leaders, this Council opposes the proposed cuts to local Fire Services, which will leave Redditch with only 2 fire engines and calls on**

**Herefordshire and Worcestershire Fire and Rescue Authority to reconsider their proposal**

- 2) **The Council should submit a formal, cross-party response to the Herefordshire and Worcestershire Fire Authority's Resource Review Public Consultation**
- 3) **A paper is requested from the Herefordshire and Worcestershire Fire and Rescue Authority setting out the rationale behind cutting the service, with risk-based data to be included, and**
- 4) **Clarification is requested from Herefordshire and Worcestershire Fire and Rescue Authority about how many calls could have been made had the third fire engine been available 24/7, fully crewed.**

Promotion of Council Events

Councillor Juliet Barker Smith submitted the following Motion:

"This council calls on the Executive Committee to review the public communication system designed to promote Council events with a view to making improvements to its operation."

In proposing the motion, Councillor Barker Smith explained that the purpose of it was to enhance good practice. She had heard of instances recently where people had commented that they were not aware of events in the town. She suggested that communication by the Council should focus on addressing the challenges of:

- Some people being disenfranchised as they did not use the internet.
- The number of free publications which carried details of events were no longer delivered widely across the Borough.
- More efficient communication of events would aim to increase footfall and support the economy.

Councillor Barker Smith referred to the Council's communication strategy which set out its aims to reach as wide an audience as possible. She suggested various ways in which current communications could be improved, including use of noticeboards.

Councillor Joanna Kane seconded the motion. In doing so, she referred to encouraging a wide range of input and ideas for improving the reach of Council publicity for events. She acknowledged that budget availability was a challenge and sponsorship and partnerships might be a realistic alternative for consideration by the Executive Committee.

# Council

Monday, 29th January, 2024

---

During the debate the following points were raised:

- Recent communications about the brown bins showed the innovative approach to communications which had been adopted by the Council.
- The lack of easy access to free newspapers was a challenge.
- The use of noticeboards was supported but they were not always well used.

Clarity was sought about the events to be covered by the Motion, as the Council arranged fewer directly than it had previously. Councillor Emma Marshall suggested that the Motion should refer to Borough-wide events rather than Council events. Councillor Joe Baker proposed this as an amendment, and Councillor Sid Khan seconded it. Councillor Barker Smith agreed to the amendment and it became the substantive motion.

The main points made during debate of the motion were:

- The Council worked in partnership to support events and it was important for people to find out what was going on.
- The use of digital noticeboards might enable wider publicity.
- The Discover app, funded by the Business Improvement District (BID), promoted events in the town and this might be enhanced and promoted.
- Publicity about the light trail reached 42,000 people on social media and the calibre of event offered would help attract people.
- Engaging with people who did not use social media was a challenge.
- Advertising on the side of buses could reach a different audience and the Kingfisher Shopping Centre could be approached about using their noticeboard for appropriate events, although this might involve a cost. Other screens were located in public buildings such as leisure centres.
- Residents and community associations might be able to help reach those who didn't access the usual methods.
- The Council had an excellent calendar of civic events, which should be shared and spoken about with one voice.
- School newsletters were possibly a vehicle to reach residents across the Borough.

**RESOLVED that**

**this Council calls on the Executive Committee to review the public communication system designed to promote Borough-**

**wide events with a view to making improvements to its operation.**

**64. OUTCOMES OF THE CORPORATE PEER CHALLENGE**

The Leader presented the Corporate Peer Challenge progress report and proposed the recommendations.

The Leader reported that the update set out progress against the 6 key recommendations from March 2023 and reflected the continued good working relationship with Bromsgrove District Council, a recognition of the Council's review of its strategic objectives and revised priorities agreed in November 2023, and support for developing and bringing forward the Council's vision and priorities during 2024. It also referred to a strong purpose and direction in the management team and progress with improving decision making in the Council, although some members had raised issues about the provision of information and delivery of improved member to member and member – officer relations. Officers were prioritising the workforce strategy and the huge steps made in addressing the section 24 notice had been noted. The peer team was pleased to note the Council was taking the right and necessary steps. The Leader had been encouraged by their feedback.

Councillor Brandon Clayton seconded the recommendation and spoke in favour of carrying out the challenge as a benchmark for the action the Council was taking. The process would be ongoing to aim for continuing improvement.

Points raised during the debate included:

- The process was important in that there was feedback from peers who were external to the Council, but it was suggested some issues raised with the peer reviewers were not included in the report.
- Officers had worked very hard to address some of the issues raised in the first peer review report, especially the financial issues, but it was suggested that the reviewers were not in a position to comment on these as the audited accounts had not been signed off.

**RESOLVED that**

**the report in respect of the outcomes of the Corporate Peer Challenge progress review from the Local Government Association peers be noted, and thereafter published on the Council's website.**

**65. EXECUTIVE COMMITTEE**

Members considered recommendations that had been agreed at the meetings of the Executive Committee held on 5<sup>th</sup> December 2023 and 9<sup>th</sup> January 2024.

Finance and Performance Quarter 2 Report 2023/24

Council considered bringing forward a capital sum to improve the resilience of the Council's IT system for dealing with cyber security.

Redditch Borough Council Planning Enforcement Policy

The Council's Enforcement Policy had been updated in accordance with national guidance, best enforcement practice and to provide greater clarity and transparency on expectations, processes and limitations in relation to the Council's role. Members spoke in support of the new Policy and the Leader commended the flow chart in the Policy for setting out the process involved.

Council Tax Base and Non-Domestic Rates Yield

The Council considered details of the calculation of the tax base for council tax setting purposes. The calculation of the council tax base was required as part of the determination of the council tax for 2024/25.

Council Tax – Discretionary Council Tax Reduction Policy – Council Section 13A1(C) Policy

The Council had the power under The Local Government Finance Act 1992 (LGFA '92) to reduce the amount of council tax that a person was liable to pay. The section 13A(1)(C) power could be exercised on a case-by-case basis or by determining a class of case in which the liability would be reduced.

Examples of where the Council exercised the discretionary power included providing a discount to Worcestershire County Council care leavers resident within the district and following a severe weather event such as flooding.

Council Tax Empty Homes Discounts and Premiums

Council Tax was introduced on 1st April 1993 and from this date until 1st April 2004 dwellings in England which were unoccupied were eligible for a council tax discount of 50%.

A series of amendments to council tax legislation, made since 2004, had given billing authorities the power to reduce or remove the

discount for unoccupied dwellings and, in the case of long-term empty homes, to impose a council tax premium. The Levelling Up and Regeneration Act 2023 had introduced further changes to the discount and premiums for unoccupied homes, the main one being to reduce the length of time, from 2 years to 1 year, the period for which a dwelling must be vacant before it was classed as a long-term empty dwelling. Billing authorities also had discretion to apply premiums up to 100%.

The amendment to the legislation meant that, from 1st April 2024, the premium would be applied to all dwellings that had been vacant for 12 months or more. Members spoke in favour of the approach as being a tool to encourage homes being brought back into use.

The meeting was adjourned at 21.06 and resumed at 21.18.

#### Final Council Tax Reduction Scheme 2024-25

The Council was required by the Local Government Finance Act 1992 to make a council tax reduction scheme specifying the reductions in council tax that would be provided to people who were in financial need, or to classes of people who were in general in financial need. When a scheme had been made the Council must, for each tax year, consider whether to revise or replace its scheme.

The Council introduced a new income banded scheme for working age applicants with effect from 1st April 2021. The rationale for the new scheme was to ensure that it was future proofed, and it reduced the administrative burden placed on the Council by the introduction of universal credit.

The existing scheme included a provision for the uprating of income bands by an inflation factor decided by the Council. The autumn statement increased national welfare benefits by 6.7% and it was recommended that the income bands within the Council's scheme were also adjusted by this amount.

#### Housing Revenue Account Rent Setting 2024/25

The Council considered a proposal to increase housing rent by an average of 7%, which was below the maximum allowed of 7.7%.

Councillor Craig Warhurst, the Portfolio Holder for Housing and Procurement, reported that, given the pressures from the rising cost of living, the Council had tried to mitigate the level of increase in rents. However, it was felt necessary to increase rents in order to continue to invest in improving the housing stock. Inflation in the building sector had led to increased costs in the improvements being made.

Some Members spoke against the proposed increase in rent, referring to a surplus in the Housing Revenue Account (HRA) which had built up during the Covid pandemic. The view was expressed that it was not an appropriate time to increase the rent as many people were struggling with the costs of living. Whilst financial support was provided for certain tenants, not all were eligible for this. It was also suggested that repairs still needed to be carried out and this undermined the case for increasing the rent.

However, it was suggested that for the majority of tenants the increase in rent would be met by Government support.

The Portfolio Holder for Housing and Procurement referred in his response to the Council building houses and improvements made to the existing stock as well as to efforts being made to achieve a balanced budget.

Medium Term Financial Plan 2024-25 to 2026-7 - Tranche 1  
(following consultation)

The Council set its budget in two Tranches. The initial Tranche had been published in the Autumn of 2023.

The initial Tranche sought to close as much of the deficit as possible using information known as at the end of September 2023 and sought approval for those savings to be implemented. Having a second Tranche after the Christmas break, for which approval would be sought in February, would take account of the Local Government Settlement.

During consideration of this item, a Member complimented the Finance team for their work on the budget and the Portfolio Holder for his constructive engagement with the Audit and Governance Committee. However, it was suggested that the Council was at risk of having unaudited accounts at the end of the current financial year. The view was also expressed that some of the fees and charges were proposed to increase disproportionately, especially for Dial a Ride. It was suggested that it was unlikely the Council would benefit from the additional Government Grant that had recently been announced since this was aimed to support social care, which was not a Council function. It was suggested that a task and finish group should be used to monitor the Council's finances on a regular basis.

With reference to the Dial a Ride charges, the proposal to reduce the registration fee from £16.50 to £15 was highlighted. Other schemes charged an administration fee per journey. It was suggested that the service would still represent good value for

money and supported tackling social isolation. However, it was also argued that the benefit of the reduction in the administration fee would not be felt by users of the service beyond two journeys.

In response to a query from a member, the Section 151 Officer confirmed that the draft budget had been prepared with the background of the Council having 3 years of unaudited accounts. For context, he reported that there were approximately two thirds of Councils across the country who had 2 years of unaudited accounts.

#### Planning and Environmental Enforcement Business Case

A business case had been prepared to consider the benefit in bringing together enforcement functions from Bromsgrove and Redditch Council services with those already within Worcestershire Regulatory Services to deliver a quality service to all customers. It aimed to identify where service delivery could be improved through prioritisation, standardisation and resilience.

Members spoke in support of the proposals and the view was expressed that a more robust approach would encourage people to go through the proper process.

#### **RESOLVED that**

**the minutes of the meetings of the Executive Committee held on 5<sup>th</sup> December 2023 and 9<sup>th</sup> January 2024 be received and all recommendations adopted.**

#### **66. REGULATORY COMMITTEES**

The Council considered the proposals from the Licensing Committee to designate all current and future streets as consent streets for the purposes of street trading.

#### **RESOLVED that**

- a) the draft resolution reported to the Licensing Committee on 27<sup>th</sup> November 2023 be passed, and**
- b) officers be authorised to publish notice that the resolution has been passed in accordance with the requirements of Schedule 4 of the Local Government (Miscellaneous Provisions) Act 1982.**

# Council

Monday, 29th January, 2024

---

## 67. URGENT BUSINESS - RECORD OF DECISIONS

The Mayor advised that there had not been any urgent decisions since the last meeting of the Council.

## 68. URGENT BUSINESS - POLITICAL BALANCE

The Mayor agreed to consideration of this item as urgent in order that the change to the political balance of the Council and actions arising from this could be agreed promptly.

The Council considered a report which set out a proposed revised political balance of the Council following the resignation of Councillor Kerrie Miles from the Labour Group.

### **RESOLVED that**

- 1) **the Political balance of the Committees of the Council be agreed.**
- 2) **the arrangement where the seats on the Overview and Scrutiny Committee are not allocated in accordance with the political balance requirements be continued; and**
- 3) **appointments by political group leaders to the places on each Committee be noted.**

The Meeting commenced at 7.00 pm  
and closed at 9.53 pm



## Executive Committee

Tuesday, 6th February,  
2024

### MINUTES

#### Present:

Councillor Matthew Dormer (Chair), Councillor Gemma Monaco (Vice-Chair) and Councillors Joe Baker, Brandon Clayton, Luke Court, Lucy Harrison and Bill Hartnett

#### Also Present:

Councillor Jane Spilsbury

#### Officers:

Ruth Bamford, Matthew Bough, Peter Carpenter, Jonathan Cochrane, Nicola Cummings, Matthew Eccles, Sue Hanley, Simon Parry and Guy Revans

#### Democratic Services Officers:

Jess Bayley-Hill

#### 80. APOLOGIES

An apology for absence was received on behalf of Councillor Craig Warhurst.

#### 81. DECLARATIONS OF INTEREST

There were no declarations of interest.

#### 82. LEADER'S ANNOUNCEMENTS

The Leader highlighted that there were three agenda packs for Members' consideration at the meeting: a main agenda and two supplementary packs. Due to the length of the Playing Pitch and Built Facilities Strategies report, only the covering report and Executive Summaries were included in the main agenda. The full report was published in the first Additional Papers pack, with a small number of paper copies made available. This pack had also been available to view electronically for five clear working days in advance of the meeting, with the exception of the executive summary for the Playing Pitch Strategy, which was reissued in the second Additional Papers pack when typographical errors were

Chair

identified in the original summary paper. The typographical errors related to the recommendation numbering.

The Executive Committee was advised that at the Overview and Scrutiny Committee meeting held on Thursday 1<sup>st</sup> February 2024, Members had pre-scrutinised a number of reports on the Executive Committee's agenda. However, only a single recommendation from the Committee had been made for consideration at the Executive Committee meeting, in respect of the Carbon Reduction Strategy report. The recommendation had been published in the second Additional Papers pack. Members were urged to consider this recommendation when debating that item on the agenda.

Members were asked to note that there were some items on the agenda which contained exempt information. The Leader advised that he wanted to consider these items in public session, if possible, to avoid disruption for the public.

### **83. PLAYING PITCH AND BUILT FACILITIES STRATEGIES**

The Development Services Manager presented the Playing Pitch and Built Facilities Strategies for Members' consideration.

The Executive Committee was advised that, following approval of the Council's Leisure Strategy in autumn 2022, there were two outstanding strategies that needed to be considered by Members; the Built Facilities and Playing Pitch Strategies. The Playing Pitch Strategy reviewed access to playing pitches in the Borough. A lot of information had been gathered from both local and national sources which had informed the content of the strategies. In addition, Sport England had signed off the strategies prior to consideration by the Executive Committee.

Members subsequently discussed the strategies and in doing so noted that the Football Federation had contacted the Leader with regard to this matter and had expressed their eagerness for the strategies to be implemented. Reference was also made to the positive contribution that participation in sports on playing pitches could have on the health of people living in the Borough.

During consideration of this item, reference was made to the potential for the strategies to have included information about play parks and concerns were raised about the future position of some parks in the Borough. However, it was noted that this did not form part of the focus of these particular strategies.

**RESOLVED that**

- 1) **The Built Facility Strategy and the Playing Pitch Strategy are endorsed; and**
- 2) **Delegated authority be granted to the Head of Planning, Regeneration and Leisure following consultation with the lead Portfolio Holder for Leisure to implement the following recommendations:**

**Built Facility Strategy: 1, 3, 5, 8, 9,11,12,13,14,  
Playing Pitch Strategy: 1.1, 2.1, 3.1, 3.2, 5.1, 6.1, 6.3, 7.1,  
7.2, 8.1, 8.3, 8.5**

**84. CARBON REDUCTION STRATEGY - ANNUAL REVIEW**

The Climate Change Manager presented the annual review of the Carbon Reduction Strategy.

Members were advised that when the Carbon Reduction Strategy was approved by Members in autumn 2022, it had been agreed that there should be an annual review of the strategy and the Council's progress with achieving carbon reduction targets. Following the Council's declaration of a climate emergency, the authority was aiming to achieve net zero by 2040. The aims and objectives detailed in the strategy would enable the Council to address this objective.

In terms of the targets detailed in the report, seven had already commenced or been completed whilst four remained to be started. In particular, there had been a significant amount of work undertaken in respect of Local Authority Delivery Phase 3 (LAD 3), to retrofit properties in the private sector for low income households. The Town Hall improvement works that had already been undertaken as well as a reduction of 41 per cent in car mileage for staff employed by Redditch Borough Council had also had a significant impact on the progress that had been achieved to date.

During consideration of this item, reference was made to a recommendation on this subject that had been proposed at a meeting of the Performance Scrutiny Working Group held in January 2024 and endorsed by the Overview and Scrutiny Committee at a meeting held on 1<sup>st</sup> February 2024. The recommendation from Overview and Scrutiny proposed the following:

*“That tree and hedgerow planting be added to the list of performance measures in the Carbon Reduction Strategy.”*

# Executive Committee

Tuesday, 6th February, 2024

---

The recommendation was proposed by Councillor Bill Hartnett and seconded by Councillor Joe Baker.

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

- The rationale underpinning the recommendation.
- The extent to which it would be feasible to include a measure focusing on the number of trees and hedgerows planted in the Borough.
- The focus of the Carbon Reduction Strategy and action plan on action that could be taken by the Council and the fact that the Council could not control or accurately measure tree planting in the private sector.
- The potential for tree and hedgerow planting to be applied as a condition when the Council granted planning consent to developers.
- The fact that the Council had no control over the location in which trees would be planted by developers.
- The need for the Council to rely on developers to volunteer information about the trees and hedgerows planted in the Borough. Members noted that not all developers would share this information.
- The problem of Ash Die Back and the number and range of tree species that were being planted in Redditch to replace trees in the Borough that had that disease.
- The potential for the Council to demonstrate that it was leading by example, should measures in respect of tree and hedgerow planting be included in the Carbon Reduction Strategy's action plan.
- The positive impact that tree and hedgerow planting could have on biodiversity in the Borough.
- The significant number of trees that were already in situ within the Borough.

At the end of these discussions, Members noted that the Council could aim to roll into the process information about the numbers of trees and hedgerows planted on Council land as well as information on this subject supplied voluntarily by developers. However, as this would not be a mandatory requirement of developers, Members commented that this could not be made into a formal measure in the Carbon Reduction Strategy and action plan. On this basis, the recommendation was withdrawn.

Consideration was also given to the measure in the strategy focusing on cutting the Council's paper waste by offering papers electronically. Concerns were raised about this measure, with some Members commenting that many Councillors preferred to be

able to refer to Committee agenda packs in paper form only and concerns were raised that restrictions on access to paper copies of agenda packs could be discriminatory. However, it was noted that the choice remained available to Members to continue to receive paper copies of agenda packs and Members were asked to note that this measure applied generally to all Council services, not just to Council and Committee meetings.

**RECOMMENDED that**

- 1) **Council endorse the findings of this annual review of the Carbon Reduction Strategy; and**
- 2) **Council accept the proposal to align Carbon Reduction Strategy measures to the Climate Action Scorecard into an accessible performance dashboard.**

**85. NON-DOMESTIC RATES - DISCRETIONARY RATE RELIEF POLICY**

The Portfolio Holder for Finance and Enabling presented the Non-Domestic Rates Discretionary Relief Policy report for the Executive Committee's consideration.

Members were advised that Section 47 of the Local Government Finance Act 1988 provided the Council with powers to award discretionary business rates relief. In 2023/24 the Council had awarded:

- £283,000 of discretionary relief (of which £240,000 was provided to Rubicon Leisure Limited); and
- £2,475,000 of Section 32 Funded Relief (Retail, Hospitality and Leisure support granted by the Government).

This policy had not changed apart from when relief could be awarded, which would change as at the 1<sup>st</sup> April 2024 and was now the responsibility of the Council to set.

The backdating of relief before the current year would now only be considered where:

- The application for relief was made or determined within six months of the end of that financial year; and
- Where a hereditament was entered into the rating list for the first time and an application for relief was made within three months of the hereditament entering the rating list.

This protected the Council from being asked to back-fund changes for multiple previous years.

Members were asked to note that the £283,000 of discretionary relief was shared within the wider County rates retention scheme.

Following the presentation of the report, Members questioned whether the proportion of relief costs covered by different organisations was discretionary, and therefore determined locally, or set in accordance with legal requirements. Officers confirmed that the Council tended to follow Government guidelines in respect of this matter.

**RECOMMENDED that**

**the amended Non-Domestic Rates Discretionary Relief policy is approved and adopted from 1<sup>st</sup> April 2024.**

**86. PAY POLICY 2024/25**

The Portfolio Holder for Finance and Enabling presented the Pay Policy Statement 2024/25 for the Executive Committee's consideration.

Members were informed that the Localism Act required the Council to produce a Pay Policy Statement on a yearly basis for approval by full Council. The policy needed to set out:

- The remuneration of Chief Officers.
- The remuneration of the lowest paid employees which was £22,366 a year at the Council. Members were asked to note that the Chief Executive's pay should be no more than 20 times this and in Redditch the Chief Executive was paid 6.3 times the level of the lowest paid.
- The relationship between the remuneration of Chief Officers and employees who were not Chief Officers.

The Council was responsible for setting the policy relating to recruitment, pay, terms and conditions and severance. In relation to these points, Members were asked to note the following:

- The governance around the recruitment of Chief Officers was set out in the policy.
- The Council did not provide bonuses or Performance Related Pay.
- However, progression through the Scale Points was subject to satisfactory performance.
- Termination rules were detailed in the policy.

Following the presentation of the report, Members referred to the staff grades that were Hay Evaluated and questions were raised

# Executive Committee

Tuesday, 6th February, 2024

---

about whether there was full compliance with the policy, including through statutory officer appointments made at Council meetings. Officers confirmed that the Council was compliant with rules and that there was a legitimate role for Council to debate and agree senior officer pay grades.

Reference was also made to the existing interim arrangements that were in place in terms of some of the Council's statutory officer posts and questions were raised about the timescales for the recruitment of permanent staff into these positions. The Executive Committee was informed that a decision would need to be taken on the exact timing of the recruitment processes in 2024 for permanent members of senior officer staff. In the meantime, there were postholders in place, including on an interim basis, in the authority's statutory positions.

## **RECOMMENDED that**

**the Pay Policy 2024/25 be approved.**

### **87. FINANCE RECOVERY PLAN - UPDATE**

The Portfolio Holder for Finance and Enabling presented an update on the Council's Finance Recovery Plan for Members' attention.

Members were advised that the purpose of the report was to set out the processes the Council had been following to rectify a deterioration in its financial position and processes due to the impact of the implementation of a new financial system in February 2021 during the Covid-19 pandemic. This followed on from a report presented to Members on 14<sup>th</sup> September 2022 and also the discussions over the external auditor's Section 24 Statutory Recommendations for the Council that took place at meetings of the Audit, Governance and Standards Committee, Executive Committee and Council in November and December 2022 and 2023.

A similar report had recently been presented to the Audit Governance and Standards Committee. That Committee had been meeting six times a year since the Section 24 Recommendations were issued and would continue to do so until the issues were resolved.

It was noted that the external auditor's Value for Money Reports for 2021/22 and 2022/23 had been presented to both the Audit Governance and Standards Committee and Council before Christmas in 2023. The Council had also received a follow up Corporate Peer Challenge report, taking into account progress made by the Council in respect of financial recovery, the contents of

# Executive Committee

Tuesday, 6th February, 2024

---

which had been presented to Council at a meeting held on 29<sup>th</sup> January 2024.

The Executive Committee was informed that the most significant change in relation to closure was the advice from Government that all sets of accounts, up to the 2022/23 accounts, would need to be audited by a cut-off date of the 30<sup>th</sup> September 2024. The Council had undertaken the data take on balance reconciliations (a task that had been due to be delivered by the external auditors originally) and had presented this information. By the date of the Executive Committee meeting, the Council was waiting for feedback from the external auditors in respect of this matter.

Other significant changes since the previous financial recovery update report included the following:

- Updated 2022/23 Revenue Outturn Estimates had been presented to the Department for Levelling Up, Housing and Communities (DLUHC).
- Updated 2022/23 Capital Outturn Estimates had been presented to DLUHC.
- A Quarter 2 Finance and Performance Monitoring Report 2023/24 had been presented to the Executive Committee. This also included an update on Assets in respect of the issue of Reinforced Autoclaved Aerated Concrete (RAAC).
- The existing eFin system had been upgraded to ensure full reporting was available going forward.
- The 2021/22 Housing Benefits Audit had been signed off.
- The Quarter 2 financial monitoring was undertaken on TechOne, not on spreadsheets, which Members were advised was a huge move forward in terms of systems use and increasing the financial awareness of budget managers and their administration staff.
- Monthly Accounts Payable Training continued to be provided to staff.
- Interviews had been held for the position of Head of Finance and Customer Services. Ms Debbie Goodall had been appointed and she was due to commence employment at the Council on the 8<sup>th</sup> April 2024.
- Further interviews had been held for eight vacant posts in the Financial Services team on the 25<sup>th</sup> and 26<sup>th</sup> January 2024. There had been 29 applicants for those positions and six had accepted offers to start with the Authority.

Following the presentation of the report, Members discussed the progress that the Council had achieved since 2022. Questions were raised about the estimated date by which all of the actions proposed in the Section 24 Recommendations would be completed. Officers confirmed that the Government were requiring all local

# Executive Committee

Tuesday, 6th February, 2024

---

authorities to submit final accounts up to 2022/23 by 30<sup>th</sup> September 2024. However, Councils were in the process of meeting with representatives of the Government to discuss the feasibility of this deadline. Nationally, there was a backlog of circa 700 sets of local government accounts that still needed to be audited by external auditors and resource limitations within external audit suggested that it was unlikely these audits would be completed by that deadline. In addition, the external auditors focused on auditing NHS accounts between April and June each year, further limiting the amount of time available to external auditors to complete these audits.

Reference was made to the potential causes of delays to the Council's work on completing and submitting the authority's accounts. Officers clarified that information had been provided to the external auditors in respect of the reconciliation of data from the old to the new financial system. Once the external auditors had confirmed that this data had been signed off, Officers could commence work on the following financial year's set of accounts.

Consideration was given to the recent appointment of a new permanent Head of Finance and Customer Services. Members welcomed this appointment but expressed disappointment that they had learned about this in the local press, rather than through direct communications with Officers at the Council. Officers agreed to note this in relation to future senior officer appointments.

Members noted that the report referred to the Council running sessions in respect of the authority's "risk appetite" and questions were raised about when these sessions would be held and who would attend. Confirmation was provided that these sessions would be offered to members of the Executive Committee and would take place after the local Borough Council elections in May 2024.

It was noted that the report referred to errors in the Tech1 finance system and Members requested updates on the progress that had been achieved with addressing these. Officers explained that as soon as the first set of accounts could be provided, it would also be possible to generate error reports.

In concluding the discussions in respect of this item, Members referred to the volume of items listed in the Council's suspense accounts as treasury transactions and requested clarity on these figures. Officers advised that the value of the treasury transactions needed to be close to £100,000 per annum. The Council was close to achieving this for most of the financial years from 2020/21 onwards, although some additional work was required to review the 2021/22 financial year in respect of this matter. Members were

# Executive Committee

Tuesday, 6th February, 2024

---

advised that this work on treasury transactions would be undertaken on a manual basis.

**RESOLVED that**

- 1) **progress made on the financial recovery be noted including:**
  - a) **delivery of the Statutory Accounts**
  - b) **delivery of Statutory Financial Returns**
  - c) **improvements in the Control Environment**
- 2) **the work still under way to move back to a best practice operation and the associated timetable for completion of this work be noted.**

**88. MEDIUM TERM FINANCIAL PLAN (INCLUDING TREASURY MANAGEMENT STRATEGY, CAPITAL STRATEGY, MINIMUM REVENUE PROVISION AND INVESTMENT STRATEGY) (TRANCHE 2)**

The Portfolio Holder for Finance and Enabling presented the Medium Term Financial Plan (MTFP – including the Treasury Management Strategy, Capital Strategy, Minimum Revenue Position and Investment Strategy) Tranche 2 for the Executive Committee's consideration.

Members were asked to note that the Council had set its budget in two tranches, similar to the 2023/24 MTFP process. The initial tranche was published in autumn 2023 and approved at the Council meeting held in January 2024. The second tranche took into account the final Local Government Settlement figures and the authority's final budget would be approved in February 2024. Members were advised that the Housing Revenue Account (HRA) budgets would be included in this tranche.

In terms of the Council's revenue position, the Executive Committee was reminded that at the Council meeting held on 29<sup>th</sup> January 2024 this had been approved with a deficit of £518,000 over the three-year period 2024/25 to 2026/27.

The financial settlement, which had been confirmed on 18<sup>th</sup> December 2023 by the Government, had allowed the following opportunities for additional funding to be considered which included:

- Increasing Council Tax from 1.99 per cent to 2.99 per cent resulting in additional funding of £67,000.
- Increasing planning fees for small applications by 25 per cent and other applications by 35 per cent would recoup £60,000 at present activity levels.

# Executive Committee

Tuesday, 6th February, 2024

---

- There would be additional grant funding of £244,000 due to the overall Local Government Settlement.

By February 2024, the Council was in a position to fully understand the implications of the 2022/23 and 2023/24 pay awards to staff, given that the 2023/24 pay award was implemented in December 2023. Consequently, Members were advised that the following savings could be made:

- £100,000 could be released from the 2022/23 Pay Award contingency.
- £150,000 could be released from the 2023/24 Pay Award budget approved in Tranche 1 of the MTFP process.

However, there were additional pressures amounting to £261,000 that need to be accounted for. This included:

- An increase in staffing numbers in Worcestershire Regulatory Services (WRS) due to higher levels of Food Safety compliance testing requirements by the Food Standards Agency, at a cost of £40,000.
- Planning and Environmental Enforcement costs of £45,000. This increase was linked to a report presented to the Executive Committee in January 2024.
- Investment in Play Audits starting at £10,000 and rising to £50,000. These costs had arisen as discussed in respect of the Play Audit report that had been approved at the Executive Committee meeting held in January 2024.
- Housing Strategy Review costs of £71,000. This was to account for the increased statutory duties that were being placed on Private Sector Housing teams to address the damp and mould issues that had been raised nationally. In addition, the Renters Reform Bill would bring new duties and responsibilities to District Councils particularly in relation to improving renting standards.
- Following an approach from Wyre Forest District Council to disband the North Worcestershire Economic Development and Regeneration (NWeDR) shared service, Officers had been working on the exit agreement and ensuring that Redditch Borough Council was protected from any claims brought as a result of the break-up of the service and any decisions made by NWeDR prior to the split. The proposed increased costs for Redditch Borough Council would be £72,000.

These departmental changes had resulted in an overall £29,000 surplus in the 2024/25 financial year rising to a surplus of £165,000 and then £166,000 in the following two years. Given the financial position, there was a proposal to “provisionally” freeze Council Tax in 2025/26. This would reduce the surplus by an ongoing £144,000 from 2025/26. By provisionally proposing this change, if financial requirements meant that this was no longer possible, then it would

# Executive Committee

Tuesday, 6th February, 2024

---

not need to be enacted. This would change the Tranche 2 financial position to a £21,000 and £22,000 surplus in 2025/26 and 2026/27.

The Executive Committee was asked to note that on 23<sup>rd</sup> January 2024 the Government had announced additional measures for Local Authorities worth £600 million. As part of these measures, the Government were asking local authorities to produce productivity plans which would set out how they would improve service performance and ensure every area was making best use of taxpayers' money. The Government would monitor these plans, and funding settlements in future years would be informed by performance against these plans. The magnitude of these additional sums would not be confirmed by the Government until later in February, however initial estimates indicated that Redditch Borough Council would benefit by £103,000. This figure had not yet been included in the MTFP report as the authority needed first to receive official confirmation from the Government of the final amount.

Any increases to costs in relation to the Parking Service Level Agreement (SLA), subject to approval by the Executive Committee, would be valued at a maximum of £27,000. As this had not yet been determined by Members by the time that the MTFP report was being debated at the Executive Committee meeting, this figure had not yet been incorporated into the MTFP Tranche 2 report. However, Members were advised that the net effect of these two changes would be that ongoing revenue budgets would be in surplus by approximately £100,000 a year.

The Council's General Fund was due to increase to a value of £3,786 million (taking account of the Tranche 2 position and provisional Council Tax Freeze in 2025/26) as at 31<sup>st</sup> March 2027. This sum was approximately 9 per cent of the Council's gross expenditure and above the 5 per cent benchmark quoted by the Government as being a minimum requirement. If housing benefit payments, which were passported through the Council, were ignored then this percentage would increase to 15 per cent of expenditure.

The Capital Programme for the following five years had been included in the report. Overall, this amounted to spending of £37.1 million of which £20.1 million was funded by grants.

Significant Council spending continued to be planned in respect of the Fleet Replacement Programme, although this was slipping into the future as the authority awaited the Government's final Environment Bill and confirmation of the type of vehicles required after 2030. There would be the need to extend the Town's Fund Projects, but that application process had not started by the date of the meeting. It was expected that this would take the same route as the Levelling Up schemes that were due for completion a year

# Executive Committee

Tuesday, 6th February, 2024

---

before Towns' Fund Schemes, where authorities had been asked whether extensions were required.

Members were reminded that a number of capital bids were approved in Tranche 1 of the budget. Given that the Council had a five-year ongoing Capital Programme, Members were asked to note the following key additions and changes:

- Car Park maintenance being allocated at £150,000 a year for the full five years.
- Footpath maintenance being allocated at £75,000 a year for the full five years.
- An assumption that Disabled Facility Grants would continue at a level of £700,000 per annum.
- Public Building maintenance budgets allocated at £250,000 a year, with an additional £150,000 for the initial three years due to the implications of ensuring that the Council met energy efficiency requirements by 2026.
- Fleet replacement was backed up by a full listing of all assets. HRA fleet assets were dealt with separately.
- Wheely bin purchases were set at £100,000 a year. This would be reviewed over the following financial year.
- The acceleration of approved Arrow Valley Park works was planned to maximise income.
- Houses in Multiple Occupation (HMO) Grants and Home Repairs Assistance continued at their current levels of £25,000 and £40,000 respectively.
- Significant investment was required in ICT to ensure that this core enabling service was kept up to date. This included updating networks, and hardware and ensuring that cyber security was continually improved.
- The implications of the Play Audits, which had recently been the subject of a report to the Executive Committee, were also reflected.

The HRA budget for 2024/25 and beyond was set out in detail, with the following overall assumptions:

- A "revenue" budget had been set of £28.8 million for 2024/25 rising to £31.3 million in 2027/28.
- A Capital Programme had been set of £11.7 million for 2024/25 reducing to £10.8 million in 2027/28.
- Reserve balances would reduce slightly from £29.4 million in 2024/25 to £26.5 million in 2027/28.

Based on current assumptions, the HRA MTFP ensured:

# Executive Committee

Tuesday, 6th February, 2024

---

- Adequate levels of balance reserves were maintained to help manage risks and mitigate the impact of unforeseen circumstances.
- There was a robust capital programme that was fully funded from available resources within the HRA.
- Surpluses were generated and transferred to a capital reserve and used to match fund the costs of replacement homes.
- The Council complied with legal requirements and did not set a deficit budget for the HRA.

The Section 151 Officer's robustness statement in respect of the budget reported that this was considered to be sustainable over the medium-term but more work would need to be done to ensure financial sustainability was embedded across the organisation. A provisional freeze of Council Tax was proposed for the 2025/26 financial year based on the present position which still left a surplus budget. However, if financial conditions changed, this would not be enacted. Members were asked to note that the S151 Officer's view was that, although the Council would have a small surplus budget, it would not be prudent to freeze Council Tax for the longer-term financial sustainability of the Council, even though General Fund Reserves were almost double the minimum recommended Government level.

Once the report had been presented, Members discussed the following points in detail:

- The extent to which the Council was at risk of being issued with a Section 114 Notice. Officers advised that in a recent audit of the Council's balances, it had been reported that the Council was performing well and was probably in the top half of Councils, in terms of being less likely to be issued with such a notice.
- The number of local authorities that had received Section 114 Notices in recent years and the circumstances leading to this. Members were informed that there was a need for due diligence in local government activities and many of the local authorities in this position had taken greater risks than Redditch Borough Council over the preceding 20-year period. It was also noted that the Government had asked Councils to enter into discussions with DLUHC and Government Ministers if they were experiencing problems before there was a need to issue a Section 114 Notice.
- The significant proportion of funding for local government, at 70 per cent of that total funding, that was allocated to adult and children's social services, which served 3 per cent of the population.
- The risks that an unforeseen situation could impact on the Council's financial sustainability. The Committee was

# Executive Committee

Tuesday, 6th February, 2024

---

informed that there was always a risk that a disaster could befall any authority that would require funding from balances to achieve a resolution. Should the required expenditure be significant, then this could impact on long-term sustainability. An example was given of a car park issue at another authority and if an issue of this magnitude hit the Council it would halve the General Fund Reserves.

- The financial implications in the medium to long-term for the authority of a Council Tax freeze in 2025/26 and the extent to which this would create a gap in the Council's finances. The Section 151 Officer explained that, from a financial prudence perspective, a S151 Officer's view would always be that not increasing Council Tax in one year would create a financial gap in later years and impact long term financial sustainability. However, in the current financial circumstances for the Council, the Section 151 Officer could not advise that this action could not be taken.
- The extent to which it was morally acceptable to increase Council Tax during a cost of living crisis.
- The £777,747 per annum expenditure on Rubicon Leisure Limited listed in the MTFP and the extent to which the authority could aspire to reduce this cost in future. Members were informed that this was the management fee for the company. The Council was planning investment in Rubicon Leisure Limited's facilities and there was the possibility that this would result in an increase in income and a subsequent reduction in the management fee at a later date.
- The £2.45 million funding that the Council was eligible to receive as a previous member of the former Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) and whether this figure was secure. Officers explained that the eight Councils that had previously been members of this LEP had all agreed that each authority should receive that amount of funding, which was currently held by Birmingham City Council on behalf of the other authorities. Partnership members were moving to ensure these funds, including those due to Redditch Borough Council, were delivered by the end of the 2023/24 financial year.
- The figure that had been included in the MTFP tranche 2 report in respect of the proposed increase to Council Tax each year, and the reasons why this had been recorded as 2 per cent rather than 3 per cent in parts of the report. Officers clarified that when this subject was initially considered, the legislation limited Council increases to 1.99 per cent. The Government had subsequently confirmed that increases could be made at up to 2.99 per cent by lower-tier authorities. The report reflected in chronological order the different advice that had been provided by the Government on this subject over

# Executive Committee

Tuesday, 6th February, 2024

---

time and the Council's proposed response, including the potential Council Tax freeze in 2025/26.

- The inclusion of a new column in some of the tables in the report relating to sources of capital funding including borrowing, which Members praised for enhancing the transparency of the figures and source of funding. The Committee was informed that the Council was still in a position to fund most capital projects but in the medium-term, it was likely that the Council would need to address the costs of the vehicle fleet replacement using funding from borrowing.
- The positive impact that income from the Council's Garden Waste Collection Service would have on the financial sustainability of the authority moving forward.

## **RECOMMENDED that**

- 1) **the additional funding to the Council as per the Local Government Settlement on the 18<sup>th</sup> December 2023, including the estimated levels for 2024/25 and 2025/26, be agreed;**
- 2) **the Tranche 2 growth and savings proposals, including an increase of Council Tax of 2.99% for 2024/25, be agreed;**
- 3) **a proposed Council Tax Freeze in 2025/26, subject to financial requirements allowing this to be possible, be noted;**
- 4) **the updated five-year Capital Programme 2024/25 to 2028/29 along with its ongoing revenue costs be agreed;**
- 5) **the levels of Earmarked Reserves being carried forward into future years be agreed;**
- 6) **the level of General Fund balances following additions from the 2024/25 MTFP be agreed;**
- 7) **the HRA budget be approved;**
- 8) **Members take account of any feedback from the Tranche 2 consultation process undertaken; and**

## **RESOLVED that**

**the implications set out in the Section 151 Officer's Robustness (Section 25) Statement of this 2024/25 to 2026/27 Medium Term Financial Plan, in moving the Council to financial sustainability, be noted.**

# Executive Committee

Tuesday, 6th February, 2024

---

**89. OVERVIEW AND SCRUTINY COMMITTEE**

**RESOLVED that**

**the minutes of the meeting of the Overview and Scrutiny Committee held on 4<sup>th</sup> January 2024 be noted.**

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

There were no referrals from the Overview and Scrutiny Committee or Executive Advisory Panels on this occasion.

**91. MINUTES**

The minutes of the meeting of the Executive Committee held on 9<sup>th</sup> January 2024 were considered.

During consideration of this item, Members referred to the record of the debate in respect of recommendations that had been made by the Budget Scrutiny Working Group, and endorsed by the Overview and Scrutiny Committee in November 2023, on the subject of the Finance and Performance Quarter 2 Report 2023/24. Members suggested that these recommendations should have been recorded as resolved items in the minutes. Officers explained that the Executive Committee had actually voted on and already determined these recommendations at the previous meeting of the Executive Committee, held on 5<sup>th</sup> December 2023. Whilst Members had debated the matter again on 9<sup>th</sup> January 2024, with Members voting in exactly the same way, the minutes had been recorded so as to reflect this situation.

**RESOLVED that**

**the minutes of the meeting of the Executive Committee held on 9<sup>th</sup> January 2024 be approved as a true and correct record and signed by the Chair.**

**92. PARKING ENFORCEMENT SERVICE LEVEL AGREEMENT**

The Acting Head of Environmental and Housing Services presented a report on the subject of the Council's Parking Enforcement SLA.

Members were advised that the Council had an agreement with Worcestershire County Council to undertake parking enforcement work in the Borough. Redditch Borough Council had previously had an SLA in place with Wychavon District Council to deliver parking enforcement work in the Borough. This SLA had ended in 2022/23

# Executive Committee

Tuesday, 6th February, 2024

---

and, since then, there had continued to be an agreement with Wychavon District Council to undertake enforcement work on behalf of the Council on a rolling monthly basis. The proposed new SLA with Wychavon District Council would help to ensure that there was service continuity moving forward.

Consideration was given to the recommendations detailed in the report and Members welcomed the review and additional business case focusing on the potential to expand the service that was proposed in the report. Members commented that they frequently received complaints from local residents about parking infringements, particularly around schools, and therefore an expansion of the service would potentially help to address these concerns.

Reference was made to the types of parking infringements that occurred where enforcement action could be taken. Members commented that the installation of double yellow lines at junctions could actually create challenges, particularly in terms of police enforcement. As such, it was suggested that Borough and County Councillors needed to work closely together to ensure that appropriate action was taken to address parking infringements in ways that would support enforcement activities undertaken by both Civil Enforcement Officers (CEOs) and the police.

## **RESOLVED that**

- 1) the Council enter into a Service Level Agreement (SLA) with Wychavon District Council for the continuation of the management of Civil Parking Enforcement (CPE), commencing 1<sup>st</sup> April 2024, for a period of 5 years, with an annual review of outputs and outcomes;**
- 2) authority be delegated to the Head of Environment and Housing Property Services and the Head of Legal, Democratic and Property Service to finalise the SLA arrangements;**
- 3) the interim Head of Environmental and Housing Property Services produce a report and business case for the expansion of the service to provide additional enforcement officers for consideration by the Executive Committee at a future meeting; and**

**RECOMMENDED that**

- 4) **an additional budget of £27,000 for Civil Parking Enforcement be included in the Medium-Term Financial Plan for future years, which is to include an annual inflationary uplift, determined by the Consumer Price Index (CPI), if applicable, agreed by the level published by the Office for National Statistics, or any relevant successor body, for the preceding year.**

**93. LAND AT UPPER NORGROVE**

The Leader advised that the report in respect of land at Upper Norgrove had been referred back to the Executive Committee as a decision on this matter was an Executive function. Following a detailed debate in respect of the report at the previous meeting of the Executive Committee, a formal presentation from Officers had also not been requested for this meeting. The resolutions detailed in the report were subsequently proposed by Councillor Matthew Dormer and seconded by Councillor Gemma Monaco.

During consideration of this item, Councillor Joe Baker proposed the following amendment to the resolutions detailed in the report, which was seconded by Councillor Bill Hartnett.

*“The Council should not sell the land at Upper Norgrove and instead should build social housing at the site.”*

However, Officers advised that an amendment to a resolution could not be completely different to the original proposal. As that was the case in this instance, Officers advised that this was not a valid amendment and could not be debated as such. Whilst this advice was accepted at the meeting, it was subsequently noted that there had been a desire amongst some Members to highlight that there was an alternative option available to the Council for the use of this land.

Consideration was given to the potential for social housing to be developed on other parcels of land currently owned by Redditch Borough Council. It was suggested that there might be more appropriate opportunities to explore the development of social housing on some of this land located elsewhere in the Borough, subject to the outcomes of the planning process.

**RESOLVED that**

- 1) **the Council dispose of the land at Upper Norgrove site to Bloor Homes Ltd on the basis of the offer received; and**

# Executive Committee

Tuesday, 6th February, 2024

- 2) authority be delegated to the Head of Legal Democratic and Property Services and the Section 151 Officer to implement the disposal.

## 94. TERMINATION OF SHARED SERVICE ARRANGEMENT: NORTH WORCESTERSHIRE ECONOMIC DEVELOPMENT AND REGENERATION

The Interim Executive Director presented a report which detailed proposals for the termination of the shared service for North Worcestershire Economic Development and Regeneration (NWeDR).

Members were informed that in the summer of 2023, the Leader of Wyre Forest District Council had approached the Leader of the Council as well as the Leader of Bromsgrove District Council, which also formed part of the shared service, to advise them of Wyre Forest District Council's intention to ask to end the shared service agreement. This shared service had been in place for over 10 years and had provided economic development and regeneration services in the north of the county during this time. Officers had subsequently been attending meetings with representatives of Wyre Forest District Council to discuss this matter further and, subject to an exit agreement between all parties, the shared service would cease to operate on 30<sup>th</sup> June 2024. End of terms were still being negotiated and would need to address issues such as indemnity clauses.

### RESOLVED

- 1) to agree that the Collaboration Agreement relating to the Provision of Economic Development and Regeneration Services should be terminated mutually under clause 15.1 (Determination of this Agreement), with effect from 30<sup>th</sup> June 2024 and that a new Exit Agreement be entered into;
- 2) to delegate to the Executive Director (interim) and the Executive Director for Resources, following consultation with the Executive Member for Planning, Economic Development, Commercialism and Partnerships, authority to negotiate, finalise and approve the Exit Agreement and to take any other steps that arose from the termination process; and

### RECOMMENDED that

- 3) an additional budget of £72,836 be approved for the new structure.

**Executive**  
Committee

---

Tuesday, 6th February, 2024

The Meeting commenced at 6.30 pm  
and closed at 8.19 pm

This page is intentionally left blank

**Executive****Committee**

06/02/2024

**Carbon Reduction Strategy Annual Review**

Relevant Portfolio Holder	Councillor Gemma Monaco
Portfolio Holder Consulted	Yes
Relevant Head of Service	Judith Wills
Report Author	Job Title: Climate Change Manager Contact email: <a href="mailto:matthew.eccles@Bromsgrove@Redditch.gov.uk">matthew.eccles@Bromsgrove@Redditch.gov.uk</a> Contact Tel: 07816112073
Wards Affected	All
Ward Councillor(s) consulted	
Relevant Strategic Purpose(s)	All
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

**1. RECOMMENDATIONS**

**The Executive Committee RECOMMEND that:-**

- 1) Endorse the findings of this annual review of the Carbon Reduction Strategy (Appendix 2)**
- 2) Council accept the proposal to align Carbon Reduction Strategy measures to the Climate Action Scorecard into an accessible performance dashboard.**

**2. BACKGROUND**

- 2.1 In 2022 Redditch Borough Council issued a Carbon Reduction Plan to assist the district/borough achieve Net Zero by 2040. This report is to provide an update on progress against the identified actions on the Carbon Reduction Plan. (See Appendix 1 for Copy of Carbon Reduction Plan)
- 2.2 Globally, governments have committed to keep within a 1.5°C increase in temperature to avoid catastrophic impacts from climate change. The UK Government has committed to Net Zero by 2050.
- 2.3 Redditch Borough Council has a significant role to play in taking and influencing action on climate change due to the services it delivers, the regulatory functions, strategic functions, procurement powers and responsibilities as a major employer. Evidence supports that Redditch Borough Council should make carbon reduction key to what it does as a council to support national, regional & local targets.

**Executive****Committee**06/02/2024

---

- 2.4 Redditch Borough Council has declared a climate emergency. On declaration of a climate emergency, an LA is affirming that it will place the Climate Emergency at the centre of its decision-making process. LA's are then expected to develop carbon reduction targets and action plans to assist in the reduction of carbon emissions, from their own council functions and, using their sphere of influence.
- 2.5 Each of the council's service areas have contributed to the Carbon Reduction Strategy and Action Plan (Appendix 1) in order to produce 'carbon reduction pathways. Through this approach carbon reduction will become 'business as usual' and truly embedded throughout the organisation.

**3. OPERATIONAL ISSUES**

- 3.1 The proposals set out in the Action Plan will require changes to or new ways of working and operating by service areas. Any operational changes brought about as a consequence will be considered in the business case for each project and as part of any project planning.
- 3.2 This Strategy and Action Plan will be our route map to 'net zero' for our internal activities across all service areas. It also highlights where we are trying to influence the reduction of carbon emissions from other places outside the council's activities.
- 3.3 This plan will be refreshed every 3 years and reviewed annually. Progress against targets will be reviewed twice a year and by the Climate Change Panel and annually by Executive.
- 3.4 The key actions of the strategy and action plan will provide the focus, steer and priority for the Climate Change Panel for the next 3 years.
- 3.5 Of the key actions outlined in the strategy and action plan there were 11 key actions identified with 7 actions where work has started or is underway and 4 actions identified to be started in 2024.

**4. FINANCIAL IMPLICATIONS**

- 4.1 The strategic objectives and projects outlined in the strategy and action plan will require financial and resource investment to be made to achieve carbon reduction. In some instances, this may lead to longer term savings e.g., reduction in energy consumption costs.

**Executive****Committee**06/02/2024

---

- 4.2 All projects and proposals detailed in the action plan that are not currently resourced and which have financial implications, will be subject to business plans which including all of the financial requirements (staffing costs and all revenue and capital resources) which will be considered and require endorsement via the appropriate decision-making processes.

**5. LEGAL IMPLICATIONS**

- 5.1 The Climate Change Act 2008 sets the legally binding UK-wide target to achieve net-zero carbon emissions by 2050.
- 5.2 The Environment Act, 2021, acts as the UK's new framework of environmental protection. The Act provides the Government with powers to set new binding targets, including for air quality, water, biodiversity, and waste reduction.
- 5.3 As a requirement of the Climate Change Act, the government published the Clean Growth Strategy in October 2017. This strategy has two key aims: To meet domestic emissions reduction commitments at the lowest possible net cost to UK taxpayers, consumers and businesses; and to maximise the social and economic benefits for the UK of doing so.
- 5.4 The Home Energy Conservation Act 1995, obliges us to submit biennial reports setting out the practical, cost-effective measures, which are likely to significantly improve the energy efficiency of residential accommodation in our area.
- 5.5 Chapter 14 of the National Planning Policy Framework covers meeting the challenge of climate change.

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

- 6.1 The Strategy and Action Plan support the Council's strategic purpose of 'Communities which are safe, well maintained & green'. In addition, it underpins the green thread that runs through the Council Plan and supports the delivery of achieving carbon reduction across council services. It also contributes to each of the Council's four other Strategic Purposes all of which have measures that support climate change initiatives.

**Executive****Committee**06/02/2024

---

- 6.2 It is recognised that the Council needs to concentrate on areas of work that will deliver the highest levels of carbon reduction. The strategy and action plan detail these areas but also acknowledges other actions of lower importance from a carbon reduction point of view, but which contribute to the overall greening of the authority.
- 6.3 In addition to the Strategic purposes, the Council's Plan also sets out its organisational priorities, and within a sustainability framework a requirement on any review of services to understand how we can adapt to climate change. The development of this Strategy supports this action.

**Climate Change Implications**

- 6.5 This Strategy is specifically to achieve carbon reduction and net zero for our internal activities across all service areas. Further, the Strategy also identifies our influencing role in supporting the reduction of carbon emissions from other organisations e.g., our contractors.
- 6.6 The Section on Measuring and Setting Emissions Targets in the Strategy outlines the targets to be achieved to ensure net zero by 2040. The Strategy is key to addressing Climate Change. The Strategy and action plan seek to deliver a 50% reduction by 2030 and 100% by 2040. As part of our current work to establish a figure for the council's activities we have arrived at an estimated figure of 1,746 tonnes of carbon emissions per year for 2021.
- 6.7 The Council was able to achieve radical change in response to a pandemic by the many actions taken and so there is every opportunity to respond and develop our actions in response to global warming and biodiversity collapse.

**Equalities and Diversity Implications**

- 6.3 Any equality implications of carbon reduction proposals changing will be considered on a project by project basis through the use of Equality Assessments, if required.

**7. RISK MANAGEMENT**

- 7.1 The Strategy sets out the Council's plan to achieve net zero by 2040. This target will only be achieved if all services deliver on the actions set out in the Strategy over the next three years and beyond.

## Executive

### Committee

06/02/2024

---

- 7.2 To ensure the actions are implemented the Strategy will be co-ordinated and reviewed a by the Climate Change Manager and the Climate Change Working Group will receive regular reports on progress and at least twice yearly.
- 7.3 Failure to provide adequate resources will mean an increased risk that the strategy and action plan will not be delivered.

### 8. APPENDICES and BACKGROUND PAPERS

Appendix 1 Carbon Reduction Strategy.

Appendix 2 Carbon Reduction Strategy Review.

This page is intentionally left blank

04/10/2022

# Redditch Borough Council Carbon Reduction Strategy & Implementation Plan V4.4

Contents

- Background & Introduction ..... 2**
- Commitment & Integration ..... 3**
- Partnership Working ..... 5**
- Community Engagement & Communication..... 6**
- Co – benefits..... 7**
- Equality, Diversity & Inclusion ..... 8**
- Ecological emergency..... 9**
- Education skills and training..... 10**
- Governance, Development & Funding ..... 11**
- Low Carbon Economy..... 12**
- Measuring and setting emissions targets ..... 13**
- Mitigation & Adaptation ..... 15**
- Waste & Recycling ..... 16**
- Implementation Plan – Measures with quantified carbon savings..... 17**
- Implementation Plan – Enabling Measures without quantified carbon savings ..... 23**

## Background & Introduction

Globally, governments have committed to keep within 1.5°C increase in temperature to avoid catastrophic impacts from climate change<sup>1</sup>. UK Government has committed to Net Zero by 2050. Local Authorities (LA's) are key in taking and influencing action on climate change due to the services they deliver, their regulatory functions, strategic functions, procurement powers and responsibilities as social landlords and major employers. This evidence supports that Redditch Borough Council should make carbon reduction key to what we do as a council.

Redditch Borough Council declared a climate emergency in 2019. On declaration of a climate emergency, an LA is affirming it will place the Climate Emergency at the centre of its decision-making process. LA's are then expected to develop carbon reduction targets and Implementation plans to assist in the reduction of carbon emissions, from their own council functions and, using their sphere of influence.

Our thanks go to Alex Pearson from Nottingham City Council and the Midlands Net Zero Hub for his support and work authoring this document.

This plan will be refreshed every 3 years, and reviewed annually. Progress against targets will be reviewed twice a year.

Climate Change is a very real and existing threat and is no longer an issue we can afford to ignore. Redditch Borough Council has acknowledged the climate and environmental crisis declaring a climate emergency.

Our outline Climate Change Strategy and Action Plan sets out how we will work collaboratively, to protect our future together in the uncertain times ahead.

To achieve our target date of carbon neutrality, we need to radically rethink how we live, work and invest in the Borough. To do this we have to work effectively.

We therefore call on you, as people who live, work, visit and invest in our borough, to join us in creating a Redditch Borough that is resilient to the impacts of climate change and work towards a zero carbon, sustainable future for all.

*Councillor Gemma Monaco, Portfolio Holder*



Figure 1 Councillor Gemma Monaco, Portfolio Holder – Climate Change



Figure 2 Sue Hanley - Chief Executive, Bromsgrove & Redditch Councils



## Commitment & Integration

**Background:** The council is committed to carbon reduction through its declaration of a climate emergency in 2019. Our commitment to reducing our carbon emissions and influencing the reduction of local carbon emissions goes hand in hand with the 'net zero by 2050' target set by the UK Government, a goal that requires us and all sectors to pull together to achieve.

**What we are currently doing?** We have embarked on a journey of delivering Carbon Literacy Training to our Staff and Councillors and this will put climate action into the hands of everyone and can deliver between 5-15% real carbon savings per individual. Each of the council's service areas has contributed to this plan in order to produce 'carbon reduction pathways'. Through this approach carbon reduction will become 'business as usual' and truly embedded throughout the organisation. The Council employs a Climate Change and Energy Support Officer currently supported by an Environmental Policy and Awareness Officer, these posts are shared across both Bromsgrove & Redditch Councils. Each service area in Redditch Borough Council has been involved in the formulation of this plan and are committed to delivering the actions in the implementation plan.

**What further actions are we going to take?** This Plan will be our route map to 'net zero' for our internal activities. It will also highlight where we are trying to influence the reduction of carbon emissions from other places outside the council's activities.

The views of residents and partners are reflected in this plan and they have helped to shape the actions that we are going to take. We are committed to considering the environmental impact of our decisions as a council at every stage.

Our implementation plan (forming part of this strategy) will deliver real and quantifiable carbon reductions. This strategy will be monitored twice yearly by the Climate Change Panel within the council with annual progress reports being sent to the Executive committee. Key to the delivery of this strategy is the integration of plan objectives and targets with every aspect of council service delivery. To this end a collaborative approach involving all heads of service and their teams has been taken. We will link this strategy to corporate performance indicators, and provide a specific 'project based' focus for the council.

## Our Key Successes and Top Five Future Actions

**Key successes:** The council has been successful in securing funding through to install new more efficient glazing, better heating controls and a heat pump at the town hall. When this project is completed over 100 tonnes of carbon emissions will be saved per year. Over the past year the council has also participated in a ‘micro mobility trial’ seeing hi tech electric scooters available for hire by Redditch residents. The crematorium has been supplying surplus heat to the Abbey Stadium leisure centre for nearly 10 years now, saving both costs and carbon emissions from the sports facility. Greenlands business centre has also received funding in order to improve the fabric of the building and install a low carbon heating system. We will be looking to continue these successes with similar projects as shown in the table below.

### Top five future actions:

Measure	Estimated Saving in tonnes CO <sub>2</sub>	Service area	Target Completion Date / Review Date
Assess low carbon fleet fuel options	486	Environmental Services	Review Spring 2023, completion of fuel switch 2040
Refurbish Crossgates depot to include renewable energy & resource efficiency	100	Environmental & Housing Property Services / Legal, Democratic & Property Services	June 2023 for review
Apply for funding to improve energy efficiency of the council’s housing stock	250	Community & Housing Services	June 2023 for completion of some funded schemes
Set up a rolling programme of works to improve energy efficiency / renewable generation in the buildings with the highest consumption	100	Legal, Democratic & Property Services	Various deadlines for applications to the Salix funding scheme
Work with Rubicon leisure to further reduce carbon emissions at Abbey Stadium, Needle museum & Forge Mill visitor centre	66	Legal, Democratic & Property Services	Dec 2025

## Partnership Working

**Background:** In order to deliver this it is vital that we work closely with our partners, in order to reduce the carbon emissions of the district as a whole. The councils own emissions are a small part of the overall figure and it is important that we use our sphere of influence to encourage others to address their own emissions. Shared learning is a powerful tool to enable carbon reduction and the council can both learn from and influence a wide range of stakeholders across the Borough. The council can also benefit from partnership working with county, regional and national organisations by seeking out and engaging the support that may be available.

**What are we currently doing?** We currently work closely on a borough level with partners such as 'Rubicon Leisure' who run our sports and leisure facilities. Rubicon Leisure have benefitted from council led actions to reduce energy usage at sites such as Abbey Stadium where waste heat from the crematorium makes a meaningful contribution to the facility's annual energy needs. Our Housing team work closely with Act on Energy, an energy advice charity - to advise tenants on the best ways to cut carbon and reduce bills. Our 'Local plan' will ensure that new developments meet new higher standards for building efficiency. We work closely with the county council to ensure that homes and businesses can benefit from the advice and grants that are made available through the sustainability team. The council is also part of the Joint Worcestershire and Herefordshire Waste Partnership group working towards waste reduction and better waste management across the county. We are also working closely with Worcestershire Regulatory Services to promote Electric Taxi's through the licencing system. Another county wide organisation that we enjoy a close working relationship with is the Local Enterprise Partnership and some of the targets set in this strategy reflect the LEP Energy Strategy of 2019. On a regional level we work with the Midlands Net Zero Hub on several carbon reduction projects (some of which form part of the implementation plan), the West Midlands Combined Authority, and Sustainability West Midlands. On a national Level we have recently worked with the Energy Saving Trust to look at carbon reduction options across our vehicle fleet.

**What further actions are we going to take?** Redditch Borough Council will continue to work with local, regional & national partners to share learning, refine our carbon reduction plans and make the best possible use of funding opportunities. We will investigate opportunities for carbon reduction with our suppliers and delivery partners whilst ensuring that our carbon reduction strategy is in line with the other Worcestershire district councils. We will work with Worcestershire Regulatory Services to investigate how we might develop street trading policy to encourage low carbon and sustainable trades to operate in the local area. We will also continue to explore options with Worcestershire County Council & local businesses to encourage walking and cycling to work

## Community Engagement & Communication

**Background:** The residents of Redditch have expressed a wish for their council to address the climate emergency and lead the way through carbon reduction. A recent survey indicated that 85% of residents are concerned about climate change and the impact it is having and 76% told us that dealing with climate change should be a key priority for the Council.

**What we are currently doing?** Carbon reduction has a dedicated webpage on the council's site and there is consistent messaging around waste & Recycling. Community engagement events are held regularly on a diverse range of subjects relating to energy, waste & environment. The green fair & 'fun-day' is a key event to communicate the message of a low carbon future to the wider community and 2022 will see the return of this popular event in Arrow Valley Country Park. Within the council a regular electronic internal staff newsletter is used when there is news relating to carbon savings projects that staff should be aware of.

**What further actions are we going to take?** All service areas will have Email footers promoting carbon saving and resource reduction, we will update our website more regularly with news on carbon reduction in addition to regular e-mail newsletters and a refreshed social media policy. Develop a communications plan to promote biodiversity and land management actions within the authority and engage residents in conversations around increasing biodiversity in the residential settings, and the importance of biodiversity in relation to climate change. There are also opportunities at Arrow Valley Country Park to engage with the public on carbon reduction issues and we will work with our partner Rubicon Leisure to explore options. We will apply for funding to install further renewable technologies on the building in the park that serves as a visitor centre. Our housing teams will apply for funding to ensure that the council owned housing stock is as efficient as possible – taking carbon saving to the heart of the community. We will include energy efficiency advice in 'tenant packs' for householders moving into council housing in addition to information on waste & recycling. We will also seek to learn from other comparable local authorities in order to make the most of the opportunity presented by the 'Green Fair'.

## Co – benefits

**Co-benefits of Climate Action**

- Addressing **air quality**, **mental health**, lifestyle **diseases** (heart disease, diabetes etc).
- Less pressure on the **NHS**.

- New **green jobs**.
- E.g. to **create** and **build** the necessary **infrastructure**, and to maintain new services.

- Safe, prosperous communities **for all**, regardless of status, wealth, race, religion etc.
- Accessibility** and mobility for residents.

**Co-benefits of Climate Action**

- Increased area or access to **green space**.
- Green spaces include **tree planting** but can also be created in less obvious projects.

- The ability to **prepare**, **recover** and **adapt** to climate impacts.
- This can be related to **extreme weather** events, access to **resources**, economic recovery etc.

- Climate actions that **raise money** for the **council**.
- These additional funds can be spent on other **green initiatives**.

**Background:** Co benefits can be described as an outcome linked to a carbon reduction action. An example could be cleaner air in a town centre as a benefit of the adoption of zero emission vehicles, or financial benefits accruing to the council as a result of energy efficiency measures. Co benefits can also be related to habitat creation and improved access to existing green spaces, development of the low carbon economy, skills and training or job creation and retention.

**What we are currently doing?** We are making use of our open spaces such as Arrow Valley Country Park to promote health and well-being through our cultural and leisure services in order to lift levels of physical activity. We are also delivering efficiency improvements to council owned housing stock and sheltered accommodation through a government funded scheme, which will improve living standards for the tenants and help reduce fuel poverty.

**What further actions are we going to take?** Clean air is an important co benefit associated with low and zero carbon transportation and we will continue to evaluate the most appropriate size and location of electric vehicle charge points. The council will examine the type of fuel used in its fleet vehicles in order to build on work commissioned from the Energy Savings Trust to assess the current fleet and provide guidance. Further the Council will promote reduced use of cars through active travel initiatives as part of its Leisure Strategy. If the council is successful in securing government funding for the retrofit of council housing stock, 200 households per year will see their living standards improved through energy and resource efficiency. Our new Parks Strategy will provide opportunities for further health & well-being co-benefits to the wider community through the use of our open spaces. The council will also look to use a standardised method of assessing co benefits to help inform investment decisions in the future. We will also assess how we can better signpost business to available funding in order to stimulate and grow the green economy within the Borough of Redditch.

## Equality, Diversity & Inclusion

**Background:** Carbon reduction and social justice have historically gone hand in hand in support of the United Nations Sustainable development goals. Green spaces are open to all residents and facilities will continue to be improved. Through the Boroughs social housing it will be ensured that low carbon technologies and energy saving will not be the privilege of a select few.

**What we are currently doing?** As an employer and deliverer of services, **Redditch Borough Council** has stated in its Equality Strategy 2022-2026 that it is committed to eliminating unlawful discrimination, promoting equal opportunities and fostering good relations between people from all communities.

**What further actions are we going to take?** We can align our equality strategy with the United Nations Sustainable development goals, when the review occurs in 2026. We will work with local training providers to ensure that opportunities in the green economy are available to all. Redditch Borough Council will ensure that where funding is available to support green entrepreneurs from all backgrounds, it will be effectively applied.



## Ecological emergency

**Background:** The natural environment is vital to the health and wellbeing of society and provides ‘eco system services’ to regulate our environment, produce clean air and pollinate our crops. An ecological emergency is when the natural environment has been damaged and the ability to provide ‘eco system services is reduced’. The ecological and climate emergencies are linked. Significant carbon dioxide emissions are caused by land use change, which is also a key driver for ecological loss. The interdependencies between the species in the natural world are not all fully understood and it is vital that we act to protect bio-diversity on a local, national and global level.

The borough of Redditch contains several areas of land ranked moderate to high value for conservation and wildlife. Corridors of land linking these areas are also important for the ecology of the area. In areas where the public has access co benefits such as improved health and well-being should be considered and opportunities explored.

**What are we currently doing?** Redditch Borough Council works closely with Worcestershire County Council to manage sites for wildlife where possible. Currently we are implementing new management techniques for road verges in certain agreed areas, this allows native species to flourish and set seed, whilst providing a useful wildlife corridor and habitat for pollinators. We also have a Water courses and wildlife scheme of work managing land to reduce flooding and improve diversity. Our woodland management plan ensures that individual trees and wooded areas are maintained across the borough. The council has been communicating this policy through a dedicated web page and newsletter, in order to keep the public informed.

**What further actions are we going to take?** Conduct a survey of council sites for wildlife, continue and expand wild verges policy. and ensure. We could also investigate the use of urban space for living walls, and investigate opportunities for local carbon offsetting through tree planting and habitat creation. We will ensure that any such schemes are appropriate and do not degrade the biodiversity value of the existing land. We will look to ensure that the right species in the right place will enhance bio-diversity in the local area. Communicating policies to protect the natural environment is key to public acceptance. The Council will develop a communications plan to promote biodiversity and land management actions within the authority. Where new facilities are planned we will include habitat creation and biodiversity from the start. Where landscapes and habitat areas are managed by the council we will look to eliminate petrol powered hand tools such as strimmers and chainsaws as soon as is practicable. The Council will ensure that new developments include biodiversity net gain. Amongst other things this means that if flora or fauna is to be lost from a site to enable development to occur, the biodiversity lost on site will be more than compensated off site, so that in biodiversity terms there is a net gain. So, for example a tree lost due to development would have to be replaced elsewhere in the Borough or biodiversity net gain provided in some other way. The Council via its parks could be a receiver of biodiversity net gain opportunities and the developer would be expected to make a contribution to the council for related management costs.

## Education skills and training

**Background:** High quality jobs in the growing ‘clean tech’ sector will ensure that the borough of Redditch remains an attractive place for people to live and work. It is vital that we support our further education establishments to deliver high quality vocational training to our young people and those who wish to retrain for roles in the ‘Low carbon economy’. The ‘heart of Worcestershire College’ has a campus in Redditch and there are opportunities for local companies to provide apprenticeship places through national, regional and county wide schemes.

**What are we currently doing?** We are working with the Midlands Net Zero Hub to understand the findings of their ‘Low carbon Goods & Services’ study of Worcestershire. Potential skills gaps have been identified that our local further education providers could help resolve. We work with the colleges through the Redditch Partnership Executive Group, Redditch Towns Deal Board and both the Greater Birmingham & Solihull Local Enterprise Partnership and the Worcestershire Local Enterprise Partnership on the skills agenda.

**What further actions are we going to take?** As part of the Towns Deal funding we are considering establishing a ‘Youth council’ to cover the issues surrounding climate change and ensuring that training is available for the future skills required for the low carbon economy in Redditch. We will work closely with further education training providers and both local enterprise partnerships to ensure that any new suitable funding streams can be sign posted. We will also continue to work with the Midlands Net Zero Hub to make use of the findings in the Low Carbon Goods and services report.

## Governance, Development & Funding

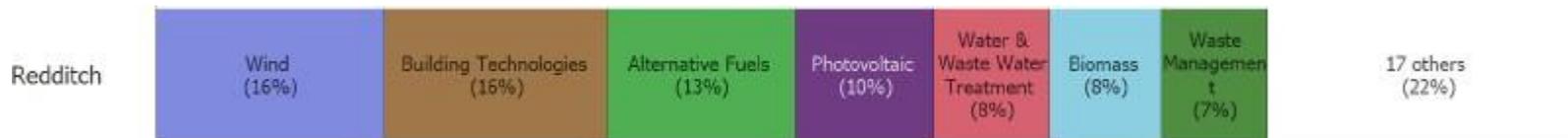
**Background:** The climate emergency declaration means that the current governance structure of the council is used to provide direction and oversee delivery of low and zero carbon initiatives. Carbon reduction projects are currently developed within the council and resourced through existing service areas. To make the best use of council resources, other funds are sought in order to maximise carbon savings. Government funding for decarbonising homes and buildings becomes available periodically in funding 'rounds'. In addition to these funds from central government there are regional and county administered schemes that the council is able to make use of. There are also investment opportunities in areas such as renewable heat and power generation through joint ventures and direct investment.

**What are we currently doing?** Currently many of our community buildings and sheltered accommodation are benefitting from solar panels on the roof and other efficiency measures. The council has also been successful in securing over £1million from the Public Sector Decarbonisation Scheme for Redditch town hall and Greenlands Business Centre. There are over 200 tonnes of carbon savings per year associated with these projects. The council was also successful in bids for funding to improve its housing stock under the Local Authority Delivery Scheme (LADS) and this will not only yield carbon reductions but improve health and well-being for the residents.

**What further actions are we going to take?** The governance required to deliver this plan will be provided by the Climate Change Panel in order to monitor progress against targets and evaluate potential new projects, before submission to the Executive Committee. The council will ensure that it is in a position to take advantage of future funding opportunities by maintaining a pipeline of suitable projects, the steering group will have a role to play in recommending schemes and projects to the Executive, particularly where there is a resource implication. Where projects are funded directly through council resources, a measure of best value for carbon reduction will be applied in conjunction with affordability to ensure the most efficient and effective use of council resources.

## Low Carbon Economy

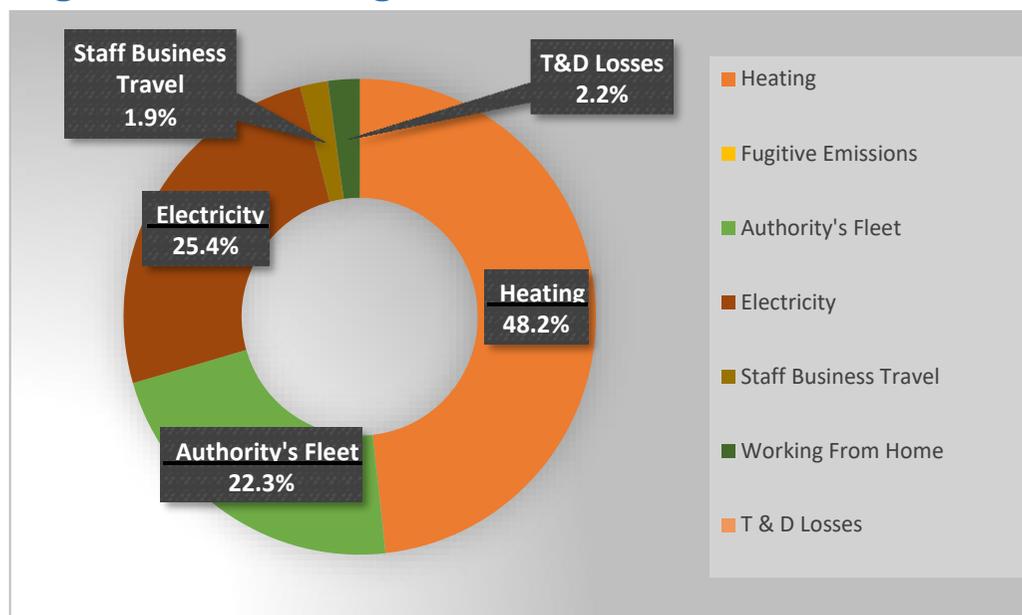
**Background:** The borough of Redditch has 17% of the overall Worcestershire sales figure for the low carbon economy. Redditch also has 25% of the companies engaged in this sector, and 14% of the total number of this sectors employees. The low carbon economy in Redditch grew by 14.6% in 2019/20 and employs 1,388 people across the borough. A breakdown of the local low carbon economy is shown below:



**What are we currently doing?** The economic strategy for Redditch is delivered by North Worcestershire Economic Development and Regeneration. Appropriate grants administered by the County Council and others are signposted to local businesses. Both Worcestershire Local Enterprise Partnership and Greater Birmingham & Solihull Local Enterprise Partnerships have growth hubs that cover the area.

**What further actions are we going to take?** At present the low carbon economy does not feature in the 'North Worcestershire Economic Growth Strategy' document and when this strategy is reviewed, the opportunity will be taken to include the findings of the Midlands Net Zero Hub 'low Carbon Economy Goods & Services report'.

## Measuring and setting emissions targets



A breakdown of the council's current carbon emissions is shown above

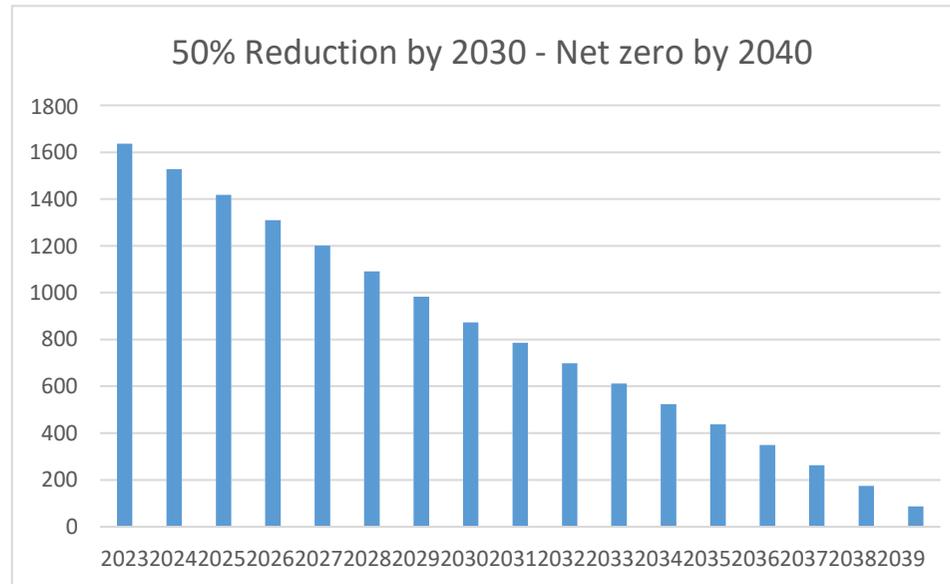
**Background:** Official carbon emission figures for the Borough of Redditch are currently available from the department of Business Energy & Industrial Strategy (BEIS). These figures are for the activities that take place within the borough, the totals represent both the direct emissions from the activities of the council and the emissions that the council has influence over. All councils must be 'net zero' by 2050, this means that direct emissions from services must be as low as possible and the remaining emissions are likely to require 'offsetting'.

**What are we currently doing?** Redditch Borough Council is working hard to quantify and understand the emissions associated with our activities. By using the latest data resulting from this exercise we can set meaningful targets that inform our implementation plan and lead to effective carbon reduction projects and measures.

**What further actions are we going to take?** The council will re commence carbon reporting, and these figures will be used to monitor performance against this plan. Carbon reduction targets in line with the other Worcestershire districts are adopted through this plan in addition

to the Local Enterprise targets of 50% by 2030 and net zero by 2040. Currently the carbon emission figure for the Borough of Redditch is 326,000 tonnes per year (2019). As part of our current work to establish a figure for the council’s activities we have arrived at an estimated figure of 1,746 tonnes of carbon emissions per year for 2021. In order to reach an interim target of 50% by 2030 we will need to reduce our emissions by approximately 110 tonnes of carbon per year. To achieve net zero in the remaining 10 years to 2040 we will need a target of approximately 87 tonnes per year.

The implementation plan has been designed to deliver these savings and will be reviewed bi-annually by the Climate Change Panel and annually by the Executive Committee.



## Mitigation & Adaptation

**Background:** The actions that the council can take to reduce carbon emissions and address the ecological emergency fall into two categories, measures that influence others and direct measures with an associated figure for carbon reduction. The first actions are to address the emissions associated directly with council activities such as service delivery. Mitigation is where we adapt our services to try and prevent the severity of climate change, Adaptation is where we have to change what we do as a consequence of the impacts of climate change we can't affect. Like selecting water resistant species in parks or emptying bins in the cooler part of the day as temperatures increase.

**What are we currently doing?** All heads of service and managers have provided input to help formulate this plan. Most of the mitigation and adaptation measures have grown from projects and practices that are already in place. As an organisation we appreciate that we can always do more, whilst recognising the resources that we have available within the council. Projects such as switching to a lower carbon fuel for our vehicle fleet and the low carbon heating installed in the town hall are key to reducing our emissions and playing out part in achieving the nationwide target of net zero by 2050.

**What further actions are we going to take?** The implementation plan included in this document details what we are going to do over the coming years and how much carbon we expect to save (for direct measures). The implementation plan has been produced from discussions with the heads of service covering all areas of council operations. We are continually improving the level of data that we have on the energy consumption of our buildings from the offices and buildings that we use for the delivery of our services, to our council owned housing stock. In terms of adaptation we must ensure that these buildings are able to maintain a comfortable internal temperature in winter but also to cope with hotter summers and extreme weather events. We could look at other actions that we could take to reduce the effects of climate change locally, for example increasing tree cover in urban areas to reduce the temperature in summer, or creating wetland habitat to control flooding. We have considered our transport fleet, our sports and leisure facilities (managed by Rubicon Leisure for us), our infrastructure and our natural environment and we are looking for carbon saving opportunities. We are also keen that the messages of carbon reduction, resource efficiency and nature conservation are communicated to our citizens in a clear and concise way through a variety of channels.

## Waste & Recycling

**Background:** The ‘Environment Act 2021’ is a piece of legislation that affects all local authorities in England. The Bill will require us to deliver consistent and frequent recycling collections and it will also require us to operate weekly separate food waste collections, preventing food waste from going to landfill or being incinerated. Waste collection and disposal has carbon emissions associated with it. These emissions are from the vehicles that transport the waste, and whatever process the waste undergoes once disposed of.

**What are we currently doing?** Redditch Borough Council is a ‘collection authority’ and the disposal of the waste collected is the responsibility of Worcestershire County Council. Currently the County Council has a ‘Waste Core Strategy’ that covers the period to 2027. Our council website provides information to help residents find their local recycling centre, in addition to guidance on what can and can’t be recycled. We also provide links to inform residents about waste reduction (The let’s waste less programme). Teachers can find learning resources for schools on our web page and we are keen to encourage children to take the message of waste reduction and recycling home to their parents.

**What further actions are we going to take?** According to the ‘Department for Environment, Food & Rural Affairs (DEFRA) the recycling rates in the borough of Redditch are at 29% (2019 / 2020 figures). There is clearly more that we can do to promote waste reduction and recycling through existing channels and we will do this as part of a wider net zero communications strategy. New legislation will require changes to our waste collection service including the requirement for us to separate and collect food waste in the near future and we will investigate the potential to turn this waste into a resource through conversion to gas. (Anaerobic Digestion). We are working with the 5 other district Council’s and the County Council through the Worcestershire Waste Partnership on how all the changes required by the Environment Act can be implemented.

## Implementation Plan – Measures with quantified carbon savings

Measure	Estimated annual saving in tonnes CO <sub>2</sub>	Service area	Target Completion Date / Review Date	Co- benefits	Comment
Assess low carbon fleet fuel options	486	Environmental & Housing Property Services	Review Spring 2024, completion of fuel switch 2040	Positive effect on local air quality. Healthier community	Vegetable oil as a replacement for diesel will be a transitional measure providing a pathway to other fuels such as hydrogen / biomethane or electricity. Use of EST fleet review data / Midlands Net Zero Hub electrification of council depots guide will assist with this measure. This measure will also require a report to Executive Committee regarding options and costs.
Refurbish Crossgates depot to include renewable energy & resource efficiency	100	Environmental & Housing Property Services / Legal Democratic & Property Services	01/06/2023 for review	Positive effect on local air quality, continuation of the site secures employment. The project will help to facilitate a fuel swap to reduce vehicle emissions.	Successful grant applications required to maximise carbon savings for this project. The carbon saving figure is estimated at this stage

Measure	Estimated annual saving in tonnes CO <sub>2</sub>	Service area	Target Completion Date / Review Date	Co- benefits	Comment
Set up a rolling programme of works to improve energy efficiency / renewable generation in the buildings with the highest consumption	100	Legal, Democratic & Property Services	01/06/2023 for review	Reduction in running costs and contribution to net zero target.	Successful grant applications required to maximise carbon savings. Estimate based on 10 buildings saving a minimum of 20%
Improve energy efficiency of current housing stock making use of LADS and other government schemes	250	Environmental & Housing Property Services	To coincide with release of funding and deadlines for 2023/4	Important positive health outcomes for residents, enhanced health and well-being, reduction in fuel poverty	Key team members to receive training on Air Source heat-pumps. When work takes place on a property the opportunity to facilitate future low and zero carbon options will be considered.

Measure	Estimated annual saving in tonnes CO <sub>2</sub>	Service area	Target Completion Date / Review Date	Co- benefits	Comment
Report on carbon saving as a result of streamlining operations	2	Transformation & Organisational Development	ongoing	Helps the council to put a value on carbon saving, and assists with the monitoring of this implementation plan	Good practice examples from other local authorities to be shared
Energy audit of server rooms to enable energy saving practices	1	Legal, Democratic & Property Services	To be completed by Dec 2022	Reduction in running costs and contribution to net zero target.	Assistance available from Midlands Net Zero Hub

Measure	Estimated annual saving in tonnes CO <sub>2</sub>	Service area	Target Completion Date / Review Date	Co- benefits	Comment
Moving more IT capacity to cloud based servers	1	Transformation & Organisational Development	Review annually	Reduced running costs for the council in relation to IT	It should be ensured that cloud servers are using low carbon power sources in order for the carbon saving to be claimed
Reduce staff travel and make further use of video conferencing	0.5	All service areas	To be completed by Dec 2022	Reduces the number of payments for staff travel and cuts down on unproductive travelling time	This measure fits in with the council's desire to further adopt agile working

Measure	Estimated annual saving in tonnes CO <sub>2</sub>	Service area	Target Completion Date / Review Date	Co- benefits	Comment
Walk through energy assessment of shop mobility hub at kingfisher centre	1	Community & Housing Services	To be completed by Dec 2022	Reduced running costs for the council and contribution to overall carbon reduction target	Assistance available from Midlands Net Zero Hub
Implement Recommendations of the 2020 EST report for the 'grey fleet and include' Travel plans across all service areas and encouraging wider use / accessibility of public transport through partnership working	36	Transformation & Organisational Development Service./All Service areas	2025 to review progress.	Improvements in local air quality & Savings of £34k quoted in the EST report.	Travel plans are a low cost way of reducing emissions associated with staff travel. This measure will pre-empt the government's bans on the sale of petrol & diesel Vehicles. Ultimately one or more 'Electric pool cars' could be the aim for staff

Measure	Estimated annual saving in tonnes CO <sub>2</sub>	Service area	Target Completion Date / Review Date	Co- benefits	Comment
Cut the council's paper waste by offering papers electronically	2.5	All Service Areas	Review by Spring 2023	Will save more money than it costs. Should be relatively easy to implement.	This is a measure that many other councils have implemented successfully
Work with Rubicon leisure to further reduce carbon emissions at Abbey Stadium, Needle museum & Forge Mill visitor centre	66	Legal, Democratic & Property Services/Planning, Regeneration and Leisure Services / Environmental & Housing Property Services	Dec-25	Reduced running costs and contribution to overall carbon reduction target	Midlands Net Zero hub to assist with funding applications for this work
Grid decarbonisation	443	* Grid electricity to be net zero by 2035 - electricity use from the council & our service delivery partners			
Total of above measures	1046				
Target	1746				
Remainder	257				

## Implementation Plan – Enabling Measures without quantified carbon savings

Measure	Estimated annual saving in tonnes CO <sub>2</sub>	Service area	Target Completion Date / Review Date	Co- benefits	Comment
Assess the viability of Council Car Parks and other sites for EV chargers and work with Worcestershire County to Council to implement the County Wide Electric Vehicle strategy contributing to toward a comprehensive network for Worcestershire		EV Project Working Group	Projects to be aligned with funding deadlines where possible	Air quality & Health and Well-being benefits accrue to the wider area	We will consider carefully both on street and off street locations, to ensure that residents without off street parking will have more charging options where practical. Savings can be calculated when sizes of chargers and locations are known. Assessment of charger locations for council owned leased housing stock will also form part of this measure.
Investigate options for heating & cooling networks across the borough as part of a place based approach		Legal, Democratic & Property Services/Planning, Regeneration and Leisure Services	Projects to be aligned with funding deadlines where possible	Air quality & Health and well-being benefits accrue to the wider area	Capacity Support available through Midlands Net Zero Hub

Measure	Estimated annual saving in tonnes CO <sub>2</sub>	Service area	Target Completion Date / Review Date	Co- benefits	Comment
Work in partnership with Worcestershire County Council to Manage verges and other council owned parks and open spaces for nature		Environmental Services / Leisure Services	Ongoing	Benefits for nature, insects and pollinators, can act as wildlife corridors	Pilot scheme in progress. Can be one of a suite of schemes to help address the ecological emergency. This measure will require a report to Cabinet regarding areas and costs.
Eliminate petrol powered tools (chainsaws, etc)		Environmental & Housing Property Services / Planning, Regeneration and Leisure Services	Reviewed annually	Better working environment, less noise.	Legislation may bring the deadline forwards as petrol and diesel is banned in other areas

Measure	Estimated annual saving in tonnes CO <sub>2</sub>	Service area	Target Completion Date / Review Date	Co- benefits	Comment
Continue to evaluate green tariffs and local energy purchase agreements		Finance & Customer Services / all service areas	Ongoing	Supports local renewable energy projects / creates a demand for renewable energy	Though the focus should always be demand reduction and renewable energy generation, green tariffs can be a good way to deal with any remaining carbon emissions
Use a recognised standardised carbon calculation methodology		Finance & Customer Services / all service areas	Ongoing	Improved accuracy of 'carbon accounting' can be applied to validate the claims of suppliers who tender for council contracts	The Treasury green book provides the methodology and standardised assumptions to be used.
Record the impact of financial decisions on carbon emissions as part of a wider aim to record emissions across all council operations		Finance & Customer Services	ongoing	Helps the council to put a value on carbon saving, and assists with the monitoring of this implementation plan	Essential to the monitoring of this plan

Measure	Estimated annual saving in tonnes CO <sub>2</sub>	Service area	Target Completion Date / Review Date	Co- benefits	Comment
Include questions on Carbon to evaluate tenders for services during the procurement process		Legal, Democratic & Property Services	To be completed by Dec 2022	Helps the council to better understand emissions that are not directly in its control	This is the start of the councils journey to understand 'scope three' emissions (emissions other than those directly from fuel and power)
Mapping exercise to link forthcoming Parks & Open spaces strategy with this strategy		Planning, Regeneration and Leisure Services	To be confirmed when the open spaces strategy is complete	Better health and well-being outcomes for residents through improved access to open spaces / opportunities to engage with the natural environment	Opportunities for funding should be explored with Worcestershire County Council, such as the 'Natural Networks' scheme.

Measure	Estimated annual saving in tonnes CO <sub>2</sub>	Service area	Target Completion Date / Review Date	Co- benefits	Comment
Review local plan where there is particular reference to renewables / provision for renewables in the future or heat networks		Planning, Regeneration and Leisure Services.	To coincide with local plan review dates.	Ensures that local plan is in line with the other districts to avoid inconsistency in requirements for low & zero carbon technologies.	Good opportunities for learning and sharing best practice with the other districts of Worcestershire and beyond.
Reduce waste production across the borough		Environmental Services	ongoing	Co- benefits include reduction in direct emissions, but also fleet mileage of refuse collection vehicles leading in improvements to local air quality	Ongoing work with learning opportunities available from other local authorities.

Measure	Estimated annual saving in tonnes CO <sub>2</sub>	Service area	Target Completion Date / Review Date	Co- benefits	Comment
Encourage zero carbon and sustainability through the supply chain		Finance & Customer Services / all service areas	Ongoing	Encourages further carbon savings where the council has influence and is a step towards addressing scope 3 emissions	This measure will be incorporated into the forthcoming 'Social Value Policy' This is also currently the subject of a study to produce template documents and procedures by GBSLEP.
Assess all existing assets and new assets for suitability for renewable energy generation and energy storage		Housing Property Services / Legal, Democratic & Property Services	Ongoing	New generation opportunities can contribute to the overall target and lead to cost savings / incomes for the council.	Ensures new opportunities are not missed, some of this work has been completed as part of a wider building energy audit process. Any projects identified will be subject to a detailed business case accompanying the proposal.

Measure	Estimated annual saving in tonnes CO <sub>2</sub>	Service area	Target Completion Date / Review Date	Co- benefits	Comment
Evaluate current e-micro - mobility pilot in Redditch (e-scooters) with a view to establishing a more permanent scheme		Planning, Regeneration and Leisure Services	To be confirmed when the current trial is complete	Increased mobility for residents without access to their own transport/ improved access to education and employment opportunities	Learnings from other Councils experience with cycle hire and micro mobility. Carbon savings can be estimated from the results of the evaluation. This project will require a report to Executive Committee regarding options and costs
Complete Carbon Literacy training for Corporate Management Team, 4th Tier managers and Councillors		All service areas	Ongoing	Better understanding of carbon reduction and related issues will	This programme is almost complete and the majority of CMT and tier 4 managers have received this training. Councillor training is being rolled out in 2022.

This page is intentionally left blank

Measure	Estimated Saving in tonnes CO <sub>2</sub>	Service area	Co- benefits	2023 Review Comments	2024 Actions
Assess low carbon fleet fuel options	486	Environmental and Housing Property Services	Positive effect on local air quality. Healthier community	Hydrated vegetable oil replacement trial has taken place with the results being used to support future bids to continue the programme of replacing diesel vehicles with HVO's.	Progress with bid to roll out programme of replacement of vehicles with HVO. Explore through Zest contract the possibility of installing EV charge points at depot in preparation for replacing smaller fleet vehicles with EV equivalent
Refurbish Crossgate depot to include renewable energy & resource efficiency	100	Environmental and Housing Property Services/ Legal, Democratic and Property Services	Positive effect on local air quality, continuation of the site secures employment. The project will help to facilitate a fuel swap to reduce vehicle emissions.	Plans have been drawn up for redevelopment for Crossgate with WCC. In addition, an application for funding is being explored to look at the installation of electric vehicle charge points at depots	Continue with work already begun on the redevelopment of Crossgate with WCC including the investigation into the potential for EV charge points to be installed at the depot
Set up a rolling programme of works to improve energy efficiency / renewable generation in the buildings with the highest consumption	200	Legal, Democratic and Property Services	Reduction in running costs and contribution to net zero target.	<p><b>Town Hall Carbon saving 2019 (pre upgrades)</b>                      Electricity – 690,858 kWh                      Gas – 570,306kWh</p> <p><b>2022 (post upgrades)</b>                      Electricity – 563,265 kWh                      Gas – 432,471 kWh</p> <p>Savings                      Electricity – 127,593 kWh                      Gas – 137,835 kWh</p>	Continue programme of lighting and heating upgrades through 2024 and any other works that will continue to improve the efficiency and carbon footprint of our buildings

Measure	Estimated Saving in tonnes CO <sub>2</sub>	Service area	Co- benefits	2023 Review Comments	2024 Actions
Improve energy efficiency of current housing stock making use of LADS and other government schemes	250	Environmental and Housing Property Services	Important positive health outcomes for residents, enhanced health and well-being, reduction in fuel poverty	LAD3 delivery has just concluded with 18 properties across the borough receiving energy efficiency measures. HUG2 had launched in partnership with WCC for energy efficiency retrofit measures to homes without a mains gas connection for heating over the next 2 years. A successful bid for SHDF Wave 2 funding has been in place as part of a MNZH consortium over a 2-year period. Retrofit assessments are underway in Redditch to understand to work needed to be undertaken to install energy efficiency measures.	Continue to support WCC in delivering HUG2 to properties across Redditch. Progress with delivery on SHDF Wave 2.0. Support Bid for any further government funding for retrofit work beyond 2024
Create measures in the performance dashboard for carbon saving as a result of streamlining operations	2	Transformation and Organisational Development	Helps the council to put a value on carbon saving, and assists with the monitoring of this implementation plan	To be created and aligned with Climate Change Scorecard	Create performance dashboard in alignment with Climate Change Scorecard
Energy audit of server rooms to enable energy saving practices	1	Legal, Democratic and Property Services	Reduction in running costs and contribution to net zero target.	To be undertaken in 2024 with support from MNZH	Arrange for audit to take place in 2024
Moving more IT capacity to cloud-based servers	1	Transformation and Organisational Development	Reduced running costs for the council in relation to IT	To be undertaken with above action on server room	Incorporate beginning this action with the audit on existing server room

Measure	Estimated Saving in tonnes CO <sub>2</sub>	Service area	Co- benefits	2023 Review Comments	2024 Actions
Reduce staff travel by making further use of video conferencing.	0.5	Planning, Regeneration and Leisure Services	Reduce the need for customers to travel to speak to council specialists about services.	Comparison completed in from 2019 and 2023 to reflect the changes in the way we have worked and across shared services staff mileage has seen a 50% reduction, indicating that the use of video conferencing (in majority of cases Microsoft Teams) has impacted on the need for staff to travel to meetings.	Continue to monitor staff mileage and work with services on ensuring mileage reduction compared to 2019 is maintained or improved
Walk through energy assessment of shop mobility hub at kingfisher centre	1	Community and Housing Services	Reduced running costs for the council and contribution to overall carbon reduction target	Review of alternative options for shop mobility in 2024/25	Undertake review in financial year 2024/24 to include Customer Services temporary accommodation
Implement Recommendations of the 2020 EST report for the 'grey fleet and include' travel plans across all service areas	36	All service areas.	Improvements in local air quality & Savings of £34k quoted in the EST report.	This is linked with reducing staff travel.	See action on staff mileage.
Work with Rubicon leisure to further reduce carbon emissions at Abbey Stadium, Needle Museum & Forge Mill visitor centre	66	Legal, Democratic and Property Services	Reduced running costs and contribution to overall carbon reduction target	Bid to Sport England PV on Abbey Stadium roof. Further work on boiler efficiency and heat recovery system	Continue to support ongoing bids and work to further improve the efficiency and the carbon footprint of Rubicon Leisure at Abbey Stadium

This page is intentionally left blank

## Executive

---

### Non-Domestic Rates Discretionary Rate Relief Policy

Relevant Portfolio Holder	Councillor Luke Court
Portfolio Holder Consulted	No
Relevant Head of Service	Bernard Ofori-Atta Head of Finance and Customer Services
Report Author	Job Title: Financial Support Manager Contact email: david.riley@bromsgroveandredditch.gov.uk Contact Tel: 01527 548 418
Wards Affected	All
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	Run and grow a successful business
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 the amended Non-Domestic Rates Discretionary Relief policy is approved and adopted from 1<sup>st</sup> April 2024.**

#### 2. BACKGROUND

- 2.1 Section 47 of The Local Government Finance Act 1988 [the act] provides local authorities with the power to award discretionary rate relief to ratepayers.
- 2.2 Section 47(7) of the act limits the period for which relief can be backdated and provides that a decision to award relief is invalid if made more than 6 months after the end of the rate year for which the relief will be awarded.
- 2.3 The Non-Domestic Rating (Discretionary Relief) Regulations 1989 [the regulations] contain further provisions which require local authorities to notify ratepayers in writing of the first day and last day on which a decision to award relief will apply and require the authority to provide one year's notice of the removal of any relief.
- 2.4 The Non-Domestic Rating Act 2023 amends section 47 of the act and removes the restriction on backdating relief for any period beginning on or after 1<sup>st</sup> April 2023. The Government has confirmed in business rates information letter 4 of 2023 that the regulations will be revoked from 1<sup>st</sup> April 2024. The effect of the two changes is that billing

## Executive

---

authorities will have full flexibility on the award, backdating and revocation of discretionary rate relief from 1<sup>st</sup> April 2024.

- 2.5 The council's discretionary rate relief policy is to be amended to define the circumstances in which backdating of relief will be considered and confirm that awards of discretionary relief will be revoked where the circumstances which precipitated the award of relief change.
- 2.6 The proposed changes to the policy provide that the council will usually award relief from the beginning of the tax year, or the start date of the ratepayer's liability, whichever is the later. Backdating relief will be for periods before the current rate year will be considered where:
- a) The application for relief is made and determined within 6 months of the end of that financial year; and
  - b) Where a hereditament is entered into the rating list for the first time and an application for relief is made within 3 months of the hereditament entering the rating list.
- 2.7 The Government – for schemes such as retail rate relief, local newspaper relief, and supporting small business relief – provides local authorities with funding to award rate payers with discretionary rate relief. The existing policy states that relief will be given to eligible rate payers where the conditions set in Government guidance are met. The proposed changes allow for backdating of government funded reliefs where the costs of the relief will be met by central government.

### **3. FINANCIAL IMPLICATIONS**

- 4.1 The costs of discretionary rate relief are usually shared between central government and major precepting authorities. 50% of the costs of relief are met by central government, 40% by the district council, 9% by county council and 1% by fire and rescue authority.
- 4.2 The costs of Government funded discretionary relief are met in full through section 31 funding.
- 4.3 The changes to the policy retain general limits on backdating of relief for reliefs where the costs are in part met locally and allow full backdating of relief where funding will be provided by central government. The changes to the policy will have limited financial impact.

### **4. LEGAL IMPLICATIONS**

- 4.1 The legislative framework for the award of discretionary rate relief is noted in the background section of the report.

## Executive

---

### 5. STRATEGIC PURPOSES – IMPLICATIONS

#### Relevant Strategic Purpose

- 5.1 The discretionary rate relief policy support the strategic purpose “run and grow a successful business” by providing a framework for delivering discretionary relief – including retail relief and supporting small business relief – to businesses in a timely and transparent manner.

#### Climate Change Implications

None

### 6. OTHER - IMPLICATIONS

- 6.1 None

#### Equalities and Diversity Implications

- 6.2 None

#### Operational Implications

- 6.3 None

### 7. RISK MANAGEMENT

- 7.1 No specific risk identified.

### 8. APPENDICES and BACKGROUND PAPERS

Appendix A – Discretionary Rate Relief Policy

This page is intentionally left blank

# **Non-Domestic Rates - Discretionary Rate Relief Policy and Guidance**

**Summary of Document**

The policy applies to Non-Domestic Rates discretionary relief awarded under the Local Government Finance Act 1988 and subsequent amending regulations.

The guidelines set out to achieve a fair and transparent approach to the award and review of discretionary relief.

	<b>Contents</b>	<b>Page</b>
1	Introduction	4
2	Legislative Framework	4
3	Discretionary Rate Relief for Charities and Community Amateur Sports Clubs	5
4	Discretionary Rate Relief for Charity Shops	8
5	Discretionary Rate Relief for Non-Profit Making Organisations	9
6	Rural Rate Relief	12
7	Hardship Relief	13
8	Relief for Part Occupied Premises - Section 44A relief	15
9	Localism Act Discretionary Rate Relief	16
10	Discretionary Relief - Central Government Funded Reliefs	18
11	Costs of Relief	18
12	Reduction in relief transitional arrangements	18
13	Level of Relief - General Guidance on Levels of Relief and Impact of Budget Restrictions	18
14	Period of Relief	20
15	Backdating Relief	20
16	Appeals	20
17	Delegated Powers to determine awards of Discretionary Relief	21
18	Interests of Officers and Members	21

## 1.0 Introduction

- 1.1 Local Authorities have the power to grant discretionary rate relief to charitable organisations and other non-profit making organisations that meet certain criteria.
- 1.2 The power is discretionary and can therefore be limited by other factors such as budgets and funds available for the Council's strategic purposes.
- 1.3 The discretion to grant relief can be for part or the entire amount of the business rates payable.
- 1.4 The policy:
  - Sets out the guidelines that the Council will use when it determines the amount of discretionary relief that will be awarded to an organisation.
  - Summarises the delegated authority to award discretionary rate relief.
  - Establishes an appeals procedure for organisations that are unhappy with the Council's decision.
  - Protects the interests of local Council Tax payers by ensuring that the overall costs of discretionary relief do not increase beyond budgeted amounts.
  - Ensures that the funds available for the awards of relief are used in the most efficient manner and that organisations that receive relief are supporting the Council's strategic purposes.

## 2.0 Legislative Framework

- 2.1 Mandatory Rate Relief can be awarded under Section 43 of the Local Government Finance Act 1988 (LGFA '88) to charitable organisations or community amateur sports clubs where the property that they occupy is used wholly or mainly for charitable purposes. The relief is currently 80% of the rates payable.
- 2.2 The Council has a discretionary power under Section 47 of the LGFA '88 to top up this relief to 100% by awarding up to 20% discretionary relief.
- 2.3 Section 47 (5B) of the LGFA '88 also allows the Council to award up to 100% discretionary relief to any organisations which are not established or conducted for profit and whose objectives are philanthropic, religious, concerned with education, social welfare, science literature or the fine arts.
- 2.4 Section 47(5B) also allows the council to award up to 100% discretionary rate relief where a property is used for the purposes of recreation and it is occupied for the purposes of a club, society or other organisation not established or conducted for profit.

- 2.5 The Council is prohibited from awarding discretionary rate relief to a precepting authority or to itself as a billing authority.
- 2.6 When making a decision on discretionary rate relief the Council is required under Section 47 (5C) to have regard to any guidance issued by the Secretary of State.
- 2.7 Premises that are partly occupied can receive discretionary relief under Section 44A of the LGFA '88. This is a process whereby a request can be made to the Valuation Officer to apportion the rateable value of a hereditament so that the occupier may benefit from any exemption for the unoccupied area.
- 2.8 The Local Government Finance Act 1997 introduced amendments to the LGFA '88 to allow for mandatory and discretionary rate relief for certain rural businesses. The scope of the relief has been extended and relief is now available for the sole; post office, general store, public house, or petrol filling station within a rural settlement, or for any food store within a rural settlement.
- 2.9 Mandatory rate relief for qualifying rural properties is set at 100%. Discretionary relief of up to 100% may be granted to any rural business which does not meet the mandatory requirements.
- 2.10 Section 49 of the LGFA '88 permits relief to be awarded based on hardship, providing that the awarding of the relief will be in the interest of the local Council Taxpayers.
- 2.11 The Localism Act 2011 extended the scope of Section 47 and there is now a general power to award discretionary relief to any ratepayer providing that it would be reasonable to do so having regard to the interests of local Council Tax payers.
- 2.12 State Aid rules prohibit Government subsidies to businesses and for this reason relief from taxes, including relief from Non-Domestic Rates, can constitute State Aid. Consideration as to whether the award of a relief constitutes State Aid must be made when any discretionary relief is awarded.
- 2.13 Relief for charities and non-profit making bodies would not normally constitute state aid because the recipients are not normally in market competition with other businesses. However, if the charities or non-profit making bodies are engaged in commercial activities, or if they are displacing an economic operator, or if they have a commercial partner, then rate relief could constitute State Aid.

### 3.0 Discretionary Rate Relief for Charities and Community Amateur Sports Clubs

3.1 The Criteria for awarding rate relief and the factors taken into account are detailed below.

Criteria		Evidence
<b>1</b>	<p><b>Use of the property:</b></p> <p>The property must be used wholly or mainly for the purpose of the charity - Community Amateur Sports Club (CASC).</p>	Application.
<b>2</b>	<p><b>Annual turnover:</b></p> <p>The annual turnover is less than £50,000 –</p> <p>If turnover is above threshold then we may award a reduced level of relief.</p>	Audited accounts.
<b>3</b>	<b>Charitable status</b>	
<b>4</b>	<p><b>Membership:</b></p> <p>Membership and access is open to all sections of the community.</p>	<p>Levels of membership.</p> <p>Details of membership fees charged.</p> <p>Evidence of concessionary rate memberships - and details of numbers of concessionary memberships available.</p> <p>Details as to how members are approved.</p>
<b>5</b>	<p><b>Access to facilities:</b></p> <p>Facilities are made available to other sectors of the local community e.g. schools, clubs, support groups.</p>	<p>Details of the use of the facilities over the past 12 months.</p> <p>Details of the charges made for the use of the facilities.</p>

Criteria		Evidence
<b>6</b>	<p><b>Profits:</b></p> <p>Determine whether the organisation holds reserves or makes a profit and whether it requires discretionary relief to continue to operate.</p> <p>Establish whether the organisations run commercial activities and profits, or has the capacity to profit from these (e.g. bar, function hire).</p>	Copies of income and expenditure for the last financial year.
<b>7</b>	<p><b>Community links:</b></p> <p>Establish if the charity is a local organisation and who uses the organisation and its facilities.</p>	Application form.
<b>8</b>	<p><b>Proportionate use of the property:</b></p> <p>Consider how the property is used and whether the use is proportionate to the size of the assessment; are the charity under occupying or part occupying a large assessment.</p>	Inspection. Application form.
<b>9</b>	<p><b>Other sources of support:</b></p> <p>Establish whether there are other sources of support available to the charity and whether other sources of funding are available.</p>	Details of other sources of funding or income.

- 3.2 The level of relief will be determined by the evidence provided and whilst each case is assessed on its own merits the level of relief will ordinarily be that set out in section 13.0 below.

#### 4.0 Discretionary Rate Relief for Charity Shops

4.1 The Criteria for awarding rate relief and the factors taken into account are detailed below.

Criteria		Evidence
<b>1</b>	<b>Use of the Property:</b>  The shop must be wholly or mainly used for the purposes of the charity.	Signed Application Form  Inspection of the premises.
<b>2</b>	<b>Sale of Goods:</b>  The shop must sell wholly or mainly donated goods and the sale of the goods must be applied to the purposes of the charity.	Signed application form.  Information regarding the sale of items, accounts.
<b>3</b>	<b>Local Benefits:</b>  The Charity must be able to demonstrate that the local community derives benefits from the services the charity provides.	Details of the type of services provided to the residents and the number of residents who benefit from the support.
<b>4</b>	<b>The Market Principle:</b>  Where the Charity Shop is competing with businesses operating on an ordinary commercial basis - for example where the operations are wholly or mainly the sale of second hand furniture, or the sale of books - then discretionary relief will not normally be provided.	Signed application form.  Inspection of premises.

4.2 The level of relief will be determined by the evidence provided and whilst each case is assessed on its own merits the level of relief will ordinarily be that set out in section 13.0 below.

## 5.0 Discretionary Rate Relief for Non-Profit Making Organisations

5.1 The Criteria for awarding rate relief and the factors taken into account are detailed below.

Criteria		Evidence
<b>1</b>	<p><b>Use of the property:</b></p> <p>Main use of the premises is for non-commercial activities for example a not for profit organisation that is primarily using the premises for activities that are provided by a commercial organisation such as health/gym facilities will not normally be eligible for relief; unless the organisation is also providing facilities that are of importance to the area and which would not otherwise be available within the borough</p>	Application form.
<b>2</b>	<p><b>Annual turnover:</b></p> <p>The annual turnover is less than £50,000.</p> <p>If turnover is above threshold then we may award a reduced level of relief.</p>	Audited accounts.
<b>3</b>	<p><b>Membership:</b></p> <p>Membership and access is open to all section of the community.</p>	<p>Levels of membership.</p> <p>Details of membership fees charged.</p> <p>Evidence of concessionary rate memberships - and details of numbers of concessionary memberships available.</p> <p>Details as to how members are approved.</p>
<b>4</b>	<p><b>Access to facilities:</b></p> <p>Facilities are made available to other sectors of the local community e.g. schools, clubs, support groups.</p>	<p>Details of the use of the facilities over the past 12 months.</p> <p>Details of the charges made for the use of the facilities.</p>

Criteria		Evidence
<b>5</b>	<p><b>Profits:</b></p> <p>Determine whether the organisation holds reserves or makes a profit and whether it requires discretionary relief to continue to operate.</p> <p>Establish whether the organisation runs commercial activities and profits, or has the capacity to profit from these (e.g. bar, function hire).</p>	Copies of income and expenditure for the last financial year.
<b>6</b>	<p><b>Community links:</b></p> <p>Establish if the charity is a local organisation and who uses the organisation and its facilities.</p>	Application form.
<b>7</b>	<p><b>Proportionate use of the property:</b></p> <p>Consider how the property is used and whether the use is proportionate to the size of the assessment, are the charity under occupying or part occupying a large assessment.</p>	Inspection. Application form.
<b>8</b>	<p><b>Other sources of support:</b></p> <p>Establish whether there are other sources of support available to the charity and whether other sources of funding are available.</p>	Details of other sources of funding or income.
<b>9</b>	<p><b>Trading Arms</b></p> <p>Where the organisation is operating a trading arm then the accounts of the trading arm will be considered; if the profits from the trading arm are not re-invested in the locality from which they are drawn then the principal organisation will not normally be eligible for relief.</p>	Copies of accounts and financial information for any trading arm or subsidiary company

Criteria		Evidence
10	<p><b>Financial Viability</b></p> <p>Organizations should not rely on the award of discretionary rate relief to ensure financial viability. The applicant should provide clear business plan setting out how they will move to a position where they are able to discharge their business rates liability.</p>	Business plans and income forecasts.

- 5.2 The level of relief will be determined by the evidence provided and whilst each case is assessed on its own merits the level of relief will ordinarily be that set out in section 13.0 below.

**6.0 Rural Rate Relief**

6.1 The Criteria for awarding rural rate relief and the factors taken into account are detailed below.

<b>Criteria</b>		<b>Evidence</b>
<b>1</b>	<p><b>Local Value:</b></p> <p>The business is of importance to the local community - and the service is not provided by others business in the rural settlement.</p>	<p>Statement of the business type and the impact if the business were to close.</p> <p>The use of and value of the business to the local community.</p> <p>Last 2 years audited accounts.</p>
<b>2</b>	<p><b>Sole premises:</b></p> <p>The applicant carries out their business from a single property within the rural settlement.</p> <p>The business is not part of a larger chain - for example it is not part of a number of shops operated by the applicant.</p>	<p>Application form - accounts.</p>
<b>3</b>	<p><b>Profits:</b></p> <p>Determine whether the organisation holds reserves or makes a profit and whether it requires discretionary relief to continue to operate.</p>	<p>Copies of income and expenditure for the last financial year.</p>
<b>4</b>	<p><b>Financial Viability</b></p> <p>Organizations should not rely on the award of discretionary rate relief to ensure financial viability. The applicant should provide clear business plan setting out how they will move to a position where they are able to discharge their business rates liability.</p>	<p>Business plans and income forecasts.</p>

## 7.0 Hardship Relief

7.1 The Criteria for awarding hardship relief and the factors considered are detailed below.

Criteria	Evidence
<p><b>1 Local Value:</b></p> <p>The business is of importance to the local community and is suffering genuine hardship.</p>	<p>Statement of the business type and the impact if the business were to close.</p> <p>The use of and value of the business to the local community.</p> <p>Last 2 years audited accounts.</p> <p>Copies of the businesses order book.</p> <p>Copies of the personal accounts of the owners of the business.</p>
<p><b>2 Local Jobs:</b></p> <p>The number of people employed by the business who reside in the council area.</p>	<p>Total number of employees who will be affected if the relief is refused.</p>
<p><b>3 Nature of hardship:</b></p> <p>Details of the hardship being experienced including: Cause; expected duration; measures already taken to remedy the situation; that the cause is not a result of poor business planning or activity; details of the help already requested from other sources; and amount of additional support already received or reasons why support was not provided.</p>	<p>Latest accounts. Bank Statements. Business Plan. Order Books.</p> <p>Any other documents to support the application.</p>
<p><b>4 State Aid Declaration:</b></p> <p>Awards of hardship relief would potentially be classed as State Aid - a declaration will be required to show that the level of all relief is compliant with state aid rules.</p>	<p>State Aid Declaration.</p>

7.2 Due to the nature of hardship relief there can be no general guidelines on the level of relief; each determination for hardship relief will be considered on an individual basis - the following criteria will be taken into account



## 8.0 Relief for Part Occupied Premises

8.1 The criteria for awarding rate relief and the factors to be taken into account are detailed below:

Criteria		Evidence
1	<p><b>Part Occupation:</b></p> <p>The property is partly occupied</p>	Detailed plans of the hereditament must be provided to outline the whole property and indicate the partly occupied section.
2	<p><b>Length of time:</b></p> <p>The intended part occupation must be for a short period of time.</p>	Details of the planned period of time of the part occupation; the nature of the business and the businesses future intentions.
3	<p><b>Reason:</b></p> <p>The part occupation is not a result of maintenance, refurbishment, renewal or repairs, seasonal shutdowns, holidays or reduction in capacity due to normal business risks, reduction in capacity due to loss of trade or normal business fluctuations.</p> <p>Part occupation for phased occupation will be considered as a qualifying reason.</p> <p>Part occupation for phased vacations will be considered where the business is relocating to new premises within the council area</p> <p>Part occupation resulting from some event, such as fire or flood, which renders part of the premises unusable, will be considered as a qualifying reason.</p>	<p>Statements of the cause of the part occupation.</p> <p>Photographic evidence of the part of the premises which is prevented from being occupied.</p> <p>Surveyors or other qualified professionals reports confirming that occupation of the part of the premises is prevented.</p>

8.2 A short period of time is not defined in legislation; therefore the nature of the business activity will be taken into account along with the estimated planned period of time and future intentions.

8.3 Applications for retrospective periods will not be accepted.

## 9.0 Localism Act Discretionary Rate Relief

- 9.1 The Localism Act removed the restrictions on awards of discretionary rate relief and allowed local authorities to determine that awards of relief may be made where it is reasonable to do so having regard to the interests of the Local Council Taxpayers.
- 9.2 In the main decision to award relief under the extended powers of the localism act will be made by the Council's Executive and would be exercised in respect of all hereditaments within a defined area or of a defined type. There may be occasions where decisions are made on a case by case basis.
- 9.3 Decisions on a case-by-case basis would be made where there is the possibility of the loss of an amenity which is of importance to local Taxpayers or where a failure to award relief could lead to the loss of major employer within the council area.
- 9.4 Any award of discretionary relief under the Localism Act powers would be the exception rather than the rule.
- 9.5 The criteria for awarding relief and the factors that will be taken into account are detailed below:

Criteria		Evidence
1	<p><b>Local Value:</b></p> <p>The business is, or will be of importance and value to the local community.</p>	<p>Statement of the business type and the impact upon the local community if the business were to come into the area/move away from the area.</p> <p>The use of and value of the business to the local community. Evidence of local trade and support.</p>
2	<p><b>Local Jobs:</b></p> <p>The number of people who are/will be employed by the business and who reside in the council area.</p>	<p>Total number of employees.</p> <p>Number of employees who would be affected if relief were not awarded.</p>

Criteria		Evidence
<b>3</b>	<p><b>Reason for the discount</b></p> <p>Details to include:  the reason for the discount;  the period for which relief is sought;  measures already taken to obtain support from other sources;  amount of additional support already received; and (if applicable) reasons why support was not forthcoming.</p>	
<b>4</b>	<p><b>The business is the only example of its kind.</b></p> <p>Details of the unique nature of the business/amenity demonstrating why the failure to grant relief could lead to the loss of a unique amenity for the residents of the council area.</p>	Statement provided by applicant /report from council officers detailing why the business/amenity is unique in its nature.
<b>5</b>	<p><b>State Aid Declaration</b></p> <p>Awards of Localism Act relief would potentially be classed as State Aid – a declaration will be required to show that the level of all relief is compliant with state aid thresholds.</p>	State Aid Declaration to be completed.

**10.0 Discretionary Rate Relief - Central Government Funded Reliefs**

- 10.1 Central Government has directed local authorities to use the extended powers of the Localism Act to administer several national schemes of discretionary rate relief. These schemes include relief from empty property rates for new build properties, retail rate relief and reoccupation of empty premises relief. Funding for these reliefs is provided by central government in the form of a 'Section 31 grant'
- 10.2 For all centrally funded discretionary relief the council will award the Governments intended level of relief in full and in line with guidance issued by government.

**11.0 Costs of Relief**

- 11.1 The total amount of the relief granted is included in the annual statistical returns and the NNDR income taking account of losses in collection, amendments to rateable value etc. is then split into the following proportions:

50% paid to central government  
40% retained by District Council  
9% paid to the County Council  
1% paid to the precepting Fire Authority

- 11.2 The costs of mandatory relief, discretionary relief for non-profit making bodies, Section 44a relief, and hardship relief are therefore borne jointly by central and local authorities as per their proportional share of the NNDR income.

**12.0 Reduction in Relief - Transitional Arrangements**

- 12.1 Where a decision of the council results in a reduction to the amount of relief that an organisation will receive then the council may take steps to phase in the reduction over a period of two years.
- 12.2 A decision to phase in the reduction may be taken where notice of the level of relief is not provided prior to the commencement of the rates year, or where the organisation is unable to take budgeting decisions to account for the reduced level of relief.

**13.0 Level of Relief and Budget Restrictions**

- 13.1 As a general guide, and providing the criteria for relief are met, then the levels of relief shown in the table below will be awarded; where the organisation or type of organisation is not shown then relief will be made in accordance with the general guidelines of the policy.

- 13.2 The percentage of relief shown in the table is a percentage of the full rates liability, for example charity shops would already be in receipt of 80% mandatory relief and would receive a further top-up relief of; 0, 10 or 20%. A relief of 20% relief would mean that the organisation would have no rates to pay.

Organisation	Narrative	% of relief
Housing Associations - housing providers		0%
Educational Establishments	Schools and colleges with charitable status and in receipt of mandatory relief	0%
Youth organisations	Scouts, guides, cadets	Up to 100%
Community Halls/Village Halls		Up to 100%
Sports and Social Clubs	Not registered as a charity or CASC	Up to 20%
Homelessness organisations		Up to 100%
Regional administrative or head offices of a charity		0%
Charity Shops	The charitable operations of the charity are on a national or international level	0%
Charity Shops	Where the operations of the charity are on a regional level within Worcestershire and surrounding areas only.	10%
Charity Shops	Where the operations of the charity are wholly within the district.	20%
Central Government Funded Discretionary Reliefs	Awards of discretionary relief for which Section 31 grants are payable	Relief at the level determined by Central Government.

- 13.3 If on annual review the overall costs of Mandatory and Discretionary relief – excluding Section 44a relief and Localism Act Reliefs - that will be granted in the new rates years would increase by more than the % increase in the Small Business Rates Relief Multiplier then the awards of relief to each organisation will be reduced proportionally to ensure that the costs of relief remain within budget.
- 13.4 Any reduction in relief to an organisation made as a result of the overall increase in Mandatory and Discretionary relief will be subject to the internal appeals process and the rules on variation or revocation of relief.

**14.0 Period of Relief**

- 14.1 Awards of discretionary rate relief will usually be made for one rate year only and will be reviewed annually.

**15.0 Backdating Relief**

- 15.1 Applications for relief will be backdated to the beginning of the rate year, or the start date of the ratepayer's liability whichever is the later. Backdating for periods before the current rate year will be considered where:

- a) The application for relief is made and determined within 6 months of the end of the relevant financial year.
- b) A hereditament is entered into the rating list for the first time and an application for relief is made within 3 months of the hereditament entering the rating list.

- 15.2 Government funded reliefs will be backdated where funding remains available from the relevant government scheme.

**16.0 Appeals**

- 16.1 Appeals against the decision to refuse relief or against the level of the relief may be made by the ratepayer.
- 16.2 The appeal should be made in writing and should state the reasons why the ratepayer is aggrieved with the decision of the council. New information may be submitted at this stage to support the ratepayer's appeal.
- 16.3 Appeals will in the first instance be considered by the Head of Customer Access and Financial Support. At this stage the decision may either be confirmed or revised so as to increase the level of the relief.
- 16.4 A decision to reduce or remove the relief cannot be made as the requirements to give one year's notice would make such a decision ineffective.
- 16.5 Where the decision is revised the ratepayer will be notified of the increased level of relief awarded, if applicable.
- 16.6 If the original decision is confirmed the ratepayer will be advised of the reasons why, of the further right of appeal to the Director of Finance and Corporate Resources who will consider the appeal in conjunction with the relevant Portfolio Holder.
- 16.7 Appeals to the Executive Director of Finance and Corporate Resources must be made in writing and must give the reasons why it is believed that the decision should be amended. New or additional information may be included.

- 16.8 The ratepayer will be advised of the date that their appeal will be considered.
- 16.9 The ratepayer does not have a right to appear in person but may make a request to present evidence in person.
- 16.10 The appeal will be considered individually on its own merit and the ratepayer will be advised of the decision in writing.
- 16.11 The Executive Director of Finance and Corporate Resources will be able to confirm the original decision of the council or increase the level of relief awarded. A decision to revoke relief or to reduce the level of relief cannot be made as the requirements to provide one year's notice such a decision would be ineffective.
- 16.12 The submission of an appeal by a ratepayer does not affect the individual's rights to challenge a decision made by the council by way of Judicial Review.

### **17.0 Delegated Powers to Determine Awards of Relief**

- 17.1 The decision to determine the awards of relief will be delegated as to:

<b>Relief</b>	<b>Delegated Authority</b>
Mandatory Rate Relief	Financial Support Manager Assistant Financial Support Manager
Discretionary Rate Relief for Charities, Community Amateur Sports Clubs and Charity Shops - "Top-Up Relief"	Financial Support Manager Assistant Financial Support Manager
Discretionary Rate Relief for Non-Profit Making Organisations	Financial Support Manager Assistant Financial Support Manager
Relief for Part Occupied Premises	Financial Support Manager Assistant Financial Support Manager
Hardship Relief	Financial Support Manager Head of Finance and Customer Services
Central Government Funded Reliefs	Financial Support Manager Assistant Financial Support Manager
Individual Awards of Relief under the Localism Act - Awards made on a case by case basis.	Head of Finance and Customer Services Executive Director of Finance and Corporate Resources in consultation with the relevant Portfolio Holder and Leader of the Council.

### **18.0 Interest of Officers and Members**

- 18.1 Officers and Members who have an interest in any organisation which has either applied for relief or may indirectly benefit from the award of the relief (for example the owners of premises occupied by organisations making an application) must not participate in the decision making process.
- 18.2 Officers with an interest in any organisation should register the interest in the Officer's Central Register.

18.3 Examples of interests include, but are not restricted to the following:

- a) Membership of the organisation making an application.
- b) A close relative who is a member of the organisation.
- c) Are employed by or working in a voluntary capacity for the organisation.
- d) Are trustees for the charity or organisation making the application.
- e) Membership of a similar/rival organisation.
- f) An interest in the property for which relief is being sought.

**EXECUTIVE**6<sup>th</sup> February 2024**PAY POLICY STATEMENT 2024/25**

Relevant Portfolio Holder	Cllr Luke Court
Portfolio Holder Consulted	Yes
Relevant Head of Service	Sue Hanley Interim Chief Executive
Ward(s) Affected	n/a
Ward Councillor(s) Consulted	n/a

**1. SUMMARY OF PROPOSALS**

To enable Members to approve the Pay Policy for 2024/25

**2. RECOMMENDATIONS**

**The Committee is asked to RECOMMEND to Council that**

**the Pay Policy as detailed in Appendix 1 to the report be approved.**

**3. KEY ISSUES**

- 3.1 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 31<sup>st</sup> 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

- (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.

**Financial Implications**

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

**Legal Implications**

- 3.3 These are already included in the report.

**EXECUTIVE**6<sup>th</sup> February 2024

---

**Service / Operational Implications**

3.4 There are no implications in relation to this report

**Customer / Equalities and Diversity Implications**

3.5 There are no implications in relation to this report

**4. RISK MANAGEMENT**

There are no implications in relation to this report

**5. APPENDICES**

Appendix 1 - Pay Policy 2024/25

**AUTHOR OF REPORT**

Name: Becky Talbot

email: [becky.talbot@bromsgroveandredditch.gov.uk](mailto:becky.talbot@bromsgroveandredditch.gov.uk)

Tel.: 01527 64252

**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 2023 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	2	2	22,366	22,366
2	2	5	22,366	23,500
3	5	9	23,500	25,119
4	9	14	25,119	27,334
5	14	19	27,334	29,777
6	19	24	29,777	33,024
7	25	30	33,945	38,223
8	30	34	38,223	42,403
9	34	37	42,403	45,441
10	37	40	45,441	48,474
11	40	43	48,474	51,515
Manager Hay Grade 1	Hay evaluated	43%	62,548	65,015
Manager Hay Grade 2	Hay evaluated	45%	64,993	67,603
Head of Service 1	Hay evaluated	51%	73,833	76,766
Head of Service 2	Hay evaluated	61%	87,877	91,383
Head of Service 3 (WRS)	Hay evaluated	68%	98,168	101,688
Executive Director	Hay evaluated	74%	108,037	112,208
Deputy Chief Executive	Hay evaluated	80%	114,444	118,843
Chief Executive	Hay evaluated	100%	142,251	148,056

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 1<sup>st</sup> April 2023 (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.

<b>Title</b>	<b>% of Chief executive salary</b>	<b>Pay range (minimum) £</b>	<b>Pay range (maximum) £</b>	<b>Incremental points</b>	<b>Cost to Redditch Borough Council £</b>
Chief Executive	100%	142,251	148,056	2	74028
Deputy Chief Executive	80%	114,444	118843	2	59,421
Executive Director of	74%	108,037	112,208	3	54,018
Head of Worcestershire Regulatory Services	68%	98,168	101,688	3	<i>This is a shared post across 6 district Authorities at a cost of £16,948 each</i>
Head of Finance and Customer Services	61%	87,877	91,383	3	45,691
Head of Planning, Regeneration and Leisure Services	61%	87,877	91,383	3	45,691
Head of Transformation, Organisational Development and Digital Services	61%	87,877	91,383	3	45,691
Head of Legal, Democratic and	61%	87,877	91,383	3	45,691

Property Services					
Head of Environmental and Housing Property Services	61%	87,877	91,383	3	45,691
Head of Community and Housing Services	61%	87,877	91,383	3	45,691

### **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 1<sup>st</sup> April 2023 this is £22,366 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****6<sup>th</sup> February 2024****MEDIUM TERM FINANCIAL PLAN 2024/5 TO 2026/7 – Tranche 2**

Relevant Portfolio Holder	Cllr. Luke Court, Finance and Enabling Portfolio Holder
Portfolio Holder Consulted	Yes
Relevant Head of Service	Bernard Ofori-Atta
Report Author	Job Title: Head of Finance & Customer Services email:Bernard.ofori-atta@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 as it did in the 2023/4 Medium Term Financial Plan (MTFP) process. The initial Tranche was published in the Autumn and approved of options at Council in January. This second Tranche is being considered now that the final Local Government Settlement figures are known. The final budget will be approved in February. The Housing Revenue Account (HRA) budgets will be combined in this Tranche 2 MTFP report.

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

- 1 The additional funding to the Council as per the Local Government Settlement on the 18<sup>th</sup> December 2023, including the estimated levels for 2024/5 and 2025/6.
- 2 The Tranche 2 growth and savings proposals, as set out in Sections 3.27 – 3.35, including an increase of Council Tax of 2.99% for 2024/5.
- 3 A proposed Council Tax Freeze in 2025/6, subject to financial requirements allowing this to be possible.
- 4 The updated five year Capital Programme 2024/5 to 2028/29 along with its ongoing revenue costs.
- 5 The levels of Earmarked Reserve being carried forward into future years.
- 6 The level of General Fund balances following additions from the 2024/5 MTFP.
- 7 The HRA budget as set out in Sections 3.48 to 3.55 is approved.

**REDDITCH BOROUGH COUNCIL****EXECUTIVE COMMITTEE****6<sup>th</sup> February 2024**

- 8 Members take account of any feedback from the Tranche 2 consultation process undertaken.

**Executive note:**

1. Members understand and accept the implications set out in the S151 Officers Robustness (S25) Statement of this 2024/25 to 2026/27 Medium Term Financial plan in moving the Council to financial sustainability.

**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:
- Starting the process with an initial small deficit amount from the 2023/24 MTFP.
  - The present cost of living crisis.
  - The fact that the Council is still to close its 2020/21 financial year and the ongoing cross sector issues in relation to Audit which are set out in the wider Finance Report.
  - The movement of the Government to funding projects for specific outcomes and the movement of this from a bidding process to an "allocations" process and the time limited nature of these funds and the pressure this puts on other deliverables.
  - Loss of key personnel, present vacancies rates, and staff retention – linked to the Workforce Strategy.
  - Business Rates and Council Tax Income – and associated collection rates and reliefs linked to the "cost of living" crisis and C-19 grants working their way through our system.
  - Inflation still not reducing as quickly as Government and Financial Market predictions.

As such, it is prudent to split the budget process into two tranches,

- Having an initial Tranche which seeks to close as much of the deficit as possible using information known as at the end of September and seeking approval for those savings to be implemented at Council in January,
  - Having a second Tranche after the Christmas break, for which approval will be sought in February, that takes account of the Local Government Settlement whose final detail will not be known until early January.
- 3.2 This report will set out:

**REDDITCH BOROUGH COUNCIL****EXECUTIVE COMMITTEE****6<sup>th</sup> February 2024**

- The approved Tranche 1 Position including base assumptions.
- The impact of the Local Government Settlement.
- Council Priorities
- Strategic Approach
- The final Tranche 2 three year balanced budget, including updated assumptions.
- Impact of Tranche 2 on Reserves and Balances.
- The 5 year Capital Programme.
- The Housing Revenue Account budget.
- The Risk Assessment
- The S151 Officers Robustness Statement
- Consultation Details.

**The approved Tranche 1 Position including base assumptions**

3.3 It is important to set out the base assumptions under which the budget is constructed. These assumptions can then be stress tested for various scenarios to test the robustness of the overall budget. The Tranche 1 base assumptions were:

- Council Tax – Figures assume the full 1.99% allowable increase over all years of the 3 year MTFP and no increase in numbers of properties.
- Business Rates Increases – business rates assume no growth in the base.
- New Homes Bonus/Government Grants – It is assumed that levels would be the same as previous years.
- Pension Fund assumptions takes account of the latest triennial valuation which was received in September 2022. It was noted that there is a significant risk is that the next revaluation will be actioned in 2026 and as such the 2026/7 figure could well change pending the outcome of that exercise.

3.4 The following “generic” pressures and savings were included in Tranche 1:

- The impact of the 2023/4 pay award has been considered. This was an estimated increase of £805k, however, we have already accounted for a pay award of 2% reduces this amount to £575k.
- The Councils 2024/5 pay award impact is set at 3% with the 2025/6 and 2026/7 pay awards assumed to be 2%.
- Although inflation is coming down, there is a 5% budget for inflationary increases.
- There were savings following budgets set in 23/4 not being required as inflation has reduced:
  - The utilities budget can reduce by £228k a year.
  - The Inflation budget of £260k could also be released.

**REDDITCH BOROUGH COUNCIL****EXECUTIVE COMMITTEE****6<sup>th</sup> February 2024**

- The £1,140k utilities reserve was transferred to the General Fund.
- A 7% increase in fees and charges has been approved (apart from Dial a Ride where registration fees are reduced from £16.50 to £15, but journey fees increase by £1).
- Inflation on fees and charges is 2% in 2025/6 and 2026/7.

3.5 Departmental pressures are summarised in the following table:

<b>Service Adjustments</b>				
Reduction in Benefits Overpayments Target		200	200	200
Use of HVO Fuel by 100% of Fleet		20	20	20
Increase in HR Establishment		10	10	10
PRA Housing Licence Costs		15	15	15
Garden Waste Service		20	-27	-56
Interest Charges on Updated Capital Programme		82	102	121
MRP Increases on Capital Programme		22	140	153

**Table 1 Departmental Pressures**

- There is presently a target of £500k for the reclaiming of Benefit overpayments. With more accurate information and processes this amount will only now deliver £300k of income.
- The Council's Carbon pledge is to a carbon neutral position on the fleet over time. The £20k increase in budget allows for, prices dependent, a 30% use of HVO fuel and an estimated savings of 154 tonnes of greenhouse gases from the fleet.
- The HR structure reports into one post. This funding added a second senior post to relieve pressure in this service area.
- There is the new requirement for the monitoring of the Private Housing Sector. There is a capital bid of £30k for software to undertake this. The ongoing licensing costs are £15k a year.
- The setting up of a Redditch based Garden Waste service to build on service demand will deliver savings in years 2 and 3. The cost of the service to the resident would be £60 a year with a £20 initial setup cost.
- The revenue impact of the Capital Programme changes approved in Tranche 1 amount to £60k for interest charges and £119k for Minimum Revenue Provision requirements.

3.6 These departmental changes result in an overall £353k pressure in the 2024/5 financial year reducing to a deficit of £93k and then £72k in the following 2 years. The whole revenue budget is summarised in the table on the following page.

**REDDITCH BOROUGH COUNCIL**

EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

<b>Redditch Position Statement</b>				
	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Base Budget Position 22/23 MTFP</b>				
Expenditure	10,290	10,428	10,661	10,661
Funding	-9,341	-9,535	-9,621	-9,621
<b>Net</b>	<b>949</b>	<b>833</b>	<b>1,040</b>	<b>1,040</b>
<b>Revised Gap</b>	<b>949</b>	<b>833</b>	<b>1,040</b>	<b>1,040</b>
Phase 1 Savings 2023/24 MTFP	-1,529	-1,849	-2,221	-2,221
<b>Revised Position</b>	<b>-580</b>	<b>-1,016</b>	<b>-1,181</b>	<b>-1,181</b>
Phase 1 Pressures 2023/24 MTFP	2,319	2,324	2,446	2,446
<b>Phase 1 2023/24 MTFP Position</b>	<b>1,739</b>	<b>1,308</b>	<b>1,265</b>	<b>1,265</b>
Local Government Settlement	-934	-700	-700	-700
Additional Savings (Phase 2)	-1060	-1060	-1060	-1060
Additional Pressures - Phase 2	566	519	432	432
<b>Final 2023/24 MTFP Position</b>	<b>311</b>	<b>67</b>	<b>-63</b>	<b>-63</b>
<b>Known Changes</b>				
23/4 Pay Award - 5% More than planned		575	575	575
Utilities Increases running at 60% - 40% Savings		-228	-228	-228
Existing Inflation Budget (unallocated)		-269	-274	-274
Inflation on Contracts - additional 5%		125	125	125
Additional 1% on 24/5 Pay Award - to 3%		100	100	100
Additional 2% pay Award for 2026/7				200
7% addition on Fees and charges		-238	-241	-243
<b>Draft Opening Position 24/25</b>	<b>311</b>	<b>132</b>	<b>-6</b>	<b>192</b>
<b>Possible Adjustments</b>				
Quarter 1 23/4 Overspend position	557			
Use of 23/4 Utilities Reserve	-557			
2% Council Tax 2025/6			-144	-144
2% Council Tax 2026/7				-147
Year 2 Fees and Charges Increase at 2%			-69	-70.5
Year 3 Fees and Charges Increase at 2%				-73.5
Government Grant at 23/4 Levels		-148	-148	-148
<b>Draft Opening Position</b>	<b>311</b>	<b>-16</b>	<b>-367</b>	<b>-391</b>
<b>Service Adjustments</b>				
Reduction in Benefits Overpayments Target		200	200	200
Use of HVO Fuel by 100% of Fleet		20	20	20
Increase in HR Establishment		10	10	10
PRA Housing Licence Costs		15	15	15
Garden Waste Service		20	-27	-56
Interest Charges on Updated Capital Programme		82	102	121
MRP Increases on Capital Programme		22	140	153
<b>Revised Opening Position</b>	<b>311</b>	<b>353</b>	<b>93</b>	<b>72</b>

Table 2 – Tranche 1 Approved MTFP Position

**The impact of the Local Government Financial Settlement**

- 3.7 Local Government is still in uncharted territory. C-19 has changed significantly the way Councils and the people they serve work, or expect to be served, and this is starting to be reflected in Service Plans and associated budgets.

**REDDITCH BOROUGH COUNCIL****EXECUTIVE COMMITTEE****6<sup>th</sup> February 2024**

- 3.8 The War in Ukraine has still not been resolved. This has led to Inflationary increases that initially reached levels not seen since that late 1980's although they are now starting to reduce. This has however had a significant impact on our customers and stakeholders and is now labelled a "cost of living" crisis.
- 3.9 Councils have declared "Climate Emergencies" and have challenging carbon reduction targets to deliver by 2030, 2040 and 2050. At the moment plans are within existing budgets, but as we move through the next three-year period there will be the requirement for the prioritisation of resources and approval of additional funding on a scheme by scheme basis. These will need to be taken account of in future budgets, although a significant part of this budget spend will be Capital in nature.
- 3.10 As mentioned in the Risk section, the Government made 2 major announcements during the LGA Conference in July 2023, both of which will significantly affect budgeting.
- The first of these was the launch of the Office for Local Government. They will look at Council data to assess performance and try to predict if Councils are getting into difficulty.
  - The second was a movement from a bidding process for Funds to that of an allocation's method using data to inform those decisions (however there is no increase in the funds being allocated/bid for).
- 3.11 There are a number of other significant factors in looking at the 24/5 budget which are linked to the Local Government Finance Market. Presently:
- There are a number of Local Authorities who have now issued S114 Statements, including the largest Council in the Country Birmingham.
  - Redditch and Bromsgrove both still have accounts unaudited from 2020/21 and will not have the cash receipting backlogs cleared until the end of this calendar year (2023). As such, there is still a degree of uncertainty on the overall figures, until those years accounts have been finalised and audited.
  - That in the Local Government sector, there were still circa 900 Audits from 2015/16 that are still outstanding at the end of the summer. There is an issue with audit resources to deliver these audits. This has the possible implication of Council accounts being qualified due to capacity issues. It is unclear of the implications of this on Council stakeholder confidence.
- 3.12 The Chancellors Autumn Statement took place on the 22nd November and the Provisional Local Government Financial Settlement took place on Monday 18th December. The settlement was only a single year settlement.
- 3.13 The key outcomes for Local Government and Redditch from those announcements was:

**REDDITCH BOROUGH COUNCIL****EXECUTIVE COMMITTEE****6<sup>th</sup> February 2024**

- An increase in spending power for Councils overall of 6.5% although Borough Council increases were on average 4.9%.
- This increase included the assumption that Council Tax would be increased by 2.99%
- The ability to increase Planning application charges by 25% for small applications and 35% for other applications.
- Extension of Business Rates relief for Retail Hospitality and Leisure for another year

3.14 Grant levels are set out in Appendix A.

3.15 Tranche 2 options will be presented to Executive on the 6<sup>th</sup> February and the full Budget approved by Council on the 26<sup>th</sup> February.

**Council Strategic Priorities**

3.16 The Leader and Portfolio Holders with the support of the Corporate Management Team have reviewed the current priorities by undertaking two review sessions taking on board data from:

- Annual Community Survey 2022
- Community Priorities Survey
- Cost of Living survey
- Census
- [Office of National Statistics](#)
- Current priorities

3.17 Redditch Borough Council's current priorities are underpinned by a set of key themes. These are set out in the current Council Plan 2019 – 2023 [here](#) and in the Council Plan Addendum 2022/23. The 5 themes are:

- Run & grow a successful business.
- Finding somewhere to live.
- Aspiration, work & financial independence.
- Living independent, active & healthy lives.
- Communities which are safe, well-maintained, and green.

3.18 The council's vision, priorities and themes are connected using a 'green' thread:

“To enrich the lives and aspirations of all our residents, businesses and visitors through the provision of efficiently run and high-quality services, ensuring that all in need receive appropriate help, support and opportunities”.

3.19 Along with demonstrating what are identified as the community and organisational priorities:

**REDDITCH BOROUGH COUNCIL****EXECUTIVE COMMITTEE****6<sup>th</sup> February 2024**

<b>Community Priorities</b>	<b>Organisational Priorities</b>
Economic Development & Regeneration	Financial Stability
Housing Growth	Sustainability
Skills	High Quality Services
Improved Health & Wellbeing	
Community Safety & Anti-Social Behaviour	

- 3.20 The council cannot deliver all priorities on its own. In some cases it can support, influence, or work collaboratively with other partner agencies to persuade them to take a particular course of action/undertake a particular project. Considerable support and input from partner organisations will be needed for priorities, to be successfully achieved.
- 3.21 Following consultation and taking other information on board, the Council's priorities are therefore proposed as:
- Housing
  - Parks & Green Spaces
  - Economy & Regeneration
  - Community Safety

**Strategic Approach**

- 3.22 The Council has come into the 2024/25 budget process with a number of conflicting issues. These include:
- An almost break even budget position from the 2023/24 MTFS.
  - The requirement to fund the 23/4 pay award which is 5% higher than planned at an average value of 7%.
  - Increases in Council Tax are limited at 3%, which is significantly lower than the present rates of inflation.
- 3.23 Following the significant higher pay awards over the past two years than was budgeted for the Council must move to financial sustainability over the time scale of this MTFS. The next section sets out the Tranche 2 position but in it the Council moves to a sustainable position over the 3 year planning period. The level of reserves and balances presently held suggest that although significantly more is held than the suggested 5% recommended level for the General Fund, that any calls on this amount for a significant emergency situation would reduce levels to almost 0.
- 3.24 The Council must adapt how it operates to take advantage of customer requirements, technology, available resources, and the economic and environmental conditions to remain a sustainable viable organisation. To ensure this happens there will be the need for future investment, efficiencies and possibly the requirement to fund redundancy (both from reserves and balances).

**REDDITCH BOROUGH COUNCIL****EXECUTIVE COMMITTEE****6<sup>th</sup> February 2024**

- 3.25 As set out later in the Robustness Statement, in compiling Tranche1 of the budget, assumptions were based on the best information held now. Issues the Council is facing are not unique, they are being faced by almost all Councils. Tranche 2 of the budget will adjust for any funding that the Government will provide and also look at other options to close any deficit should the Government settlement not bridge any resultant gap.

**The final Tranche 2 three year balanced budget, including updated assumptions**

- 3.26 The Council Started Tranche of the Budget with the following financial deficits to close.

	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000
<b>Revised Tranche 1 Position</b>	<b>311</b>	<b>353</b>	<b>93</b>	<b>72</b>

**Table 3 Tranche 1 Summary Position**

- 3.27 The financial settlement has allowed the following opportunities for additional funding:

- Increasing Council Tax from 1.99% to 2.99% resulting in additional funding of £67,000
- Increasing planning fees for small applications by 25% and other applications by 35% will recoup £60,000 at present activity levels.
- Additional grant funding of £244k due to the overall Local Government Settlement.

- 3.28 Now that the Council fully understands the implications of the 2022/23 and 2023/4 pay awards, given the 2023/4 pay award was implemented in December, the following savings can be made:

- £100,000 can be released from the 2022/23 Pay Award contingency.
- £150,000 can be released from the 2023/4 Pay Award budget approved in Tranche 1 of this years MTFP process.

- 3.29 However there are additional pressures amounting to £261,000 that need to be accounted for. This includes:

- Increase in staffing numbers in Worcestershire Regulatory Services due to higher levels of Food Safety compliance testing requirements by the Food Standards Agency £40,000.
- Planning and Environmental Enforcement £45,000. A number of issues had been experienced by the Council in respect of Planning and Environmental enforcement in the past. These included difficulty in the

**REDDITCH BOROUGH COUNCIL****EXECUTIVE COMMITTEE****6<sup>th</sup> February 2024**

recruitment of experienced and skilled officers. It is considered that WRS Officers had the necessary skills to provide effective enforcement on behalf of the Council. The service would include triaging of enforcement matters, proactive enforcement and legal and administrative support. In addition to this by utilising the expertise of WRS in enforcement matters, it would allow benefit from increased knowledge in areas such as injunctions and more skills in complex enforcement matters when multiple breaches had occurred; such as breaches that included both noise and importation of soil. There was currently a backlog in enforcement cases at the Council and this proposed extra resource would provide a means by which to reduce the backlog over a period of time. There would be an increase in resource allocated to 'enviro-crimes' such as fly-tipping and dog fouling, which were two areas of concern for both the Council and residents of the Borough.

- Play Audits and Investment Strategy starting at £10,000 rising to £50,000. These are the implications of the Play Audit report received and approved at Executive in January 2024.
- Housing Strategy Review £71,000. This covers an increase from 1.4 to 2.5 fte Private Sector Housing Officers. This is to account for the increased statutory duties that are being placed on Private Sector Housing Teams considering recent damp and mould issues raised nationally. In addition, the Renters Reform Bill will bring new duties and responsibilities to District Council's particularly in relation to improving renting standards. An additional post of Senior Housing Strategy Officer will increase the resource within housing strategy to meet the increasing impacts of homelessness and to ensure the effective use of resources to support the prevention of homelessness. A new Housing Strategy Apprenticeship post will support the wider team. This post will be introduced in 2025/26 to allow time for the service review to be embedded enabling a quality apprenticeship opportunity to be offered.
- Following the approach from Wyre Forest to disband the NWEDR service, Officers have been working on the exit agreement and ensuring that Redditch is protected from any claims brought as a result of the break-up of the service and any decisions made by NWEDR prior to the split. The Senior Management Team and the Head of Planning and Regeneration have been looking at how best the Council, in partnership with Bromsgrove, undertake Regeneration and Economic Development to meet the strategic purposes of both Councils and the wider priority of economic growth in the two council areas and ensure that the timescales agreed with Central Government for Levelling Up Fund (LUF) Programme at BDC and the Towns Fund (TF) Programme at RBC are met and that future government and regional funding is secured. A separate report is being brought to Cabinet on this, however the proposed increased costs for Redditch are £72,000.

**REDDITCH BOROUGH COUNCIL****EXECUTIVE COMMITTEE****6<sup>th</sup> February 2024**

- 3.30 These departmental changes result in an overall £29k surplus in the 2024/5 financial year rising to a surplus of £165k and then £166k in the following 2 years. The whole revenue budget is summarised in the table on the following page.

**REDDITCH BOROUGH COUNCIL**

EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000
<b>Base Budget Position 22/23 MTFP</b>				
Expenditure	10,290	10,428	10,661	10,661
Funding	-9,341	-9,595	-9,621	-9,621
Net	949	833	1,040	1,040
<b>Revised Gap</b>	<b>949</b>	<b>833</b>	<b>1,040</b>	<b>1,040</b>
<b>Phase 1 Savings 2023/24 MTFP</b>	<b>-1,529</b>	<b>-1,849</b>	<b>-2,221</b>	<b>-2,221</b>
Revised Position	<b>-580</b>	<b>-1,016</b>	<b>-1,181</b>	<b>-1,181</b>
<b>Phase 1 Pressures 2023/24 MTFP</b>	<b>2,319</b>	<b>2,324</b>	<b>2,446</b>	<b>2,446</b>
<b>Phase 1 2023/24 MTFP Position</b>	<b>1,739</b>	<b>1,308</b>	<b>1,265</b>	<b>1,265</b>
Local Government Settlement	-934	-700	-700	-700
Additional Savings (Phase 2)	-1,060	-1,060	-1,060	-1,060
Additional Pressures - Phase 2	566	519	432	432
<b>Final 2023/24 MTFP Position</b>	<b>311</b>	<b>67</b>	<b>-63</b>	<b>-63</b>
<b>Known Changes</b>				
<b>23/4 Pay Award - 5% More than planned</b>		575	575	575
Utilities Increases running at 60% - 40% Savings		-228	-228	-228
Existing Inflation Budget (unallocated)		-269	-274	-274
Inflation on Contracts - additional 5%		125	125	125
Additional 1% on 24/5 Pay Award - to 3%		100	100	100
Additional 2% pay Award for 2026/7				200
7% addition on Fees and charges		-238	-241	-243
<b>Draft Opening Position 24/25</b>	<b>311</b>	<b>132</b>	<b>-6</b>	<b>192</b>
<b>Possible Adjustments</b>				
<b>Quarter 1 23/4 Overspend position</b>	557			
Use of 23/4 Utilities Reserve	-557			
2% Council Tax 2025/6			-144	-144
2% Council Tax 2026/7				-147
Year 2 Fees and Charges Increase at 2%			-69	-71
Year 3 Fees and Charges Increase at 2%				-74
Government Grant at 23/4 Levels		-148	-148	-148
<b>Draft Opening Position</b>	<b>311</b>	<b>-16</b>	<b>-367</b>	<b>-391</b>
<b>Service Adjustments</b>				
Reduction in Benefits Overpayments Target		200	200	200
Use of HVO Fuel by 100% of Fleet		20	20	20
Increase in HR Establishment		10	10	10
PRA Housing Licence Costs		15	15	15
Garden Waste Service		20	-27	-56
Interest Charges on Updated Capital Programme		82	102	121
MRP Increases on Capital Programme		22	140	153
<b>Revised Tranche 1 Position</b>	<b>311</b>	<b>353</b>	<b>93</b>	<b>72</b>
Council Tax - Increase to 3%		-67	-67	-67
Planning Income (Base Budget £240k) at 25%		-60	-60	-60
22/23 Pay Award		-100	-100	-100
Actual Impact on budgets of Pay Award		-150	-150	-150
WRS Additional Food Safety		40	40	40
Planning and Environmental Enforcement		45	45	45
Play Audit - Revenue Implications		10	30	50
Housing Strategy Service		71	71	71
NWedR Structure		73	73	73
Changes in other Central Grants		-244	-140	-140
<b>Updated Position Tranche 2</b>		<b>-29</b>	<b>-165</b>	<b>-166</b>

Table 4 – Tranche 2 Budget

**REDDITCH BOROUGH COUNCIL****EXECUTIVE COMMITTEE****6<sup>th</sup> February 2024**

- 3.31 Given the financial position, the Council proposes to “provisionally” freeze Council Tax in 2025/6. This would reduce the surplus by an ongoing £144k from 2025/6. By provisionally proposing this change, if financial requirements mean this is not possible then it will not be enacted. This would change the Tranche 2 financial position as per the table below. The Council would continue to be in a surplus position over the three year period and the General Fund Reserves would still be almost double the Government’s recommended minimum level.

	2023/24	2024/25	2025/26	2026/27
<b>Updated Position Tranche 2</b>		-29	-165	-166
2025/6 Council Tax Freeze		0	144	144
<b>Revised Tranche 2 Position</b>		-29	-21	-22

**Table 5 Updated Tranche 2 Position**

- 3.32 As set out in 3.18 above, the Council must continue to adapt and evolve to ensure it remains sustainable in medium term. Although reserves are above the recommended lower limits their effective use needs to be linked to tangible sustainable outcomes for the Council. The Council has undertaken an Establishment Review in the November and December and the outcomes of this review, linked to identified vacant positions and Agency posts covering those positions will be a starting point for future efficiencies. However, a key driver overall will be the effective use of data and ensuring we make it as easy as possible for the Customer to interact with ourselves, digitally and face to face.
- 3.33 Appendix B sets out the Departmental Budgets.
- 3.34 It should be noted that on the 23<sup>rd</sup> January the Government announced additional measures for Local Authorities worth £600m. As part of these measures, the Government are asking local authorities to produce productivity plans which will set out how they will improve service performance and ensure every area is making best use of taxpayers’ money. The Government will monitor these plans, and funding Settlements in future years will be informed by performance against these plans. The magnitude of these additional sums will not be confirmed by the Government until early February, however initial estimates indicate that Redditch would benefit by £103,000. This is not yet included in the amounts summarised in sections 3.27 to 3.30 as we need official confirmation from the Government of the final amount. This would increase base budgets in Table 5 to circa £120k surpluses.

**REDDITCH BOROUGH COUNCIL****EXECUTIVE COMMITTEE****6<sup>th</sup> February 2024**

- 3.35 Any increases to the Parking SLA, which is to be discussed at the Executive meeting on the 6<sup>th</sup> February and at a maximum would be a £27k increase in costs. Given this, like the additional Government Grant, is still to be debated/agreed it is not included in Table 4. Table 6 includes the impact of the Parking and additional Government Support. Once confirmed, overall tables will be updated to reflect the position in Table 6.

	2023/24	2024/25	2025/26	2026/27
<b>Updated Position Tranche 2</b>		-29	-165	-166
2025/6 Council Tax Freeze		0	144	144
<b>Revised Tranche 2 Position</b>		-29	-21	-22
<b>Provisional Additional Government Grant</b>		-103	-103	-103
<b>Parking increases (to be agreed)</b>		27	27	27
<b>Final Tranche 2 Position</b>		-105	-97	-98

**Table 6 Tranche 2 Position with provisional figures added**

**Impact of Tranche 2 on Reserves and Balances**

- 3.36 The existing 23/24 MTFP saw general fund balances reduce by £315k over the three year period as the original plan moved the Council towards sustainability. In the 2023/4 budget, the Council was prudent and reviewed all its earmarked Reserves and reallocated a substantial amount to the General Fund and also a newly formed Utilities Reserve due to the significant pressure on budgets in that area. As we have moved into 2023/4 there have been pressures, although they have been due to staffing and the 2023/4 allocation of the Utilities Reserve has been used to mitigate these. Years 2 and 3 of this reserve are not required and have been transferred to the General Fund to bolster its position.
- 3.37 The projected 2024/5 to 2026/7 position, at Tranche 1, had £829k of pressures to mitigate. This has been mitigated in Tranche 2 to a £72k surplus. Presently the general Fund sits at a value of £3,786m (taking account of the Tranche 2 position and provisional Council Tax Freeze in 2025/6) at the 31<sup>st</sup> March 2017. This sum is approximately 9% of gross expenditure and above the 5% benchmark quoted by the Government a being a minimum requirement. If Housing benefit payments, which are passported through the Council are ignored than this percentage rises to 15% of expenditure.
- 3.38 The analysis in Table 7 sets out the effects on Council General Fund and Earmarked Reserves. Full detail is set out in Appendix C

**REDDITCH BOROUGH COUNCIL****EXECUTIVE COMMITTEE****6<sup>th</sup> February 2024**

<b>Reserves Position</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
General Fund Opening Positriion	2,686	2,575	3,744	3,764
General Fund Changes	-111	1,169	21	22
General Fund Closing Position	2,575	3,744	3,764	3,786
Earmarked Reserves	5,242	4,088	4,088	4,088

**Table 7 Reserves Position**

- In 2023/4
  - We start with £2.686m in the General Fund Reserve.
    - £200k will be moved into the it from the Rates Reserve
    - £311k was already being used to subsidise the base budget
  - This results in a closing 23/4 position of £2.575m
- In 2024/5
  - We start with £2.575m
    - We propose to transfer years 2 and 3 of the utilities reserve in as the view is that this is now not required - £1.140m.
    - There is a £29k surplus.
  - This results in a closing 24/5 position of £3.744m
- In 2025/6
  - the opening position is £3.744m.
    - There is a £21k surplus in the draft budget which will be transferred from the G/F.
  - This results in a closing 25/6 position of £3.765m.
- In 2026/7
  - the opening position is £3.765m.
    - There is a £22k surplus in the draft budget which will be transferred from the G/F.
  - This results in a closing 26/7 position of £3.787m.

**The 5 Year Capital Programme**

- 3.39 The Council over the past number of years has not spent its capital programme allocations in year. A review has been carried out of
- All schemes that have not started (both from 22/23 and from previous years)
  - Schemes that have started
- To assess deliverability and links to revised strategic priorities.
- 3.40 Present rationale is for any scheme not yet started (unless grant or S106 funded) to rebid for funds as part of the 2024/25 budget process. The Summary Capital Programme is set out in the following Table.

**REDDITCH BOROUGH COUNCIL****EXECUTIVE COMMITTEE****6<sup>th</sup> February 2024**

Year	Total Programme	Council Funded	Grant Funded
2024/5	<b>20,507,674</b>	6,089,386	14,418,288
2025/6	<b>5,956,180</b>	2,302,316	3,653,864
2026/7	<b>4,938,263</b>	4,232,399	705,864
2027/8	<b>2,200,918</b>	1,495,054	705,864
2028/9	<b>3,680,154</b>	2,974,290	705,864

**Table 8 – Draft Capital Programme**

3.41 The priority in capital terms is for the Council to spend its grant funding. It has the following:

- Towns Funding of £17.2m
- UK Shared Prosperity Funding of £2.4m

This funding is time limited and must all be spent by 2026 (with UKSPF being 2025). Therefore, there is a question over what resources would be available to manage any significant capital spend above these schemes.

3.42 Appendix D sets out the present capital programme as agreed at Council in February.

3.43 A number of capital bids were approved in Tranche 1 of the budget. Given that we have now moved to a five year ongoing Capital Programme the key additions/changes are:

- Car Park maintenance being allocated at £150k a year for the full five years.
- Footpath maintenance being allocated at £75k a year for the full five years.
- An assumption that Disabled Facility Grants continue at a level of £700k.
- Public Building maintenance budgets allocated at £250k a year, with an additional £150 for the initial three years due to the implications of ensuring that the Council meets its energy efficiency requirements by 2026.
- Fleet replacement is backed up by a full listing of all assets. HRA fleet assets are dealt with separately.
- Wheely bin purchases are set at £100k a year. This will be reviewed over the next financial year.
- The acceleration of approved Arrow Valley Park works to maximise income.
- HMO Grants and Home Repairs Assistance continue at their current levels of £25k and £40k respectively.

**REDDITCH BOROUGH COUNCIL****EXECUTIVE COMMITTEE****6<sup>th</sup> February 2024**

- Significant investment is required in ICT to ensure this core enabling service is kept up to date. This includes updating networks, Hardware and ensuring Cyber Security is continually improved.
  - The implication of the Play Audits, which have recently come to Executive are also reflected.
- 3.44 The significant Council spending continues to be the Fleet Replacement Programme although it is slipping into the future as we await the Governments final Environment Bill and confirmation of the type of vehicles required after 2030. There will be the need to extend the Towns Fund Projects, but that application process has not started yet. It is expected that this will take the same route as the Levelling Up Schemes that are due for completion a year before Towns Fund Schemes and are now being asked if extensions are required.
- 3.45 In terms of the larger initiatives:
- The work on the delivery of a Community Hub at the present Town Hall will take place in this calendar year. Seddon's have been approved as the Contractors and are now producing the final designs in liaison with the partners coming into the building. As part of this process, as works are carried out at the Town Hall Public Meetings will take place at either Oakenshaw Community Centre or the Arrow Valley Centre.
  - Project Managers have been approved for the work on the Digital and Manufacturing & Innovation Centre (DMIC) and the new Town Square. The initial draft costs for the DMIC is over the DLUHC budgeted Grant sum and Greater Birmingham and Solihull LEP funding due to the Council is being used to cover this.
  - The County Council will be delivering the Public Realm schemes and this will start in early 2024/5.
- 3.46 The Council is undertaking a review of all its assets, linked to the requirement of Council buildings to be at Level C Energy Efficiency. A report is expected early in the 24/5 financial year setting the Councils fixed asset approach.
- 3.47 The Capital Programme is very closely linked to the Asset Strategy, Treasury Management Strategy, Minimum Revenue Provision Policy and Asset Investment Strategy. These Strategies set out how the Council can invest and borrow funds and to whom. They are set out in Appendices E, F, G and H. These Strategies will be Recommended to Council by Audit, Governance and Standards Committee on the 25<sup>th</sup> January.

**The Housing Revenue Account Budget**

- 3.48 The 2024/5 Housing Revenue Account (HRA) budget has been constructed using the following assumptions:

**REDDITCH BOROUGH COUNCIL****EXECUTIVE COMMITTEE****6<sup>th</sup> February 2024**

- The Consumer price index assumed at 2% from 2025/26 onwards.
  - Retail price inflation with is assumed at 5% for all years from 2024/25..
  - Pay inflation assumed to be 3% in 2024/25 and 2% then after.
  - No additional borrowing assumed in this Medium Term Financial Plan.
  - The Interest rate applied to Housing Revenue Account balances is 1.56%.
  - Rental Income assumes:
    - An average rent of £161 and £103.37 on a 48 week basis for affordable and social rent properties respectively.
    - New tenants will pay target/Formula rent which will increase by September CPI plus 1% in 2024/25.
    - Rent increase of 7% in 2024/25 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 per year.
  - 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.
  - Right to Buy (RTB) levels are assumed to be 40 sales per year.
  - 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.
- 3.49 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.
- 3.50 These assumptions result in the following revenue budgets with sums being transferred to Earmarked Reserves:

**REDDITCH BOROUGH COUNCIL**

EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

	2023/24	2023/24	2023/24	2024.3	2025.3	2026.3	2027.3
	Budget	Revised budget	Forecast Outturn	Budget	Budget	Budget	Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>INCOME</b>							
Dwelling Rents	25,658	25,658	25,645	27,443	28,221	29,021	29,844
Non-Dwelling Rents	572	572	573	613	631	650	669
Tenants' Charges for Services & Facilities	618	618	626	618	637	656	676
Contributions towards Expenditure	53	53	104	124	124	124	124
<b>Total Income</b>	<b>26,901</b>	<b>26,901</b>	<b>26,947</b>	<b>28,798</b>	<b>29,613</b>	<b>30,450</b>	<b>31,313</b>
<b>EXPENDITURE</b>							
Repairs & Maintenance	6,528	6,528	6,453	6,992	7,231	7,480	7,740
Supervision & Management	8,690	8,690	8,515	8,877	9,098	9,325	9,559
Rent, Rates, Taxes & Other Charges	259	259	527	576	593	610	628
Provision for Bad Debts	538	538	538	576	592	533	548
Depreciation & Impairment of Fixed Assets	6,259	6,259	6,259	6,487	6,776	7,078	7,394
Interest Payable & Debt Management Costs	4,179	4,179	4,179	4,179	4,179	4,179	4,179
<b>Total Expenditure</b>	<b>26,453</b>	<b>26,453</b>	<b>26,471</b>	<b>27,687</b>	<b>28,469</b>	<b>29,206</b>	<b>30,048</b>
<b>Net Operating Expenditure</b>	<b>-448</b>	<b>-448</b>	<b>-476</b>	<b>-1,110</b>	<b>-1,144</b>	<b>-1,245</b>	<b>-1,265</b>
Interest Receivable	-234	-234	-234	-234	-213	-201	-197
Transfer to/(from) general reserves	682	682	710	0	0	0	0
Transfer to/(from) Earmarked Reserves				1,344	1,357	1,446	1,462
<b>(Surplus)/Deficit on Services</b>	<b>-0</b>	<b>-0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>HOUSING REVENUE ACCOUNT BALANCE</b>							
Forecast Balance as at beginning of year	2,466	2,466	2,466	3,176	3,176	3,176	3,176
Surplus/(deficit) for year	682	682	710	0	0	0	0
Forecast Balance as at end of year	<b>3,148</b>	<b>3,148</b>	<b>3,176</b>	<b>3,176</b>	<b>3,176</b>	<b>3,176</b>	<b>3,176</b>

**Table 9 HRA Revenue Budgets**

- 3.51 The HRA Capital investment ensures that existing HRA dwelling are kept to a decent home plus standard. In 2024/25, £8.8 will be spent on improvements to existing dwellings and £24m in the following 3 years of the plan.

**REDDITCH BOROUGH COUNCIL****EXECUTIVE COMMITTEE****6<sup>th</sup> February 2024**

	<b>Outturn</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
	<b>2023/24</b>	<b>2024.25</b>	<b>2025.26</b>	<b>2026.27</b>	<b>2027.28</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Major Repairs Reserve</b>					
Internal Refurbishment	1,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Boiler Replacements	850,000	750,000	750,000	750,000	750,000
High Trees Project	400,000	400,000	0	0	0
External Refurbishment	300,000	500,000	700,000	700,000	700,000
Electrical Upgrades	100,000	100,000	100,000	100,000	100,000
Door Entry and Security Upgrades	400,000	100,000	100,000	75,000	75,000
Smoke Detection Upgrades	300,000	300,000	300,000	100,000	100,000
Balcony Replacements	100,000	300,000	300,000	200,000	200,000
Major Voids	900,000	500,000	500,000	500,000	500,000
Energy Efficiency	750,000	750,000	750,000	750,000	750,000
Disrepair Cases	100,000	50,000	50,000	50,000	50,000
Fire Compartmentation	1,500,000	500,000	250,000	250,000	250,000
Garage Improvement Works	0	250,000	250,000	250,000	250,000
Structural Repairs	150,000	75,000	75,000	75,000	75,000
Asbestos General	100,000	100,000	100,000	100,000	100,000
Capitalised Salaries	600,000	500,000	500,000	500,000	500,000
Window Replacement	750,000				
FRA works	40,000				
	<b>8,840,000</b>	<b>7,675,000</b>	<b>7,225,000</b>	<b>6,900,000</b>	<b>6,900,000</b>
<b>Capital Receipts</b>					
Disabled Adaptations	700,000	500,000	250,000	250,000	250,000
HRA Stock - Remodelling	100,000	100,000	100,000	100,000	100,000
Estate & Environmental Improvements	150,000	250,000	250,000	250,000	250,000
Estates Parking and Paving	0	150,000	150,000	150,000	150,000
Stock Condition Survey Fees	125,000	150,000	150,000	150,000	150,000
Housing Management System	360,000				
	<b>1,435,000</b>	<b>1,075,000</b>	<b>1,150,000</b>	<b>900,000</b>	<b>900,000</b>
<b>New Build/Acquisitions</b>	1,800,000	3,000,000	3,000,000	3,000,000	3,000,000
	<b>12,075,000</b>	<b>11,750,000</b>	<b>11,375,000</b>	<b>10,800,000</b>	<b>10,800,000</b>

**Table 10 HRA Capital Programme**

- 3.52 Capital investment in our existing homes is funded primarily from the Major Repairs Reserve, which holds the yearly depreciation amount charged to the HRA and can be used purely to finance investment in existing stock and the repayment of HRA debt.
- 3.53 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

**REDDITCH BOROUGH COUNCIL****EXECUTIVE COMMITTEE****6<sup>th</sup> February 2024**

Capital Finance in Local Authorities. No additional borrowing is assumed in the medium term.

- 3.54 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. Overall HRA Reserves are shown in the following Table:

	2023/24	2024.25	2025.26	2026.27	2027.28
	£	£	£	£	£
<b>Major Repairs Reserve</b>					
Balance 1st April	10,037,684	7,245,741	5,803,680	5,100,391	5,024,169
Contributions in year	6,048,057	6,232,939	6,521,711	6,823,778	7,139,748
Applied in year	-8,840,000	-7,675,000	-7,225,000	-6,900,000	-6,900,000
<b>Balance 31st March</b>	<b>7,245,741</b>	<b>5,803,680</b>	<b>5,100,391</b>	<b>5,024,169</b>	<b>5,263,917</b>
<b>Capital Receipts</b>					
Balance 1st April	3,999,563	3,644,007	3,687,075	3,682,350	3,955,411
Contributions in year	1,079,444	1,118,068	1,145,275	1,173,061	1,201,442
Applied in year	-1,435,000	-1,075,000	-1,150,000	-900,000	-900,000
<b>Balance 31st March</b>	<b>3,644,007</b>	<b>3,687,075</b>	<b>3,682,350</b>	<b>3,955,411</b>	<b>4,256,854</b>
<b>Capital Receipts earmarked for replacement homes</b>					
Balance 1st April	7,074,140	7,237,321	6,952,105	6,689,148	6,448,925
Contributions in year	883,181	914,783	937,043	959,777	982,998
Applied in year	-720,000	-1,200,000	-1,200,000	-1,200,000	-1,200,000
<b>Balance 31st March</b>	<b>7,237,321</b>	<b>6,952,105</b>	<b>6,689,148</b>	<b>6,448,925</b>	<b>6,231,923</b>
<b>HRA Capital Reserve</b>					
Balance 1st April	13,464,493	12,384,493	11,928,347	11,485,136	11,131,237
Contributions in year	0	1,343,854	1,356,789	1,446,101	1,462,095
Applied in year for capital	-1,080,000	-1,800,000	-1,800,000	-1,800,000	-1,800,000
<b>Balance 31st March</b>	<b>12,384,493</b>	<b>11,928,347</b>	<b>11,485,136</b>	<b>11,131,237</b>	<b>10,793,331</b>
	8,641,713	6,524,711	5,452,036	5,062,280	5,144,043
	3,821,785	3,665,541	3,684,713	3,818,881	4,106,132
	7,155,731	7,094,713	6,820,626	6,569,036	6,340,424
	12,924,493	12,156,420	11,706,742	11,308,186	10,962,284
<b>Average Balances in year</b>	<b>32,543,721</b>	<b>29,441,385</b>	<b>27,664,116</b>	<b>26,758,384</b>	<b>26,552,884</b>

**Table 11 HRA Reserves**

- 3.55 Based on current assumption the HRA Medium Term Financial plan ensures:

- Adequate level of balance reserves is maintained to help manage risk and mitigate the impact of unforeseen circumstances.
- A robust capital programme that is fully funded from available resources within the HRA.
- Surpluses are generated and transferred to a capital reserve and used to match fund the costs of replacement homes.

**REDDITCH BOROUGH COUNCIL****EXECUTIVE COMMITTEE****6<sup>th</sup> February 2024**

- The council complies with the legal requirements and does not set a deficit budget for the HRA.

**The Risk Assessment**

3.56 As set out in this Report we are budgeting in a time of extreme uncertainty.

3.57 As per the Risk Reports that are reported to Audit, Governance and Standards and Committee which are:

- Resolution of the approved budget position.
- Financial process rectification (in relation to the 2020/21 Accounts and subsequent years not being approved).
- Decisions made to address financial pressures and implementing new projects that are not informed by robust data and evidence.
- Adequate workforce planning.

In addition to these, the next Pension fund re-valuation which will impact the 2026/7 figures but this will not be known until November 2025.

3.58 There are the core risks of implementation of any Council financial plan in that:

- Any savings proposal must pass the S151 Officers tests for robustness and delivery. If items are not deliverable or amounts not obtainable, they cannot be included.
- Implementation of savings to time and budget – there must be full implementation processes documented to ensure implementation within timescales.
- Non delivery is a high risk - Savings tracking and ensuring implementation happens based on the plans and the assumptions will become part of the Council's core processes.
- Loss of key personnel will be crucial in a number of proposals and mitigation plans will need to be drawn up.
- Change of corporate direction/priorities.

**The S151 Officers Robustness Statement**

3.59 For Tranche 2, the opinion of the Interim Director of Finance is that the risks contained in the 2024/25 budget estimates have been minimised as far as is possible. Given that the last 2 years budgets have been delivered in an environment where inflation has been at rates not seen for over 20 years and interest rates which have increased to levels not experienced since 2008 planning, especially around employee costs, have been difficult. The Council had not budgeted for 2 years of 7% increases in staff cost and it has taken until this 2024/5 budget to bring the Council back to a sustainable ongoing position. Inflation is now falling and is 4%. This makes financial planning easier to deliver.

**REDDITCH BOROUGH COUNCIL****EXECUTIVE COMMITTEE****6<sup>th</sup> February 2024**

- 3.60 Employee budgets, taking away the Housing Subsidy Grant, remain the largest single area of the revenue budget amounting to circa 45% of costs. The Council is still running at high levels of vacancy against establishment and using considerable agency resource to ensure services are maintained. This attracts additional short term cost and the Workforce Strategy, implemented in 2023, is designed to mitigate this. However, this remains the most significant financial risk to the Council.
- 3.61 The next most significant financial risk is the fact that the Council has not been able to present its 20/21 accounts (and subsequent years) for Audit, and the possible inaccuracy of opening balances used in budgetary data. This will be resolved with the delivery of Audited Accounts. It is understood that new legislation will be approved by Government which will require all accounts up to the 2022/23 year to be approved by the 30<sup>th</sup> September 2024.
- 3.62 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.
- 3.63 The MTFP highlights that the current financial position has moved, following the Local Government Settlement to a position of sustainability.
- 3.64 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**

- 3.65 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.
- 3.66 The two tranche 2024-5 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, Executive and Council.
- 3.67 The budget is now sustainable over the medium term planning horizon but more work will need to be done to embed changes to ensure financial

**REDDITCH BOROUGH COUNCIL****EXECUTIVE COMMITTEE****6<sup>th</sup> February 2024**

sustainability is embedded across the organisation. A provisional freeze of Council Tax is proposed for the 2025/6 financial year based on the present position which still leaves a surplus budget. If financial conditions change this would not be enacted. The S151 Officer's view is that although the Council would have a small surplus budget it is not prudent to freeze Council Tax for the longer term financial sustainability of the Council, even though General Fund Reserves are almost double the minimum recommended Government level.

**Adequacy of Reserves**

- 3.68 Budget and MFTP proposals forecast the level of General Fund balances at £3.8m as at 31st March 2027 which is almost double the recommended 5% of net level set out in the Reserves section.
- 3.69 Despite the present positive medium term financial position, given the possible issues with Opening Balances due to Accounts not being fully closed, it is prudent for the Council to build reserves as they are the Council's single source of funding for business change initiatives.
- 3.70 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.

**Collection Fund and Precepts**

- 3.71 The Council Tax collection fund is anticipated to be in surplus based on December data by £0.745m, 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 £93k.
- 3.72 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 26th February 2024. The precepting bodies Council Tax requirements will be included in the formal resolutions which will be presented to Council on 26th February.

**Consultation Details**

- 3.73 Tranche Two of the budget will be consulted on following its publication on the 29<sup>th</sup> January. Any comments will be fed into Executive and Council on the 21<sup>st</sup> February 2024.

**REDDITCH BOROUGH COUNCIL****EXECUTIVE COMMITTEE****6<sup>th</sup> February 2024**

- 3.74 The Council will raise awareness of the budget proposals via use of social media.

**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.

**Customer / Equalities and Diversity Implications**

- 4.4 The implementation of the revised fees and charges 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.
- 4.5 Initial Equalities Impact Assessments will be taken where required.

**5. RISK MANAGEMENT**

- 5.1 There is a risk that if fees and charges are not 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.

**6. APPENDICES**

Appendix A – 2024/5 Grant Levels  
Appendix B – Budgets by Department  
Appendix C – Reserves  
Appendix D – 5 Year Capital Programme  
Appendix E – 2024/5 Capital Strategy

**REDDITCH BOROUGH COUNCIL**

**EXECUTIVE COMMITTEE**

**6<sup>th</sup> February 2024**

Appendix F – 2024/5 Treasury Management Strategy  
Appendix G – 2024/5 MRP Statement  
Appendix H – 2024/5 Investment Strategy

**6. BACKGROUND PAPERS**

None.

**7. KEY**

None

**REDDITCH BOROUGH COUNCIL****EXECUTIVE COMMITTEE****6<sup>th</sup> February 2024****Appendix A – 2024/5 Grant Levels**

Revenue Grant Levels	Redditch
New Home Bonus	28,000
Services Grant	14,000
Revenue Support Grant	108,000
Funding Guarantee	672,000
Estimated Values	
Housing Benefit	18,454,450
Housing Benefit Administration	91,364
Revs and Bens Constr of Collection	106,549
Homelessness Grant	
Homelessness Prevention Grant	330,067
Domestic Abuse Grant	35,222
New Government Grants	
Estimated Value (announced on 24 <sup>th</sup> January 2024 but to be confirmed in February)	103,000



# REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

## Appendix C – Reserves Position

	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	Transfers in 2026/27	Transfers out 2026/27	Balance at 31/3/27
General Fund	2,686	200	(311)	2,575	1,169		3,744	21		3,765	22		3,787
<b>General Fund Earmarked Reserves:</b>													
Business Rate grants	0			0			0			0			0
Business Rates Retention Scheme	1,332	(200)		1,132			1,132			1,132			1,132
Support for Commercialism	0			0			0			0			0
Community Development	74			74			74			74			74
Community Safety	232			232			232			232			232
Corporate Services	(1)			(1)			(1)			(1)			(1)
Customer Services	0			0			0			0			0
Economic Growth	330			330			330			330			330
Electoral Services	49			49			49			49			49
Environmental Vehicles	29		(15)	14		(14)	0			0			0
Equalities	0			0			0			0			0
Equipment replacement	0			0			0			0			0
Financial Services	87			87			87			87			87
General Risk reserve	0			0			0			0			0
Housing Benefit Implementation	140			140			140			140			140
Housing Support	978			978			978			978			978
Land Charges	9			9			9			9			9
Land Drainage	129			129			129			129			129
Leisure	0			0			0			0			0
Mercury Emissions	0			0			0			0			0
Parks & Open spaces	8			8			8			8			8
Planning Services	516			516			516			516			516
Public Donations - Shop mobility	0			0			0			0			0
Sports Development	9			9			9			9			9
Town Centre	7			7			7			7			7
Warmer Homes	16			16			16			16			16
Transformational Growth	100			100			100			100			100
Pensions	0			0			0			0			0
Regeneration Income	273			273			273			273			273
Utilities Reserve	1,710		(570)	1,140	(1,140)		0			0			0
Covid-19 (General)	0			0			0			0			0
Covid-19 Sales Fees and Charges	0			0			0			0			0
Covid-19 (Collection Fund)	1,478		(1,478)	0			0			0			0
<b>Total General Fund</b>	<b>7,504</b>	<b>(200)</b>	<b>(2,063)</b>	<b>5,242</b>	<b>(1,140)</b>	<b>(14)</b>	<b>4,088</b>	<b>0</b>	<b>0</b>	<b>4,088</b>	<b>0</b>	<b>0</b>	<b>4,088</b>

# REDDITCH BOROUGH COUNCIL

## EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

### Appendix D – Capital Programme

Description	Department	Funding detail	2023/24	23/24	2024/25	2025/26	2026/27	2027/28	2028/29	Council	Council	Council	Council	Council	3rd Party				
			Total £	Spend Q3 £	Total £	Total £	Total £	Total £	Total £	Total £	24/25 £	25/26 £	26/27 £	27/28 £	28/29 £	24/25 £	25/26 £	26/27 £	27/28 £
<b>Large Schemes</b>																			
<b>Towns Fund</b>																			
- Innovation Centre	Planning, Regeneration & Leisure Services	Govt Grant	2,500,000		4,000,000	1,000,000									4,000,000	1,000,000			
- Innovation Centre	Planning, Regeneration & Leisure Services	LEP Grant				1,948,000									0	1,948,000			
- Library	Planning, Regeneration & Leisure Services	Govt Grant	2,000,000	611,449	1,700,000										1,700,000	0			
- Public Realm	Planning, Regeneration & Leisure Services	Govt Grant	1,500,000	18,574	1,000,000										1,000,000	0			
- Public Realm	Planning, Regeneration & Leisure Services	Borrowing			439,000					439,000	0								
Town Hall Redevelopment	Legal, Democratic and Property Services	Cap Receipts and Short Term Borrowing	1,000,000	45,490	5,100,000										5,100,000	0			
UK Shared Prosperity Fund																			
- Capital Element	Planning, Regeneration & Leisure Services	Grant Funding		2,500											0	0			
- Revenue Element	Planning, Regeneration & Leisure Services	Grant Funding													0	0			
- Remainder (to be allocated)	Planning, Regeneration & Leisure Services	Grant Funding	607,294		1,591,109										1,591,109	0			
<b>Schemes Agreed to Continue in Tranche 1</b>																			
Car Park Maintenance	Environmental Services	Borrowing	150,000	26,248	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000					
Footpaths		Borrowing	75,000	66,444	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000					
Disabled Facilities Grant	Community & Housing GF Services	DFG grant	839,000	479,047	839,000	700,000	700,000	700,000	700,000						839,000	700,000	700,000	700,000	700,000
Energy & Efficiency Installs.	Community & Housing GF Services	Borrowing	55,000	10,350	55,000	0	0	0	0										
GF Asbestos	Finance & Customer Services	Borrowing	0	763	38,000	0	0	0	0	55,000	0								
Improvements at Business Centres	Planning, Regeneration & Leisure Services	borrowing/capital receipts	0	18,916	0	0	0	0	0	38,000	0								
Morton Stanley Play, Sport and Open Space Improvements (General)	Planning, Regeneration & Leisure Services	2016/131/OUT Land of Church Road, Webheath	0	4,579	8,000	0	0	0	0										
Public Building	Finance & Customer Services	Borrowing	250,000	102,591	250,000	250,000	250,000	250,000	250,000						8,000	0			
										250,000	250,000	250,000	250,000	250,000					

# REDDITCH BOROUGH COUNCIL

## EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

Description	Department	Funding detail	2023/24	23/24	2024/25	2025/26	2026/27	2027/28	2028/29	Council	Council	Council	Council	Council	3rd Party					
			Total £	Spend Q3 £	Total £	Total £	Total £	Total £	Total £	Total £	24/25 £	25/26 £	26/27 £	27/28 £	28/29 £	24/25 £	25/26 £	26/27 £	27/28 £	28/29 £
Fleet Replacement new line		Borrowing	843,000		2,663,000	854,000	3,092,500	546,000	1,995,000											
										2,663,000	854,000	3,092,500	546,000	1,995,000						
Removal of 5 weirs through Arrow Valley Park	Planning, Regeneration & Leisure Services	borrowing £213k / Contributions 2024/25	414,000		0	0	0	0	0	0	0									
Sports Contributions to support improvements to Outdoor facilities at Terry	Planning, Regeneration & Leisure Services	\$106 - 2014/311/FUL	0		3,000	0	0	0	0						3,000	0				
Wheelie Bin purchase	Environmental Services	Borrowing	100,000	18,468	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000						
New Digital Service	Community & Housing GF Services	Borrowing	50,502	124,780	0	0	0	0	0	0	0									
Improvement Holly trees childrens centre	Community & Housing GF Services	\$106	0		6,000	0	0	0	0						6,000	0				
Greener Homes	Community & Housing GF Services	Grant Income	0	156,026	0	0	0	0	0											
															0	0				
Bomford Hill Pathway							0	0	0						0	0				
Grassland Mitigation measures- recreating and monitoring grassland habitats in MS and AVCP	Planning, Regeneration & Leisure Services	\$106 - 2016/118/OUT Green Lane, Redditch	0		5,864	5,864	5,864	5,864	5,864						5,864	5,864	5,864	5,864	5,864	
Hedgerow Mitigation measures by restoration and hedge laying with associated fencing and gates at AVP SHM and AVP North	Planning, Regeneration & Leisure Services	\$106 - 2016/118/OUT Green Lane, Redditch	0		21,500	0	0	0	0						21,500	0				
HMO Grants	Community & Housing GF Services	Borrowing	25,000	13,500	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000						
Home Repairs Assistance	Community & Housing GF Services	Long Term Debtors	40,000		40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000						
Improvement to original Pump Track at AVCP	Planning, Regeneration & Leisure Services	2014/096/OUT Jolly Farmer	0	7,285	60,606	0	0	0	0						60,606	0				

# REDDITCH BOROUGH COUNCIL

## EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

Description	Department	Funding detail	2023/24	23/24	2024/25	2025/26	2026/27	2027/28	2028/29	Council	Council	Council	Council	Council	3rd Party				
			Total £	Spend Q3 £	Total £	Total £	Total £	Total £	Total £	Total £	24/25 £	25/26 £	26/27 £	27/28 £	28/29 £	24/25 £	25/26 £	26/27 £	27/28 £
Replacing 3 fuel pumps and upgrading tank monitoring equipment	Environmental Services	borrowing/capital receipts	25,000		0	0	0	0	0										
Fleet Management Computer System	Environmental Services	borrowing/capital receipts	0		0	0	0	0	0		0								
Cisco Network Update	Business Transformation and Organisational Development	Borrowing	5,463		0	47,339	50,000	50,000	50,000		0	47,339	50,000	50,000	50,000				
Server Replacement Est(Exact known Q2 2022)	Business Transformation and Organisational Development	Borrowing	2,000	78,451	177,500	18,500	60,000	60,000	60,000		177,500	18,500	60,000	60,000	60,000				
Laptop Refresh	Business Transformation and Organisational Development	Borrowing	25,000	11,542	150,000	5,000	30,000	30,000	30,000		150,000	5,000	30,000	30,000	30,000				
Ipsley Church Lane Cemetery	Environmental Services	Borrowing	125,000		0	195,000	0	0	0		0	195,000							
Provide the Crossgate Depot site with a new and Compliant Deisel Fuel	Environmental Services	Borrowing	56,000			0	0	0	0			0							
Widen access road to Arrow Valley Country park	Planning, Regeneration & Leisure Services	Borrowing	0		26,634	0	0	0	0		0	0			26,634				
Lifeline Improvements					120,000	0	0	0	0		120,000								
PRS Housing ICT System					30,000	0	0	0	0		30,000								
Play Areas - Surface Replacement					10,000	10,000	7,500	0	0		10,000	10,000	7,500						
AVCP - Parking Bays near Visitor Centre					12,000	0	0	0	0		12,000								
AVCP - Car Park Extension 25 Spaces					95,000	0	0	0	0		95,000								
Morton Stanley Park - Footpaths					16,500	0	0	0	0		16,500								
Ipsley Road Cemetery			-125,000		125,000	0	0	0	0		125,000								
Increased Building Mainenance Costs	Legal, Democratic and Property Services				150,000	150,000	150,000	0	0		150,000	150,000	150,000						
Arrow Valley park Visitor Centre Improvements	Legal, Democratic and Property Services				350,000	100,000	0	0	0		350,000	100,000	0						

# REDDITCH BOROUGH COUNCIL

## EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

Description	Department	Funding detail	2023/24	23/24	2024/25	2025/26	2026/27	2027/28	2028/29	Council	Council	Council	Council	Council		3rd Party	3rd Party	3rd Party	3rd Party	3rd Party
			Total £	Spend Q3 £	Total £	Total £	Total £	Total £	Total £	Total £	24/25 £	25/26 £	26/27 £	27/28 £	28/29 £	24/25 £	25/26 £	26/27 £	27/28 £	28/29 £
Fleet Costs					585,000	26,000	0	0	0	585,000	26,000									
Play Area Changes - Pre Audit			227,000		155,000	0	0	0	0	155,000										
Final Play Area Changes					263,386	191,477	137,399	144,054	174,290	263,386	191,477	137,399	144,054	174,290						
Movement of ICT Cyber Capital Works Forward			50,000		-50,000	0	0	0	0	-50,000										
Hedge and Shrub Removal	Environmental Services				40,000	40,000	40,000	0	0	40,000	40,000	40,000								
Cyber security updates					25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000						
Forge Mill and Bordelsey Open Space Improvements	Planning, Regeneration & Leisure Services	S106 - 2016/109/FUL	0	38	3,000	0	0	0	0							3,000	0			
MUGA at Greenlands Sports Pitches. 2018/169/FUL Land	Planning, Regeneration & Leisure Services	S106 - 2018/169/FUL Land	0	115,571	21,000	0	0	0	0							21,000	0			
Play Area improvements at Birchfield Road,/Headless Cross Rec Ground. 17/00737/FUL	Planning, Regeneration & Leisure Services	S106 Forge Mill Public House - Healdless Cross, Evesham Road	0		7,575	0	0	0	0							7,575	0			
Play area (£34,583.39), Open space (£12,001.36) and Sport (£8,516) improvements at Mayfields Park. 11/019/FUL	Planning, Regeneration & Leisure Services	S106 Mayfields Development. 11/019/FUL	0	550	0	0	0	0	0							0	0			
Improvement to Sports Pitches infrastructure in Morton Stanley Park	Planning, Regeneration & Leisure Services	2012/207/OUT - Football Pitch improvement works	0	20,802	25,000	0	0	0	0							25,000	0			
Fire compartmentation works in Corporate buildings	Legal, Democratic and Property Services	Borrowing	100,000	28,248	0	0	0	0	0											
<b>Total</b>			<b>10,939,259</b>	<b>1,968,507</b>	<b>20,507,674</b>	<b>5,956,180</b>	<b>4,938,263</b>	<b>2,200,918</b>	<b>3,680,154</b>	<b>6,089,386</b>	<b>2,302,316</b>	<b>4,232,399</b>	<b>1,495,054</b>	<b>2,974,290</b>	<b>0</b>	<b>14,428,288</b>	<b>3,653,864</b>	<b>705,864</b>	<b>705,864</b>	<b>705,864</b>

**Appendix E – Capital Strategy 2024/5**

**Introduction**

- 1.1 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.
- 1.2 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**

- 1.3 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.
- 1.4 In 2024/25, the Authority is planning capital expenditure of £6.59m for General Fund projects £13.02 for HRA work and £13.12m for regeneration work, most of which is related to Towns Fund grant. This is summarised below:

# REDDITCH BOROUGH COUNCIL

## EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

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

	2022/23 actual	2023/24 forecast	2024/25 budget *	2025/26 budget	2026/27 budget
General Fund services	1.09	6.78	6.59	2.77	4.38
Council housing (HRA)	10.27	11.73	13.02	11.48	11.12
Regeneration	1.13	11.80	13.12	3.65	0.71
<b>TOTAL</b>	12.49	30.31	32.73	17.90	16.21

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 2025/26 financial year.

- 1.5 The main General Fund capital projects include Towns Fund regeneration schemes (Innovation Centre, Town Square and Public Realm) totalling £16m to be spent 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.
- 1.6 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.
- 1.7 **Governance:** Service managers bid annually in January 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 Audit Standards and Governance Committee and then the Cabinet appraises all bids based on a comparison of strategic priorities against financing costs and makes recommendations to Council. The final capital programme is then presented to Cabinet in February and to Council in February each year.

# REDDITCH BOROUGH COUNCIL

## EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

- For full details of the Authority's capital programme, including the project appraisals undertaken, see Tranche 2 of the 2024/25 Medium Term Financial Plan.

1.8 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

	2022/23 actual	2023/24 forecast	2024/25 budget *	2025/26 budget	2026/27 budget
External sources	0.92	10.17	9.29	3.65	0.71
Own Resources	10.70	12.93	15.64	11.13	10.8
Debt	0.87	7.21	7.80	3.12	4.70
<b>TOTAL</b>	12.49	30.31	32.73	17.90	16.21

1.9 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 / repayments] and use of capital receipts are as follows:

# REDDITCH BOROUGH COUNCIL

## EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

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

	<b>2022/23 actual</b>	<b>2023/24 forecast</b>	<b>2024/25 budget</b>	<b>2025/26 budget</b>	<b>2026/27 budget</b>
Minimum revenue provision	0.90	1.00	0.90	1.20	1.36
Capital Receipts	0.00	0.00	0.00	0.00	0.00

➤ The Authority's full minimum revenue provision statement is available within the body of this report.

1.10 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 £6.9m during 2024/25. 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

	<b>31.3.2023 actual</b>	<b>31.3.2024 forecast</b>	<b>31.3.2025 budget *</b>	<b>31.3.2026 budget</b>	<b>31.3.2027 budget</b>
General Fund & Regeneration	22.6	28.8	34.5	37.3	40.6
<b>HRA</b>	122.2	122.2	123.39	122.6	122.6
<b>TOTAL CFR</b>	144.8	151.0	157.9	159.8	163.2

1.11 **Asset management:** To ensure that capital assets continue to be of long-term use, the Authority has an asset management strategy in place. Within this strategy, 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 Cabinet on a half yearly basis for approval for disposal, unless there is an urgent requirement for a decision.

1.12 **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 2024/25 although nothing is presently planned. Repayments of capital grants, loans and investments also generate capital receipts. The Authority plans to receive £5.6m of capital receipts in the coming financial year as follows:

# REDDITCH BOROUGH COUNCIL

## EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

Table 5: Capital receipts receivable in £ millions

	2022/23 actual	2023/24 forecast	2024/25 budget	2025/26 budget	2026/27 budget
Asset sales	1.8	4.7	5.6	1.7	1.7
Loans etc repaid	0	0	0	0	0

### Treasury Management

- 1.13 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.
- 1.14 Due to decisions taken in the past, the Authority currently has no external long term (over 1 year) borrowing and £15m treasury investments at an average rate of 5.2%.
- 1.15 **Borrowing strategy:** The Authority's main objectives when borrowing is 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.
- 1.16 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.

## REDDITCH BOROUGH COUNCIL

### EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

- 1.17 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*

Gross Debt	31.3.2023 actual	31.3.2024 forecast	31.3.2025 budget	31.3.2026 budget	31.3.2027 budget
HRA (incl. PFI & leases)	103.9	104.77	108.79	115.89	118.59
General Fund (incl. PFI & leases)	0	4.02	7.1	2.7	4.7
Capital Financing Requirement	144.8	151.0	157.9	159.8	163.2

- 1.18 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.
- 1.19 **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 £2m at each year-end. This benchmark is currently £4.8m and is forecast to rise to £6.6m over the next three years.

# REDDITCH BOROUGH COUNCIL

## EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

Table 7: Borrowing and the Liability Benchmark in £ millions

	31.3.2023 actual	31.3.2024 forecast	31.3.2025 budget	31.3.2026 budget	31.3.2027 budget
Forecast Outstanding borrowing - GF	0	4.0	7.1	2.7	4.7
Liability benchmark	-0.3	5.9	12.1	14.9	18.2

- 1.20 The table shows that the Authority expects to remain borrowed below its liability benchmark. This is because cash outflows to date have been below the assumptions made when the loans were borrowed.
- 1.21 **Affordable borrowing limit:** The Authority is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. 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

	2023/24 limit £m	2024/25 limit £m	2025/26 limit £m	2026/27 limit £m
Authorised limit – borrowing	180	185	190	190
Authorised limit – PFI and leases	1.5	1.5	1.5	1.5
Authorised limit – total external debt	<b>181.5</b>	<b>186.5</b>	<b>191.5</b>	<b>191.5</b>
Operational boundary – borrowing	170	175	180	180

## REDDITCH BOROUGH COUNCIL

### EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

Operational boundary – PFI and leases	1.5	1.5	1.5	1.5
Operational boundary – total external debt	<b>171.5</b>	<b>176.5</b>	<b>181.5</b>	<b>181.5</b>

- 1.22 **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.
- 1.23 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

	<b>31.3.2023 actual</b>	<b>31.3.2024 forecast</b>	<b>31.3.2025 budget</b>	<b>31.3.2026 budget</b>	<b>31.3.2027 budget</b>
Near-term investments	35	30	20	20	35
Long-term investments	0	0	0	0	0
<b>TOTAL</b>	35	30	20	20	35

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

## REDDITCH BOROUGH COUNCIL

### EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

- 1.24 **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.
- 1.25 **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. Quarterly reports on treasury management activity are presented to Cabinet. The Audit, Standards and Governance Committee is responsible for scrutinising treasury management decisions.

### Investments for Service Purposes

- 1.26 The Authority makes investments to assist local public services, including making loans to local service providers, local small businesses to promote economic growth, and the Authority's subsidiaries that provide services to stakeholders. Total investments for service purposes are currently valued at £0m.
- 1.27 **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.
- 1.28 **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 and the Director of Finance are responsible for ensuring that adequate due diligence is carried out before investment is made.

# REDDITCH BOROUGH COUNCIL

## EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

Further details on service investments are in the Treasury Management Strategy.

### Liabilities

- 1.29 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 £0.4m to cover risks of Insurance Claims.
- 1.30 **Governance:** Decisions on incurring new discretionary liabilities are taken by Heads of Service in consultation with the Director of Finance. The risk of liabilities crystallising and requiring payment is monitored by the corporate finance team and reported biannually to Cabinet. New liabilities exceeding £0.5m are reported to full council for approval/notification as appropriate.

### Revenue Budget Implications

- 1.31 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 £5.2m and the backlog will be cleared by 2037). It has also set aside £2.8m for Business Rates Appeals via a reserve.

Table 10: Prudential Indicator: Proportion of financing costs to net revenue stream

	2022/23 actual	2023/24 forecast	2024/25 budget *	2025/26 budget	2026/27 budget
Financing costs (£m)	1.10	1.05	0.90	1.20	1.36
Proportion of net revenue stream	10.1%	9.8%	9.1%	11.5%	12.4%

- 1.32 **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 the proposed capital programme is prudent, affordable and sustainable because of the Medium Term Financial Plan (MTFP) forecasts which show that the Council is financially sustainable over that period.

**Knowledge and Skills**

- 1.33 The Authority employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Director of Finance and Head of Service are qualified accountants with significant experience. The Authority pays for junior staff to study towards relevant professional qualifications including CIPFA and AAT.
- 1.34 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.

**Appendix F – Treasury Management 2024/5**

**Introduction**

- 2.1 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.
- 2.2 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.
- 2.3 Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy.

**External Context**

**Economic background:**

- 2.4 The impact on the UK from higher interest rates and inflation, a weakening economic outlook, an uncertain political climate due to an upcoming general election, together with war in Ukraine and the Middle East, will be major influences on the Authority’s treasury management strategy for 2024/25.
- 2.5 The Bank of England (BoE) increased Bank Rate to 5.25% in August 2023, before maintaining this level in September and then again in November. Members of the BoE’s Monetary Policy Committee voted 6-3 in favour of keeping Bank Rate at 5.25%. The three dissenters wanted to increase rates by another 0.25%.
- 2.6 The November quarterly Monetary Policy Report (MPR) forecast a prolonged period of weak Gross Domestic Product (GDP) growth with the potential for a mild contraction due to ongoing weak economic activity. The outlook for CPI inflation was deemed to be highly uncertain, with near-term risks to CPI falling to the 2% target coming from potential energy price increases, strong domestic wage growth and persistence in price-setting.

## REDDITCH BOROUGH COUNCIL

### EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

- 2.7 Office for National Statistics (ONS) figures showed CPI inflation was 6.7% in September 2023, unchanged from the previous month but above the 6.6% expected. Core CPI inflation fell to 6.1% from 6.2%, in line with predictions. Looking ahead, using the interest rate path implied by financial markets the BoE expects CPI inflation to continue falling, declining to around 4% by the end of calendar 2023 but taking until early 2025 to reach the 2% target and then falling below target during the second half 2025 and into 2026.
- 2.8 ONS figures showed the UK economy grew by 0.2% between April and June 2023. The BoE forecasts GDP will likely stagnate in Q3 but increase modestly by 0.1% in Q4, a deterioration in the outlook compared to the August MPR. The BoE forecasts that higher interest rates will constrain GDP growth, which will remain weak over the entire forecast horizon.
- 2.9 The labour market appears to be loosening, but only very slowly. The unemployment rate rose slightly to 4.2% between June and August 2023, from 4.0% in the previous 3-month period, but the lack of consistency in the data between the two periods made comparisons difficult. Earnings growth remained strong, with regular pay (excluding bonuses) up 7.8% over the period and total pay (including bonuses) up 8.1%. Adjusted for inflation, regular pay was 1.1% and total pay 1.3%. Looking forward, the MPR showed the unemployment rate is expected to be around 4.25% in the second half of calendar 2023, but then rising steadily over the forecast horizon to around 5% in late 2025/early 2026.
- 2.10 Having increased its key interest rate to a target range of 5.25-5.50% in August 2023, the US Federal Reserve paused in September and November, maintaining the Fed Funds rate target at this level. It is likely this level represents the peak in US rates, but central bank policymakers emphasised that any additional tightening would be dependent on the cumulative impact of rate rises to date, together with inflation and developments in the economy and financial markets.
- 2.11 US GDP grew at an annualised rate of 4.9% between July and September 2023, ahead of expectations for a 4.3% expansion and the 2.1% reading for Q2. But as the impact from higher rates is felt in the coming months, a weakening of economic activity is likely. Annual CPI inflation remained at 3.7% in September after increasing from 3% and 3.2% consecutively in June and July.
- 2.12 Eurozone inflation has declined steadily since the start of 2023, falling to an annual rate of 2.9% in October 2023. Economic growth has been weak, and GDP was shown to have contracted by 0.1% in the three months to September 2023. In line with

# REDDITCH BOROUGH COUNCIL

## EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

other central banks, the European Central Bank has been increasing rates, taking its deposit facility, fixed rate tender, and marginal lending rates to 3.75%, 4.25% and 4.50% respectively.

### **Credit outlook:**

- 2.13 Credit Default Swap (CDS) prices were volatile during 2023, spiking in March on the back of banking sector contagion concerns following the major events of Silicon Valley Bank becoming insolvent and the takeover of Credit Suisse by UBS. After then falling back in Q2 of calendar 2023, in the second half of the year, higher interest rates and inflation, the ongoing war in Ukraine, and now the Middle East, have led to CDS prices increasing steadily.
- 2.14 On an annual basis, CDS price volatility has so far been lower in 2023 compared to 2022, but this year has seen more of a divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities once again.
- 2.15 Moody's revised its outlook on the UK sovereign to stable from negative to reflect its view of restored political predictability following the volatility after the 2022 mini-budget. Moody's also affirmed the Aa3 rating in recognition of the UK's economic resilience and strong institutional framework.
- 2.16 Following its rating action on the UK sovereign, Moody's revised the outlook on five UK banks to stable from negative and then followed this by the same action on five rated local authorities. However, within the same update the long-term ratings of those five local authorities were downgraded.
- 2.17 There remain competing tensions in the banking sector, on one side from higher interest rates boosting net income and profitability against another of a weakening economic outlook and likely recessions that increase the possibility of a deterioration in the quality of banks' assets.
- 2.18 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 2023):**

- 2.19 Although UK inflation and wage growth remain elevated, the Authority's treasury management adviser Arlingclose forecasts that Bank Rate has peaked at 5.25%. The Bank of England's Monetary Policy Committee will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. Arlingclose sees rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.

# REDDITCH BOROUGH COUNCIL

## EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

- 2.20 Arlingclose expects long-term gilt yields to eventually fall from current levels (amid continued volatility) reflecting the lower medium-term path for Bank Rate. However, yields will remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.
- 2.21 Like the BoE, the Federal Reserve and other central banks see persistently high policy rates through 2023 and 2024 as key to dampening domestic inflationary pressure. Bond markets will need to absorb significant new supply, particularly from the US government.
- 2.22 A more detailed economic and interest rate forecast provided by Arlingclose is in Appendix A.
- 2.23 For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate/yield of 5.3%, and that new long-term loans will be borrowed at an average rate of 4.5% to 5.5%.

### Local Context

- 2.24 On 19<sup>th</sup> January 2024, the Authority had £103.9m borrowing (carrying amount) and £24.5m 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.

# REDDITCH BOROUGH COUNCIL

## EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

Table 1: Balance sheet summary and forecast

	31.3.23 Actual £m	31.3.24 Estimate £m	31.3.25 Forecast £m	31.3.26 Forecast £m	31.3.27 Forecast £m
Capital financing requirement	22.6	28.8	34.5	37.3	40.6
Less: External borrowing **	0.0	4.0	7.1	2.7	4.7
<b>Internal (over) borrowing</b>	22.6	24.8	27.4	34.6	35.9
Less: Usable Reserves	-20.0	-20.0	-19.5	-19.5	-19.5
Less: Working Capital	-4.9	-4.9	-4.9	-4.9	-4.9
<b>Treasury investments (or New borrowing)</b>	2.3	0.1	-3.0	-10.2	-11.5

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

- 2.25 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.
- 2.26 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 2024/25.
- 2.27 **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.
- 2.28 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

# REDDITCH BOROUGH COUNCIL

## EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

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

	31.3.23 Actual £m	31.3.24 Estimate £m	31.3.25 Forecast £m	31.3.26 Forecast £m	31.3.27 Forecast £m
CFR – GF & Regeneration	22.6	28.8	34.5	37.3	40.6
Less: Usable Reserves	-20.0	-20.0	-19.5	-19.5	-19.5
Less: Working Capital	-4.9	-4.9	-4.9	-4.9	-4.9
<b>Net loans requirement</b>	-2.3	3.9	10.1	12.9	16.2
Plus: Liquidity allowance	2.0	2.0	2.0	2.0	2.0
<b>Liability benchmark</b>	-0.3	5.9	12.1	14.9	18.2

- 2.29 Following on from the medium-term forecasts in table 2 above, the long-term liability benchmark assumes capital expenditure funded by borrowing of £2m average a year, minimum revenue provision on new capital expenditure based on a 25 year asset life and income, expenditure and reserves all increasing by inflation of 2.5% a year.

### Borrowing Strategy

- 2.30 The Authority currently holds £104 million of loans (carrying amount), as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that the Authority does expect to borrow in 2024/25. The Authority may however borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing.
- 2.31 **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.
- 2.32 **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.

- 2.33 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 2024/25 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 2.34 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.
- 2.35 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.
- 2.36 In addition, the Authority may borrow short-term loans to cover unplanned cash flow shortages.
- 2.37 **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)
  - UK Infrastructure Bank Ltd
  - 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 **[your local]** Local Government Pension Scheme)
  - capital market bond investors
  - UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

# REDDITCH BOROUGH COUNCIL

## EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

- 2.38 **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
- 2.39 **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.
- 2.40 **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).
- 2.41 **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

- 2.42 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 £2 and £15 million, and similar levels are expected to be maintained in the forthcoming year.
- 2.43 **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. The Authority aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

- 2.44 **Strategy:** As demonstrated by the liability benchmark above, the Authority expects to be a long-term investor and treasury investments will therefore include both short-term low risk instruments to manage day-to-day cash flows and longer-term instruments where limited additional risk is accepted in return for higher investment income to support local public services.
- 2.45 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.
- 2.46 **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.
- 2.47 **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.
- 2.48 **Approved counterparties:** The Authority may invest its surplus funds with any of the counterparty types in table 3 below, subject to the limits shown.

# REDDITCH BOROUGH COUNCIL

## EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

*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
<b>Pooled funds and real estate investment trusts</b>		£2.5m per fund or trust			

- 2.49 \* **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.

## REDDITCH BOROUGH COUNCIL

### EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

- 2.50 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.
- 2.51 **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.
- 2.52 **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.
- 2.53 **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.
- 2.54 **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.
- 2.55 **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.
- 2.56 **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.

- 2.57 **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.
- 2.58 **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.
- 2.59 **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.
- 2.60 **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.

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.

- 2.61 **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.

- 2.62 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022, 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.
- 2.63 **Investment limits:** The Authority's revenue reserves available to cover investment losses are forecast to be £19 million on 31<sup>st</sup> March 2024 and £18 million on 31<sup>st</sup> March 2025. In order that no more than 25% 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 million. A group of entities under the same ownership will be treated as a single organisation for limit purposes.
- 2.64 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.
- 2.65 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.

## REDDITCH BOROUGH COUNCIL

### EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

	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

- 2.66 **Liquidity management:** The Authority uses detailed 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.
- 2.67 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

- 2.68 The Authority measures and manages its exposures to treasury management risks using the following indicators.
- 2.69 **Security:** The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average 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.

## REDDITCH BOROUGH COUNCIL

### EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

Credit risk indicator	Target
Portfolio average credit [rating / score]	A

- 2.70 **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

- 2.71 **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

- 2.72 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.

- 2.73 **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%
Th5 years and within 10 years	50%	0%
10 years and above	100%	0%

# REDDITCH BOROUGH COUNCIL

## EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

- 2.74 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
- 2.75 **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	2024/25	2025/26	2026/27	No fixed date
Limit on principal invested beyond year end	£1.5m	£1.0m	£0.5m	

- 2.76 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

- 2.77 The CIPFA Code requires the Authority to include the following in its treasury management strategy.
- 2.78 **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).
- 2.79 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.
- 2.80 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

## REDDITCH BOROUGH COUNCIL

### EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

- 2.81 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.
- 2.82 **Housing Revenue Account:** On 1st April 2012, the Authority notionally split each of its 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 sheets 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.
- 2.83 **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

- 2.84 The budget for investment income in 2024/25 is £0.75 million, based on an average investment portfolio of £15 million at an interest rate of 5%. The budget for debt interest paid in 2024/25 is £4 million based on an average general fund debt portfolio of £104 million at an average interest rate of 3.6%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.
- 2.85 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.

## REDDITCH BOROUGH COUNCIL

### EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

#### Other Options Considered

2.86 The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Director of Finance, having consulted the Cabinet 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.

<b>Alternative</b>	<b>Impact on income and expenditure</b>	<b>Impact on risk management</b>
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 1 – Arlingclose Economic & Interest Rate Forecast – November 2023**

**Underlying assumptions:**

- UK inflation and wage growth remain elevated but, following a no-change MPC decision in November, Bank Rate appears to have peaked in this rate cycle. Near-term rate cuts are unlikely, although downside risks will increase as the UK economy likely slides into recession and inflation falls more quickly.
- The much-repeated message from the MPC is that monetary policy will remain tight as inflation is expected to moderate to target slowly. In the Bank’s forecast, wage and services inflation, in particular, will keep CPI above the 2% target until 2026.
- The UK economy has so far been relatively resilient, but recent data indicates a further deceleration in business and household activity growth as higher interest rates start to bite. Global demand will remain soft, offering little assistance in offsetting weakening domestic demand. A recession remains a likely outcome.
- Employment demand is easing, although the tight labour market has resulted in higher nominal wage growth. Anecdotal evidence suggests slowing recruitment and pay growth, and we expect unemployment to rise further. As unemployment rises and interest rates remain high, consumer sentiment will deteriorate. Household spending will therefore be weak. Higher interest rates will also weigh on business investment and spending.
- Inflation will fall over the next 12 months. The path to the target will not be smooth, with higher energy prices and base effects interrupting the downtrend at times. The MPC’s attention will remain on underlying inflation measures and wage data. We believe policy rates will remain at the peak for another 10 months, or until the MPC is comfortable the risk of further ‘second-round’ effects has diminished.
- Maintaining monetary policy in restrictive territory for so long, when the economy is already struggling, will require significant policy loosening in the future to boost activity.
- Global bond yields will remain volatile, particularly with the focus on US economic data and its monetary and fiscal policy. Like the BoE, the Federal Reserve and other central banks see persistently high policy rates through 2023 and 2024 as key to dampening domestic inflationary pressure. Bond markets will need to absorb significant new supply, particularly from the US government.
- There is a heightened risk of geo-political events causing substantial volatility in yields.

# REDDITCH BOROUGH COUNCIL

## EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

### **Forecast:**

- The MPC held Bank Rate at 5.25% in November. We believe this is the peak for Bank Rate.
- The MPC will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. We see rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.
- The immediate risks around Bank Rate remain on the upside, but these diminish over the next few quarters and shift to the downside before balancing out, due to the weakening UK economy and dampening effects on inflation.
- Arlingclose expects long-term gilt yields to eventually fall from current levels (amid continued volatility) reflecting the lower medium-term path for Bank Rate. However, yields will remain relatively higher than in the past, due to quantitative tightening and significant bond supply.

# REDDITCH BOROUGH COUNCIL

## EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

	Current	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
<b>Official Bank Rate</b>													
Upside risk	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	1.00	1.00
Central Case	5.25	5.25	5.25	5.25	5.00	4.75	4.25	4.00	3.75	3.50	3.25	3.00	3.00
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
<b>3-month money market rate</b>													
Upside risk	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	1.00	1.00
Central Case	5.40	5.40	5.40	5.30	5.15	4.80	4.30	4.10	3.80	3.50	3.25	3.05	3.05
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
<b>5yr gilt yield</b>													
Upside risk	0.00	0.50	0.70	0.70	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.28	4.35	4.30	4.25	4.10	4.00	3.75	3.50	3.40	3.30	3.30	3.30	3.35
Downside risk	0.00	-0.55	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
<b>10yr gilt yield</b>													
Upside risk	0.00	0.50	0.70	0.70	0.80	0.90	1.00	1.10	1.20	1.20	1.20	1.20	1.20
Central Case	4.32	4.40	4.35	4.30	4.25	4.15	4.00	3.80	3.75	3.65	3.60	3.65	3.70
Downside risk	0.00	-0.55	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
<b>20yr gilt yield</b>													
Upside risk	0.00	0.50	0.70	0.70	0.80	0.90	1.00	1.10	1.20	1.20	1.20	1.20	1.20
Central Case	4.78	4.70	4.65	4.55	4.45	4.35	4.25	4.25	4.25	4.25	4.25	4.25	4.25
Downside risk	0.00	-0.55	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
<b>50yr gilt yield</b>													
Upside risk	0.00	0.50	0.70	0.70	0.80	0.90	1.00	1.10	1.20	1.20	1.20	1.20	1.20
Central Case	4.38	4.30	4.25	4.20	4.15	4.15	4.10	4.10	4.10	4.10	4.10	4.10	4.10
Downside risk	0.00	-0.55	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00

PWLB Standard Rate = Gilt yield + 1.00%

PWLB Certainty Rate = Gilt yield + 0.80%

PWLB HRA Rate = Gilt yield + 0.40%

UK Infrastructure Bank Rate = Gilt yield + 0.40%

# REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

## Appendix 2 – Existing Investment & Debt Portfolio Position

	Actual Portfolio £m	Average Rate %
External borrowing: Long-Term Loans (carrying amount)	103.9	3.59
Total gross external debt	103.9	3.59
Total treasury investments	24.5	5.2
Net debt	79.4	

**Appendix G – MRP Policy 2024/5**

- 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 31<sup>st</sup> 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.
  - Where former operating leases have been 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 2024/25 will not be subject to a MRP charge until 2025/26 or later.

3.5 Based on the Authority's latest estimate of its capital financing requirement (CFR) on 31<sup>st</sup> March 2023, the budget for MRP has been set as follows:

## REDDITCH BOROUGH COUNCIL

### EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

	31.03.2024 Estimated CFR £m	2024/25 Estimated MRP £m
Capital expenditure before 01.04.2008		
Supported capital expenditure after 31.03.2008		
Unsupported capital expenditure after 31.03.2008	28.8	0.87
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	
<b>Total General Fund</b>	<b>28.8</b>	<b>0.87</b>
Assets in the Housing Revenue Account	23.3	
HRA subsidy reform payment	98.9	
<b>Total Housing Revenue Account</b>	<b>122.2</b>	
<b>Total</b>	<b>151.0</b>	<b>0.87</b>

**Appendix H – Investment Strategy 2024/5**

**Introduction**

- 4.1 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).
- 4.2 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**

- 4.3 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 £2m and £15m during the 2024/25 financial year.
- 4.4 **Contribution:** The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.

# REDDITCH BOROUGH COUNCIL

## EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

4.5 **Further details:** Full details of the Authority's policies and its plan for 2024/25 for treasury management investments are covered in a separate document, the treasury management strategy, which is part of these appendices.

### Service Investments: Loans

4.6 **Contribution:** The Council will lend money to its subsidiaries, local businesses, local charities and housing associations to support local public services and stimulate local economic growth.

4.7 **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	31.3.2023 actual			2024/25
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit £m
Subsidiaries	0	0	0	1.0
Local businesses	0	0	0	0.5
Local charities	0	0	0	0.5
Housing associations	0	0	0	1.0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3.0</b>

# REDDITCH BOROUGH COUNCIL

## EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

- 4.8 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.
- 4.9 **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

- 4.10 **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 2: Property held for investment purposes in £ millions

Property [type]	Actual	31.3.2023 actual		31.3.2024 expected	
	Purchase cost	Gains or (losses)	Value in accounts	Gains or (losses)	Value in accounts
N/A	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 4.11 **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.
- 4.12 *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 2023/24 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.
- 4.13 *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.
- 4.14 **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.
- 4.15 **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 Council 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**

- 4.16 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**

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

**Borrowing in Advance of Need**

- 4.18 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 Council 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 Councils policies in investing the money borrowed, including management of the risks, would be as per normal short term Treasury Investments.

**Capacity, Skills and Culture**

- 4.19 **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 Council.
- 4.20 **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 Council 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 the 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.

- 4.21 **Corporate governance:** when investment decisions are to be made, they are to be led by the Council's Director of Finance in consultation with the Corporate Management Team. They will assess the potential investment opportunity using the KPMG finance appraisal model and should they decide it presents a strong opportunity for the Council 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 Cabinet for approval before purchase is completed. Once a purchase has been made the Director of Finance will provide quarterly reports in line with financial and monitoring reports on the status of the investment.

**Investment Indicators**

- 4.22 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.
- 4.23 **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.

# REDDITCH BOROUGH COUNCIL

## EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

Table 3: Total investment exposure in £millions

Total investment exposure	31.03.2023 Actual	31.03.2024 Forecast	31.03.2025 Forecast
Treasury management investments	21.7	20	20
Service investments: Loans	0	0	0
Service investments: Shares	0	0	0
Commercial investments: Property	0	0	0
<b>TOTAL INVESTMENTS</b>	0	0	0
Commitments to lend	0	0	0
Guarantees issued on loans	0	0	0
<b>TOTAL EXPOSURE</b>	0	0	0

- 4.24 **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.

# REDDITCH BOROUGH COUNCIL

## EXECUTIVE COMMITTEE

6<sup>th</sup> February 2024

Table 4: Investments funded by borrowing in £millions

<b>Investments funded by borrowing</b>	<b>31.03.2023 Actual</b>	<b>31.03.2024 Forecast</b>	<b>31.03.2025 Forecast</b>
Treasury management investments	0	0	0
Service investments: Loans	0	0	0
Service investments: Shares	0	0	0
Commercial investments: Property	0	0	0
<b>TOTAL FUNDED BY BORROWING</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 4.25 **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 5: Investment rate of return (net of all costs)

<b>Investments net rate of return</b>	<b>2022/23 Actual</b>	<b>2023/24 Forecast</b>	<b>2024/25 Forecast</b>
Treasury management investments	1.8	4.9	5.2
Service investments: Loans	0	0	0
Service investments: Shares	0	0	0
Commercial investments: Property	0	0	0
<b>ALL INVESTMENTS</b>	<b>1.8</b>	<b>4.9</b>	<b>5.2</b>

**REDDITCH BOROUGH COUNCIL**

**EXECUTIVE COMMITTEE**

**6<sup>th</sup> February 2024**

This page is intentionally left blank

**Executive Committee**

06 February 2024

**CIVIL PARKING ENFORCEMENT – SERVICE LEVEL AGREEMENT WITH WYCHAVON DISTRICT COUNCIL**

Relevant Portfolio Holder	Councillor Brandon Clayton
Portfolio Holder Consulted	Yes
Relevant Head of Service	Simon Parry - Head of Environmental and Housing Property Services (Interim)
Report Author	Name: Simon Parry and Pete Liddington Job Title: Head of Environmental and Housing Property Services (Interim) and Engineering Team Leader Contact email: <a href="mailto:simon.parry@bromsgroveandredditch.gov.uk">simon.parry@bromsgroveandredditch.gov.uk</a> <a href="mailto:pete.liddington@bromsgroveandredditch.gov.uk">pete.liddington@bromsgroveandredditch.gov.uk</a> Contact Tel: 534108
Wards Affected	All Wards
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	Communities which are safe, well maintained and green
Non-Key Decision	
This report contains exempt information as defined in Paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972, as amended	

**1. RECOMMENDATIONS**

The Executive Committee **RESOLVE** that: -

- 1.1 The Council enter into a Service Level Agreement (SLA) with Wychavon District Council for the continuation of the management of Civil Parking Enforcement (CPE), commencing April 2024, for a period of 5 years, with an annual review of outputs and outcome.
- 1.2 Authority be delegated to the Head of Environment and Housing Property Services and the Head of Legal, Democratic and Property Service to finalise the SLA arrangements.
- 1.3 The interim Head of Environmental and Housing Property Services produces a report and business case for the expansion of the service, as identified in 1.1, to provide additional enforcement officers for consideration by the Executive at a future meeting.

**Executive Committee**06 February 2024

---

The Executive Committee **RECOMMEND** that: -

- 1.4 **An additional budget of £27k for CPE be included in the Medium-Term Financial Plan for future years, which is to include an annual inflationary uplift, determined by the Consumer Price Index (CPI), if applicable, agreed by the level published by the Office for National Statistics, or any relevant successor body, for the preceding year.**

2. **BACKGROUND**

- 2.1 Redditch Borough Council (RBC) has taken responsibility for the enforcement of On-Street Traffic Regulation Orders (TROs) since CPE was introduced in RBC on 24 March 2009.
- 2.2 WDC have been contracted under an SLA to manage CPE on behalf of BDC for the last 10 years. This current SLA has now come to an end.
- 2.3 It is proposed that under an SLA, Wychavon District Council's (WDC) responsibilities should include Overall Management of the Parking Service for both on and off-street enforcement and liaison with County Council Highways together with the following non exhaustive list
- Recruitment, management and training of the Civil Enforcement Officers (CEOs) (1.5 posts),
  - Full administration service including general enquiries, challenges, appeals and adjudication (0.5 posts)
  - Recovery of the outstanding Penalty Charge Notices (PCNs) (including warrant instructions)
  - Issuing Parking Dispensations
  - School Patrols following liaison with school staff
  - Disabled Blue Badge inspections
  - DVLA Audits
  - Various reporting including PCNs issued
- 2.4 Future plans for the service may include the introduction of dropped kerb enforcement, civil littering fines as well as reviewing the potential introduction of the National Parking Platform which seeks to simplify and improve the customer journey by allowing customers to use their preferred service provider app to find and pay for their parking at any participating location.
- 2.5 This has operated as a shared service with Redditch Borough Council, undertaken by WDC for the last 10 years and as such WDC are able to offer savings in management and operating costs.

**Executive Committee**06 February 2024

---

- 2.6 Typically WDC operate a 10-year SLA with other Authorities that they provide the Service for, however in this instance, a 5-year agreement is proposed, which will provide a level of assurance for employees and service delivery in the medium term. Any shorter length of agreement would impact negatively on the continued service and recruitment of CEOs given some historical issues related to successful recruitment and retention of people within these posts.

**3. FINANCIAL IMPLICATIONS**

- 3.1 All District/Borough Authorities that undertake CPE, acting under an agency agreement with Worcestershire County Council (WCC), have been in detailed discussions with WCC, to agree that some financial assistance is provided by WCC to such Authorities, where the annual income from the issue of PCNs does not meet the Authority's costs for undertaking that service. One of the main outcomes of CPE is that drivers will learn over time that contravening TROs unfortunately results in a financial burden on themselves, and consequently more drivers will adhere to TROs. However of course, such a successful outcome results in a reduction of income, that participating agent Authorities strongly feel should not result in them having to subsidise themselves if such a financial working deficit results. Discussions are continuing.

**4. LEGAL IMPLICATIONS**

- 4.1 The legal framework for enforcement authorities in England comprises Part 6 of the Traffic Management Act 2004.
- 4.2 It is proposed that the new SLA is set up as a 5-year agreement with an annual review of outputs and outcomes.

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

- 5.1 **Communities which are safe, well maintained and green** – By undertaking CPE of all TROs implemented by WCC, will ensure the safety of road users and pedestrians. Traffic flows are maintained thereby avoiding unnecessary congestion. Enforcement outside schools enables children and parents to enter and leave school safely.

**Climate Change Implications**

- 5.2 There are no Climate Change implications in renewing the SLA. However, by introducing the MiPermit virtual permit system has

**Executive Committee**06 February 2024

---

resulted in reduced amount of paper required for Residents' Parking Permits.

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

- 6.1 There are no Equalities and Diversity implications arising from this report.

**Operational Implications**

- 6.2 By renewing the existing SLA with WDC no Operational implications will be involved.

**7. RISK MANAGEMENT**

- 7.1 Failure to undertake CPE could result in reputational damage to the Authority and contravene the CPE agreement with WCC.
- 7.2 The alternative to agreeing to WDC to continue with CPE, is to engage an external Company through a Tender process to provide such services. However, the appointment of an external Contractor would inevitably result in them being inflexible to undertake the periodical patrol requests made by Officers and Members alike. WDC have always been willing to direct their CEOs to patrol certain sites of concern, which have been identified as requiring additional attention in the short term. An external Contractor would presumably prefer to adopt more stringent patrol routes to ensure that their CEOs meet any determined targets set out by the Company.
- 7.3 Attendance at schools by CEOs during crucial hours is a continued requirement, particularly by Members, to try and ensure that parents/guardians when dropping off/picking up their children do act in a manner that does not put children's safety at risk, and also respects residents' vehicular access facilities. As parents/guardians' vehicles are usually not left unattended during these periods, PCNs cannot be issued where TROs are being contravened, as the driver will merely move away when sighting a CEO. Again, an external Contractor would be unlikely to be readily accept such requirements, as such attendance requests are made sometimes at short notice. The non-issue of PCNs at these facilities may also prove averse to the Contractor's set targets for their CEOs.
- 7.4 Through initial discussions with WCC they are not prepared to fund any shortfalls in the cost of on street enforcement. In turn Districts will therefore need to consider the following options

**Executive Committee**06 February 2024

---

1. Deliver on street enforcement service within budget provided by CPN income.
  2. Subsidise on street enforcement to continue delivering existing or enhanced service
  3. Serve notice on County to terminate agreements. County will then need to reflect on whether it will fund any on street enforcement
  4. Re-negotiate existing agreement (in combination with options 1 and 2 above)
- 7.5 Without suitable parking being made available local businesses trading within the town/area will suffer

**8. APPENDICES and BACKGROUND PAPERS**

Appendix 1 – Exempt Information

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

**Executive Committee  
2024****6 February****Termination of shared service arrangement: North Worcestershire  
Economic Development and Regeneration**

Relevant Portfolio Holder		Councillor Matthew Dormer, Portfolio Holder for Planning, Economic Development, Commercialism and Partnerships
Portfolio Holder Consulted		Yes / No
Relevant Head of Service		Guy Revans
Report Author Guy Revans	Job Title: Executive Director Interim Contact email:g.revans@bromsgroveandredditch.gov.uk Contact Tel: 01527 64252 ext 3292	
Wards Affected		All
Ward Councillor(s) consulted		N/A
Relevant Strategic Purpose(s)		Run and grow a successful business and Aspiration work and financial independence
Non-Key Decision		
If you have any questions about this report, please contact the report author in advance of the meeting.		
This report contains exempt information as defined in Paragraph(s) 3 and 4 of Part I of Schedule 12A to the Local Government Act 1972, as amended		

**1. RECOMMENDATIONS****The Executive Committee is asked to RESOLVE that:-**

- 1) Agree that the Collaboration Agreement relating to the Provision of Economic Development and Regeneration Services should be terminated mutually under clause 15.1 (Determination of this Agreement), with effect from 30 June 2024 and that a new Exit Agreement is entered into;**
- 2) Delegate to the Executive Director (interim) following consultation with the Executive Member for Planning, Economic Development, Commercialism and Partnerships, and Executive Director Resources authority to negotiate, finalise and approve the Exit Agreement and to take any other steps that arise from the termination process.**

**And to RECOMMEND that**

**Executive Committee  
2024****6 February**

---

**3) Additional budget of £72,836 is approved for the new structure.**

**2. BACKGROUND**

- 2.1 North Worcestershire Economic Development and Regeneration (NWEDR) is a shared service serving Redditch, Bromsgrove and Wyre Forest councils that has successfully operated for over a decade.
- 2.2 It has successfully operated for over a decade and in recent years has attracted a very welcome total of £70m in Government grants for the three districts to support major regeneration programmes including the £16 Million Towns Fund money for Redditch.
- 2.3 Implementing the programmes and projects associated with the Government grants has inevitably involved considerable additional work and has affected NWEDR's capacity in the last couple of years. That has been exacerbated by recruitment difficulties in filling posts and keeping them filled.
- 2.4 The Leader of Wyre Forest DC (WFDC) approached the Leader of Redditch BC (RBC) and Bromsgrove DC (BDC) in August 2023 to request a mutual termination of the Collaboration Agreement (the "Agreement") relating to the Provision of Economic Development and Regeneration Services across North Worcestershire.
- 2.5 Clause 15.1 of the Agreement, (Determination of the Agreement), provides that all parties to the Agreement may agree that it should be determined (brought to an end). Clause 15 also makes provision for the transfer of assets and intellectual property, etc. and that, in the case of mutual termination under Clause 15, any costs arising are shared in the same percentages as apply to sharing of operating costs of NWEDR. Clause 8.9 provides that, in the event of termination, the councils' intention is that the Transfer of Undertakings (Protection of Employment) Regulations will apply to the staff but that is subject to the Regulations and relevant law and any subsequent agreement of the three councils.
- 2.6 Officers from RBC and BDC (lead by the Executive Director (Interim)) and Wyre Forest DC (led by their CEO) have been meeting regularly to draft and agree the Exit Agreement that includes indemnity clauses that protect this council from any future claims relating to staff or commercial decisions taken by NWEDR or during the separation. The Collaboration Agreement includes many similar provisions on establishing the shared service and it is inevitable that they would be mirrored in exiting that agreement. The report seeks a delegation to the Executive Director (interim) to finalise the exit agreement.

**Executive Committee  
2024****6 February**

---

- 2.7 Subject to the agreement of the Exit Agreement it has been agreed that the mutual termination, will take effect from 30 June 2024.

**3. OPERATIONAL ISSUES**

- 3.1 TUPE regulations will be considered as part of the Exit Agreement. Until the agreement is terminated, NWEDR will provide the full range of support that it currently provides for the three councils under the agreement, including work on the agreed business plan – although that is inevitably subject to the same constraints about capacity which have been experienced for some time.

- 3.2 RBC places high priority on economic regeneration, as can be seen from the two strategic purposes and the recently agreed priorities.

- 3.3 Recruitment and retention in this area of business is currently difficult and it is therefore proposed that a shared Economic Development, Regeneration and Property Service will be created under a new Head of Service for Redditch and Bromsgrove Councils (details of the proposals can be seen at appendix 1) as this will give us the best opportunity to recruit high calibre staff and deliver Redditch BC's strategic purposes and priorities associated with economic development, regeneration and property services.

- 3.4 Recruitment to the Head of Service and other key posts will take place early in 2024 to ensure that we have the capacity in place to deliver the Towns Fund Programme and other key projects.

**4. FINANCIAL IMPLICATIONS**

- 4.1 Redditch Borough Council's current annual budget contribution for NWEDR is 227k and the future structure outlined for Redditch BC and Bromsgrove DC in the appendix is estimated to have an additional financial implication of circa £73k/year, which has been included in tranche 2 of the MTFs.

- 4.2 Capital schemes, of which the Towns Fund Schemes are by far the largest, are set out in the Councils Capital Programme.

**Executive Committee  
2024****6 February**

---

**5. LEGAL IMPLICATIONS**

- 5.1 The Council relies on general powers such as section 111 of the Local Government Act 1972 and section 1 of the Localism Act 2011 to undertake work on economic development and regeneration. Specific powers exist in respect of acquisition and disposal of land in the 1972 Act which are central to the property function, including provision of industrial units etc. The existing Collaborative Agreement was entered under section 101 of the 1972 Act (arrangements for discharge of functions by other authorities) – the delegation of functions by Redditch and Bromsgrove to WFDC will cease when the agreement is terminated.
- 5.2 Mutual termination of the current agreement requires a formal decision by each of the three councils. Equivalent reports to this are expected to be taken to the Cabinet in Bromsgrove in February.

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

- 6.1 Run and grow a successful business.  
and  
Aspiration work and financial independence.

**Climate Change Implications**

- 6.2 No direct impacts in respect of climate change are expected to arise.

**Equalities and Diversity Implications**

- 6.3 No direct impacts in respect of equality and diversity are expected to arise. All relevant employment law will be complied with, accordingly no equality impact assessment is required.

**7. RISK MANAGEMENT**

- 7.1 Please explain any risks and any mitigating action that will be taken to address those risks.

**8. APPENDICES and BACKGROUND PAPERS**

Confidential appendix 1 - setting out the proposed structure and costings for the future shared service.

**Executive Committee  
2024**

**6 February**

---

Collaboration Agreement relating to the Provision of Economic Development and Regeneration Services, 27 May 2011

**Executive Committee  
2024****6 February****9. REPORT SIGN OFF**

<b>Department</b>	<b>Name and Job Title</b>	<b>Date</b>
Portfolio Holder	Councillor Matthew Dormer, Portfolio Holder for Planning, Economic Development, Commercialism and Partnerships	10.01.2024
Lead Director / Head of Service	Guy Revans, Executive Director (Interim)	17.01.2024
Financial Services	Pete Carpenter, Director of Resources and Deputy Chief Executive (Interim)	17.01.2024
Legal Services	Claire Green Principle Solicitor	11.01.2024
Policy Team (if equalities implications apply)	N/A	N/A
Climate Change Team (if climate change implications apply)	N/A	N/A

By virtue of paragraph(s) 3, 4 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank