



Executive Committee

Tue 6 Feb
2024
6.30 pm

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

REDDITCH BOROUGH COUNCIL

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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

GUIDANCE ON FACE-TO-FACE MEETINGS

Please note that this is a public meeting.

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

GUIDANCE FOR ELECTED MEMBERS ATTENDING MEETINGS IN PERSON

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.

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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.



Executive

Tuesday, 6th February, 2024

6.30 pm

Committee Room 2 Town Hall

Agenda

Membership:

Cllrs:	Matthew Dormer (Chair)	Luke Court
	Gemma Monaco (Vice-Chair)	Lucy Harrison
	Joe Baker	Bill Hartnett
	Joanne Beecham	Craig Warhurst
	Brandon Clayton	

1. Apologies

2. Declarations of Interest

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

3. Leader's Announcements

4. Playing Pitch and Built Facilities Strategies (Pages 7 - 28)

Due to the length of this report, in line with the Council's commitments under the Carbon Reduction Strategy, only the covering report and executive summaries for the Playing Pitch and built Facilities Strategies have been included in the main agenda for this meeting. The full report will be published in a separate supplementary pack for the meeting.

Members are asked to note that this item is due to be pre-scrutinised by the Overview and Scrutiny Committee at a meeting scheduled to take place on 1st February 2024. Any recommendations on this subject arising from this meeting will be reported to the Executive Committee in a separate supplementary pack.

5. Carbon Reduction Strategy - annual review (Pages 29 - 70)

Members are asked to note that this item is due to be pre-scrutinised by the Overview and Scrutiny Committee at a meeting scheduled to take place on 1st February 2024. Any recommendations on this subject arising from this meeting will be reported to the Executive Committee in a supplementary pack.

6. Non-Domestic Rates - Discretionary Rate Relief Policy (Pages 71 - 96)

7. Pay Policy 2024/25 (Pages 97 - 106)

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8. Finance Recovery Plan - Update (Pages 107 - 118)

9. Medium Term Financial Plan (including Treasury Management Strategy, Capital Strategy, Minimum Revenue Provision and Investment Strategy) (Tranche 2) (Pages 119 - 198)

10. Overview and Scrutiny Committee (Pages 199 - 208)

11. Minutes / Referrals - Overview and Scrutiny Committee, Executive Panels etc.

To receive and consider any outstanding minutes or referrals from the Overview and Scrutiny Committee, Executive Panels etc. since the last meeting of the Executive Committee, other than as detailed in the items above.

12. To consider any urgent business, details of which have been notified to the Head of Legal, Democratic and Property Services prior to the commencement of the meeting and which the Chair, by reason of special circumstances, considers to be of so urgent a nature that it cannot wait until the next meeting

13. Exclusion of the press and public

Should it be necessary, in the opinion of the Chief Executive, during the course of the meeting to consider excluding the public from the meeting on the grounds that exempt information is likely to be divulged, it may be necessary to move the following resolution:

“That, under S.100 (A) (4) of the Local Government Act 1972, the public be excluded from the meeting for the following matter(s) on the grounds that it/they involve(s) the likely disclosure of exempt information as defined in the relevant paragraphs (to be specified) of Part 1 of Schedule 12 (A) of the said Act”.

These paragraphs are as follows:

Subject to the “public interest” test, information relating to:

- Para 3 – financial or business affairs;
- Para 4 – labour relations matters;

and may need to be considered as ‘exempt’.

14. Minutes (Pages 209 - 234)

15. Parking Enforcement Service Level Agreement (Pages 235 - 242)

16. Land at Upper Norgrove (Pages 243 - 266)

17. Termination of shared service arrangement: North Worcestershire Economic Development and Regeneration (Pages 267 - 276)

Members are asked to note that this item is due to be pre-scrutinised by the Overview and Scrutiny Committee at a meeting scheduled to take place on 1st February 2024. Any recommendations on this subject arising from this meeting will be reported to the Executive Committee in a supplementary pack.

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Report title: Built Facility and Playing Pitch Strategies

Relevant Portfolio Holder	Councillor Joanne Beecham
Portfolio Holder Consulted	Yes
Relevant Head of Service	Ruth Bamford
Report Author: Jonathan Cochrane	Job Title: Development Services Manager Contact email: Jonathan.cochrane@bromsgroveandredditch.gov.uk Contact Tel: 01527 64252 Ext 3487
Wards Affected	All
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	Living independent, active & healthy lives. Communities which are safe well-maintained & green. Green Thread
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 RESOLVE that:-

- 1) The Built Facility Strategy at Appendix A and the Playing Pitch Strategy at Appendix B are endorsed.
- 2) Delegated authority be granted to the Head of Planning, Regeneration and Leisure following consultation with the 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

2. BACKGROUND

- 2.1 Redditch Borough Council resolved that delegated authority be granted to the then Head of Leisure and Culture Services to produce a Leisure and Culture Strategy.

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- 2.2 Given the current context for the public sector, as well as the wider economy, budget constraints and increasing costs, it is becoming necessary for expenditure on leisure and culture services, to be objectively justified, developed, and delivered against a strategic framework. Consultants, Strategic Leisure and Community First Partnership, were appointed in February 2021 to produce a Leisure and Culture Strategy for Redditch Borough Council.
- 2.3 This Leisure and Culture Strategy ('the Strategy') for Redditch Borough that was adopted in the autumn of 2022 set out our future direction of travel for Leisure and Culture services (LCS) and identified the priorities for provision of these important, and highly valued community services. This Strategy is aligned to the Corporate Plan which recognises the contribution that leisure and culture can make to the achievement of our corporate and community priorities, and in particular community health and wellbeing.
- 2.4 The Strategy that was endorsed in the autumn of 2022 comprised the following supporting evidence:
- :
- Arts and Culture Strategy. – Analysis of existing provision, key issues, priority needs, followed by recommendations.
 - Parks and Open Spaces Strategy – Analysis of existing provision, key issues and priority needs, production of management plans for key sites followed by recommendations.
- 2.5 At the time of endorsement the Executive were informed that additional components of the Leisure and Culture Strategy known as the Built Facilities Strategy and Playing Pitch Strategy required more time to be completed and they would follow later in 2023.
- 2.6 The Built Facility Strategy and Playing Pitch Strategy for Redditch Borough Council will contribute to the overall vision as set out in the Leisure and Culture Strategy that was endorsed in late 2022. That Vision is as follows:

VISION: Healthier and happier communities actively engaged in leisure and culture.

AIM: To improve community health and wellbeing through inclusive access to parks, open spaces, sport, physical activity, arts, heritage, culture and everyday creativity. This way we will inspire our communities to lead longer, happier, healthier and more successful lives.

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- 2.7 The Playing Pitch Strategy is an assessment of the quality and quantity of existing playing pitch provision in the Redditch Borough. It goes on to provide an analysis of how accessible it is and the evidence required to confirm both current and future demand for playing pitches between now and 2040.
- 2.8 The Built Facility Strategy is an assessment of the quality and quantity of existing built facility provision in the context of Leisure in the Redditch Borough. It goes on to provide an analysis of how accessible it is and the evidence required to confirm both current and future demand for built facilities between now and 2040.
- 2.9 The Playing Pitch Strategy was produced with the support of external consultants and a team of National Governing Bodies (NGBs) for relevant outdoor sports (eg Football, Rugby, Cricket, Hockey) to oversee the work. Sport England act as supervisor and sign off the work upon completion.
- 2.10 The Built Facility Strategy was produced with the support of external consultants and through consultation with a range of local, regional and national stakeholders (inc local clubs, schools and societies). Sport England are required to sign off the work upon completion.
- 2.11 Both the Playing Pitch Strategy and Built Facility Strategy for Redditch Borough Council will give confidence to the decision making of our Planning Authority as a result of the process sitting within the context of the Government's National Planning Policy Framework. Both strategies are designed to help protect the spaces where people get active because local planning authorities are required by law to consult Sport England on planning applications that affect leisure built facilities and outdoor playing pitches. These documents help them to assess and respond to these applications accurately.
- 2.12 It is recommended that members pay particular attention to the content and recommendations found in the Executive Summaries for the Playing Pitch and Built Facility Strategies that can be found at Appendices C and D.
- 2.13 Further considerable detail in relation to process, evidence collected and other relevant data can be found in the full strategy documents at Appendices A and B
- 2.14 Both this Built Facility Strategy and Playing Pitch Strategy contain a number of recommendations that fall into one of two categories: 1) those recommendations which can be implemented through the use of

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existing Council budgets, 2) those recommendations that could only be implemented if extra resources are to be identified from either an external source or Council funds.

- 2.15 In the case of those Recommendations that fall under category 1 officers will proceed to implement that work further to Executive endorsing the strategies. These recommendations are listed in Recommendation Two in this report.
- 2.16 In the case of those Recommendations that fall under category 2 the Head of Planning Regeneration and Leisure will return to Council with a budget bid as and when deemed necessary and appropriate.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no immediate financial implications as a consequence of the prospective endorsement of Built Facility Strategy Recommendations 1, 3, 5, 8, 9,11,12,13,14 and Playing Pitch Strategy Recommendations 1.1, 2.1, 3.1, 3.2, 5.1, 6.1, 6.3, 7.1, 7.2, 8.1, 8.3 and 8.5
- 3.2 In the event that external funds are made available to take forward the remaining recommendations made in either of the strategies then Leisure Service officers will bring this to the attention of the relevant Portfolio Holder and further capital or revenue bids will be made at the appropriate time if required.

4. LEGAL IMPLICATIONS

- 4.1 The provision of leisure and culture services by local authorities is a non-statutory service which Councils, including Redditch Borough Council, provide and incur expenditure on, under discretionary powers.
- 4.2 However, both the Playing Pitch Strategy and Built Facility Strategy for Redditch Borough Council will give confidence to the decision making of our Planning Authority as a result of the process sitting within the context of the Government's National Planning Policy Framework. Both strategies are designed to help protect the spaces where people get active because local planning authorities are required by law to consult Sport England on planning applications that affect leisure built facilities and outdoor playing pitches. These documents help them to assess and respond to these applications accurately.

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- 4.3 Due regard to the implications of the Public Sector Equality Duty and the Equalities Act (2010) is described within Equalities and Diversity Implications below at 7.

5. STRATEGIC PURPOSES - IMPLICATIONS

Relevant Strategic Purpose

- 5.1 The most relevant strategic purposes are:
- Living independent, active & healthy lives.
 - Communities which are safe well-maintained & green.
- 5.2 The strategy describes how accessible and high quality indoor and outdoor LCS facilities and opportunities can have a positive impact upon peoples' lives. Access to Leisure and Culture helps people to live independent, active, and healthy lives, and contribute to providing communities which are safe, well maintained, and green. When communities engage well with LCS aspiration increases and people are more likely to volunteer, be successful at work and be financially independent.

Climate Change Implications

- 6.1 The implementation of these strategies can make a positive change in terms of climate change objectives. These include promoting healthier lifestyles, and lower carbon footprints, encouraging outdoor activity and fostering a connection with nature.

7. OTHER IMPLICATIONS

Equalities and Diversity Implications

- 7.1 Inherent in this Leisure and Culture Strategy is the significant opportunity for Redditch Borough Council to bring forwards a positive difference to the quality of life for residents from the broadest range of backgrounds.
- 7.2 The identification of community needs (including the broad range of demographic representation to be found in a Borough like Redditch) is of paramount importance to the effective delivery of any quality Leisure and Culture Strategy. Subsequently recommendations made as part of this strategy work have made clear the requirement for

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service users to be engaged on an ongoing basis.

- 7.3 The Equalities Act of 2010 sets out clearly the requirement for public authorities to comply with the public sector equality duty. In summary this provides a need to “remove or reduce disadvantages suffered by people because of protected characteristics”.
- 7.4 Due process in relation to equality impact assessment will be delivered throughout the term of the strategy

8. Operational Implications

- 8.1 None at this stage.

9. RISK MANAGEMENT

- 9.1 Failure to deliver the opportunities for better quality of life described in the Leisure and Culture Strategy

8. APPENDICES and BACKGROUND PAPERS

- Appendix A Playing Pitch Strategy for Redditch BC
Appendix B Built Facility Strategy for Bromsgrove DC
Appendix C Executive Summary for Playing Pitch Strategy for Redditch BC
Appendix D Executive Summary for Built Facility Strategy for Redditch BC

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9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Cllr Joanne Beecham	23/01/2024
Lead Director / Head of Service	Guy Revans Executive Director Ruth Bamford Head of Planning Regeneration and Leisure	23/01/2024
Financial Services	Peter Carpenter (Section 151 Officer)	16/01/2024 through CMT and changes on 23/1/2024
Legal Services	Nicola Cummings : Principle Solicitor (Governance)	23/01/2024
Policy Team (if equalities implications apply)	Emily Payne	23/01/2024
Climate Change Officer (if climate change implications apply)	Matt Eccles	11/01/2024

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Redditch Borough Council

Built Facility Assessment and Strategy 2022 - 2032

An Executive Summary

December 2023



1. Introduction and Context

- 1.1. As set out in the Redditch Leisure and Culture Strategy 2022-2032, Redditch Borough Council's Vision for future provision of leisure and culture in Redditch is:

Healthier and happier communities actively engaged in leisure and culture.

- 1.2. The Redditch Leisure and Culture Strategy is an over-arching document, aligned to the Corporate Plan, comprising strategies for Parks and Open Spaces (including 4 Management Plans), Built Sports Facilities, Arts and Culture, and Playing Pitches. It recognises the contribution that leisure and culture can make to the achievement of our corporate and community priorities, and specifically community health and wellbeing.

Purpose of the Built Facility Assessment and Strategy (BFS)

- 1.3. The BFS informs the Redditch Leisure and Culture Strategy and will guide future provision of indoor sports facilities to serve existing and new communities in Redditch.

Methodology for developing the BFS

- 1.4. The BFS has been developed using the Sport England 'Assessing Needs and Opportunities Guidance (ANOG)'. Sport England is a statutory consultee on all planning applications affecting playing fields used in the last 5 years e.g. if a new facility is proposed to be built on a playing field, and a consultee on other applications: it looks to improve the quality, access, and management of sports facilities as well as investing in new facilities to meet unsatisfied demand.

- 1.5. The key drivers for the production of the BFS as advocated by Sport England are to protect, enhance and provide sports facilities, as follows:

1. **Protect:** To provide evidence to inform policy and specifically to support site allocations and development management policies which will protect sports facilities and their use by the community, irrespective of ownership;
2. **Provide:** To ensure that sports facilities are effectively managed and maintained and that the best uses are made of existing resources – whether facilities, expertise and/or personnel to improve and enhance the existing provision – particularly in the light of pressure on local authority budgets; and

Redditch Borough Council
Built Facility Assessment and Strategy 2022-2032

- 3. Enhance:** To provide evidence to help secure external funding for new facilities and enhancements (if on the infrastructure list) and Section 106 agreements. Sport England and the local authority can then use the strategies developed and the guidance provided in making key planning decisions regarding facility developments in the area.

Identified BFS Priorities

1.6. The BFS evidences the need for:

- Retaining existing levels of community accessible (including pay and play) sports halls, squash courts, athletics track, and fitness stations;
- Investment in infrastructure of sports halls to maintain and improve the quality of the facilities although no additional sports hall provision is required to be built for community use either in 2021 or by 2040;
- Additional swimming pool provision is required now to meet current and future needs by 2040. The need is for circa 1 x 8 lane x 25m pool plus teaching pool 17m x 10m, or the equivalent of 553 sq m – 578 sq m of water space.
- Joint strategic planning of facilities required with Bromsgrove District Council, and specifically over future swimming provision.
- Negotiation to introduce Community Use Agreements on education sites to increase community access (pay and play); and
- Consideration of enhancing current facilities through planning obligation monies.

1.7. Retaining and improving the quality of provision is important in Redditch to ensure that participation levels are retained and wherever possible increased. Active Lives (November 2020 - 2021) highlights that 31.5% of the Redditch community is inactive; if these people were to become more active then this would contribute to improved health and wellbeing.

Recommendations

Recommendation 1 (R1)	Work with Rubicon Leisure to review existing programming at Abbey Stadium to facilitate casual access at peak times; this will require a re-balancing of time currently allocated to swimming club use.	(PROTECT)
Recommendation 2 (R2)	Explore the potential for integrated operational leisure management across both Redditch and Bromsgrove to identify economies of scale.	(PROVIDE)
Recommendation 3 (R3)	Explore the options available to Redditch Borough Council to address the current under-supply of water space in the Borough, working with BDC and Birmingham CC, given there is a geographical opportunity for collaboration between the three areas. A feasibility/options study is really needed to explore how additional swimming pool capacity could be developed in Redditch to meet both current and future demand. It could also be worth exploring the potential for collaboration with Stratford-Upon-Avon Council in relation to Studley swimming pool.	(PROVIDE AND ENHANCE)

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Recommendation 4 (R4)	Review the opportunity to consolidate community centre provision and potentially asset transfer more to the third/commercial sectors to reduce operational costs and resources.	(PROVIDE AND PROTECT)
Recommendation 5 (R5)	Redditch Borough Council to develop appropriate formal access arrangements i.e., Community Use Arrangements (CUA) with any new education sports halls as and when opportunity arises proportionate to new developments.	(PROVIDE AND ENHANCE)
Recommendation 6 (R6)	Upgrade ageing facilities (e.g. sports halls via planning monies if, by so doing, they increase community access. This has the potential to increase daytime access, which is lacking in the borough, particularly for older people.	(PROVIDE AND ENHANCE)
Recommendation 7 (R7)	Improve access to built facilities for those with disabilities and/or life-limiting conditions e.g., pool pod	(PROVIDE AND ENHANCE)
Recommendation 8 (R8)	<p>Identify very clear priorities for the Council’s Development Services Team to focus on the people and areas where their resources will have most impact</p> <p>Specific areas of work. should include:</p> <ul style="list-style-type: none"> • embedding development capacity into the Integrated Care System (ICS) (as per national emphasis) with a focus on mental health, obesity and frailty, • the development of active environments across the borough • working collaboratively to engage with communities to understand the barriers to taking part in physical activity in Redditch • working collaboratively through a range of partnerships to co-design programmes and services meeting the needs of those who are inactive • effecting behaviour change by engaging the inactive • development of shared outcomes and KPIs to better monitor the impact of more people being regularly physically active • regular communication between partners to make best use of all available resources • development of a Physical Activity statement setting out the priorities to which facilities should contribute <p>aligned to the Government’s new Department of Culture Media and Sport Strategy: “Get Active: A strategy for the future of sport and physical activity” encourages a cross-departmental approach at local authority level to supporting residents to be more active</p>	(PROVIDE AND ENHANCE)

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Recommendation 9 (R9)	i) Consider changing where management responsibilities for leisure and culture services ‘sit’ in the Councils to create a more integrated service, aligned to agreed outcomes and priorities. ii) Specifically consider facilitating a more joined-up and integrated approach to facility/venue management and the Council’s Development Services team aligned to delivery of Health and Wellbeing priorities; this could also involve transfer of some services to partner operators.	(PROVIDE AND PROTECT)									
Recommendation 10 (R10)	Invest in the development of additional/replacement facilities to address identified gaps: <table border="1" data-bbox="483 544 1675 1477"> <thead> <tr> <th data-bbox="483 544 674 603">Facility Type</th> <th data-bbox="685 544 1196 603">Priority for Future Provision</th> <th data-bbox="1207 544 1675 603">Location</th> </tr> </thead> <tbody> <tr> <td data-bbox="483 611 674 1230"> Sports Halls </td> <td data-bbox="685 611 1196 1230"> <ul style="list-style-type: none"> Increased community use/opening hours Refurbishment/replacement of existing ageing facilities – potentially through planning obligations Introduction of formal Community Use Agreements in schools to improve community access, especially during peak times Joint strategic planning of sports hall facilities with Bromsgrove District Council and other neighbouring local authorities, </td> <td data-bbox="1207 611 1675 1230"> Abbey Stadium, Arrow Vale School, Trinity School, Tudor Grange School, Abbey Stadium sports hall; Arrow Vale School, Arrow Vale Sports and Leisure Centre St Augustine’s School St Bede’s Catholic Middle School Trinity High School Tudor Grange Academy, </td> </tr> <tr> <td data-bbox="483 1238 674 1477"> Swimming </td> <td data-bbox="685 1238 1196 1477"> <ul style="list-style-type: none"> Joint strategic planning of swimming facilities required with Bromsgrove District Council. Development of additional water space to meet current and future </td> <td data-bbox="1207 1238 1675 1477"> Redditch Borough and some engagement with Wychavon District Council, Birmingham City Council Redditch Borough- Kingsley Sports Centre and/or Abbey Stadium </td> </tr> </tbody> </table>	Facility Type	Priority for Future Provision	Location	Sports Halls	<ul style="list-style-type: none"> Increased community use/opening hours Refurbishment/replacement of existing ageing facilities – potentially through planning obligations Introduction of formal Community Use Agreements in schools to improve community access, especially during peak times Joint strategic planning of sports hall facilities with Bromsgrove District Council and other neighbouring local authorities, 	Abbey Stadium, Arrow Vale School, Trinity School, Tudor Grange School, Abbey Stadium sports hall; Arrow Vale School, Arrow Vale Sports and Leisure Centre St Augustine’s School St Bede’s Catholic Middle School Trinity High School Tudor Grange Academy,	Swimming	<ul style="list-style-type: none"> Joint strategic planning of swimming facilities required with Bromsgrove District Council. Development of additional water space to meet current and future 	Redditch Borough and some engagement with Wychavon District Council, Birmingham City Council Redditch Borough- Kingsley Sports Centre and/or Abbey Stadium	(PROVIDE AND ENHANCE)
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		demand (feasibility work required)			
	Health and Fitness	<ul style="list-style-type: none"> Although there is an oversupply of fitness stations in Redditch now and by 2040, it is important to retain community access and affordable fitness stations. Improvement in the quality of the poorer quality studio at Abbey Stadium Sports Centre 	Redditch Borough		
	Squash	<ul style="list-style-type: none"> Support existing provision of 2 courts in the Borough to maintain supply of courts 	Redditch Borough		
	Athletics	<ul style="list-style-type: none"> Maintain provision of the synthetic track. Improve the track condition and quality by undertaking required track maintenance. 	Redditch Borough		
	Gymnastics	<ul style="list-style-type: none"> Support for gymnastics clubs looking to find former industrial units in which to run gymnastics programmes. 	Redditch Borough		
	Facility Type	Priority for Future Provision	Location		
	General Provision	<ul style="list-style-type: none"> Need to retain community centres that can be used for informal sport and physical activity. Overall, and specifically through the housing growth agenda, provision of more active environments, reflecting active travel, cycle infrastructure, safe cycle routes to school, the need to link 	Redditch Borough		

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		existing and new communities with walking/cycling/jogging routes – all supporting access and movement			
Recommendation 11 (R11)	Provide support to gymnastics clubs looking to identify former industrial units as a club base, to develop gymnastics in the borough.				(PROVIDE AND ENHANCE)
Recommendation 12 (R12)	Where appropriate, Redditch Borough Council and its partners seek to secure developer contributions from strategic developments that could contribute towards the development/refurbishment of strategic facilities, additional and safe walking, running, and cycling routes, and where possible to open up other informal, multipurpose places and spaces where people can be active.				(PROVIDE AND PROTECT)
Recommendation 13 (R13)	Redditch Borough Council and all its partners identify the level of capital funding required to address the identified investment needs for sports facilities, and investigate all available sources for capital funding, on a partnership basis. To support this process, it is recommended to involve Herefordshire and Worcestershire Sports Partnership.				(PROVIDE)
Recommendation 14 (R14)	Redditch Borough Council and its partners prioritise investment in the development of high-quality community sports facilities/spaces, with local partners. Increasing available capacity and therefore opportunities to take part in regular physical activity, in the local community, will contribute to improved health and wellbeing, increased participation and better community cohesion.				(PROVIDE AND ENHANCE)
Recommendation 15 (R15)	There should be on-going monitoring of this Strategy through its implementation, but as a minimum, progress should be reviewed and refreshed every five years. On-going monitoring should include partnership working with neighbouring local authorities to keep aware of facility changes and developments.				(PROTECT)

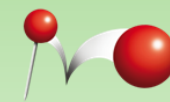
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Redditch Borough Council

Playing Pitch and Outdoor Sports Strategy

An Executive Summary

December 2023



1 Introduction and Context

- 1.1. As set out in the Redditch Leisure and Culture Strategy 2022-2032, Redditch Borough Council's Vision for future provision of leisure and culture in Redditch is:

Healthier and happier communities actively engaged in leisure and culture.

- 1.2. The Redditch Leisure and Culture Strategy is an over-arching document, aligned to the Corporate Plan, comprising strategies for Parks and Open Spaces (including 4 Management Plans), Built Sports Facilities, Arts and Culture, and Playing Pitches. It recognises the contribution that leisure and culture can make to the achievement of our corporate and community priorities, and specifically community health and wellbeing.

Purpose of the Playing Pitch and Outdoor Sports Strategy (PPOSS)

- 1.3. The PPOSS informs the Redditch Leisure and Culture Strategy and will guide future provision of playing pitches and outdoor sports facilities to serve existing and new communities in Redditch.

Methodology for developing the PPOSS

- 1.4. The PPOSS has been developed using the 2013 Sport England Playing Pitch Strategy Guidance (https://www.sportengland.org/how-we-can-help/facilities-and-planning/planning-for-sport?section=assessing_needs_and_playing_pitch_strategy_guidance), and for non-pitch sports the Sport England 'Assessing Needs and Opportunities Guidance (ANOG)'.
- 1.5. Sport England is a statutory consultee on all planning applications affecting playing fields used in the last 5 years, and a consultee on other applications: it looks to improve the quality, access, and management of sports facilities as well as investing in new facilities to meet unsatisfied demand.
- 1.6. The key drivers for the production of the PPOSS as advocated by Sport England are to protect, enhance and provide sports facilities, as follows:
1. **Protect:** To provide evidence to inform policy and specifically to support site allocations and development management policies which will protect sports facilities and their use by the community, irrespective of ownership;
 2. **Provide:** To ensure that sports facilities are effectively managed and maintained and that the best uses are made of existing resources – whether facilities, expertise and/or personnel to improve and enhance the existing provision – particularly in the light of pressure on local authority budgets; and

3. **Enhance:** To provide evidence to help secure external funding for new facilities and enhancements (if on the infrastructure list) and Section 106 agreements. Sport England and the local authority can then use the strategies developed and the guidance provided in making key planning decisions regarding facility developments in the area.

Appendices not included as part of Stage D

- 1.7. Stage D of the PPOSS, provides a summary of key findings, explores specific scenarios and makes recommendations for individual sports informed by work undertaken at Stages B and C.

Stage E

- 1.8. Stage E of the PPOSS involves establishment of a Steering Group to oversee implementation of the recommendations, update the PPOSS when needed, and ensure ongoing dialogue with both Sport England and National Governing Bodies (NGBs) about pitch and outdoor facility provision.

Recommendations

Pitch Type/Facility	Recommendations
3G Artificial Grass Pitches	<ul style="list-style-type: none"> Protect the existing stock of 3G pitches, ensuring community use is kept. Development of at least 1 full size 3G pitch. The most appropriate location to be established by RBC, clubs, and community partners through further analysis at Stage E. If the chosen site for development is under educational ownership, a secure community use agreement is imperative to ensure community use at peak times (see Stage B for potential development locations).
Grass Football Pitches	<ul style="list-style-type: none"> Protect existing quantity of pitches (unless replacement provision is agreed upon and provided), in line with Sport England’s Playing Fields Policy. Work to reinstate currently disused Council owned football pitches into circulation to support current and future community usage. RBC should aim to bring all sites back into use however, priority should be given to reinstating adult and youth 11v11 pitches. Where pitches are disused, overplayed and/or assessed as ‘Poor’ or ‘Standard’ quality, prioritise investment and review maintenance regimes to ensure it is of an appropriate standard to sustain use and improve quality to a ‘good’ standard. Again, due to the current deficit, priority should be given to adult and youth 11v11 pitches, and the most significant impact could be made at Arrow Valley Park and Greenland’s Playing Fields.

Redditch Borough Council
Playing Pitch and Outdoor Sports Strategy

Pitch Type/Facility	Recommendations
	<ul style="list-style-type: none"> Improve ancillary facilities where there is a demand to do so and where it can benefit the wider footballing offer, particularly for women and girls. Priority should improve Greenland's Playing Fields facilities and delivering new ancillary facilities at Terry's Memorial Playing Field.
Hockey	<ul style="list-style-type: none"> Protect hockey sites to ensure clubs have adequate access to good quality facilities Ensure there are enough pitches to meet demand in the future i.e. there must be at least one full size pitch available to the community in Redditch.
Rugby Union	<ul style="list-style-type: none"> Improve the drainage infrastructure at Redditch Cricket Hockey and Rugby Club and prioritise GMA inspections and reports at all community club sites in the study area. The development of a WR22 3G pitch, and its use to meet rugby training demand should be considered. Although any 3G pitch would be developed to meet the needs of football clubs in the first instance, if it was an appropriate specification for rugby union, some of Redditch RFC's training demand could be met. The development of an additional senior grass pitch at Redditch Cricket Hockey and Rugby Club, utilising the existing rugby union pitch at Terry's Memorial Field. Additional pitches in Redditch, but preferably at Redditch Cricket Hockey and Rugby Club, to be floodlit.
Cricket	<ul style="list-style-type: none"> Protect the existing supply of cricket provision, in line with Sport England's Playing Field Policy. Improve pitch quality at Feckenham CC from standard to good. Refurbish or rebuild the existing ancillary provision at Feckenham CC. Improve existing or develop new non-turf wickets (NTP) to help meet junior cricket demand, therefore creating extra capacity on grass wickets for adult provision. The development of community use agreements would again be imperative for this. A priority site for NTP development is Astwood Bank CC. Addition of a 2nd square at Astwood Bank to help meet the club's current shortfall of provision
Tennis	<ul style="list-style-type: none"> Protect existing quantity of tennis courts and improve community access to them. This is particularly important at Redditch Borough Sports and Social Club, where it is important that the courts are reopened for community use. Responsibility of RBC, Sports Club, Facility Owners. Support grounds staff to review quality issues on courts to ensure appropriate quality is achieved at sites assessed as standard and sustained at sites assessed as good. Priority sites for quality reviews are Arrow Vale Sports Centre. Responsibility of LTA, RBC, and schools where appropriate. Ensure club future demand can be accommodated on existing supply of courts. Responsibility of LTA, RBC and Sports Clubs where appropriate. Ensure that any large housing developments provide for tennis and need is assessed by use of Sport England's ANOG Guidance.

Redditch Borough Council
Playing Pitch and Outdoor Sports Strategy

Pitch Type/Facility	Recommendations
Netball	<ul style="list-style-type: none"> • Protect existing quantity of netball courts. Responsibility of RBC, Sports Club, Facility Owners. • Ensure club future demand can be accommodated on through existing indoor provision and supplemented through existing supply of outdoor courts, working with facility owners/managers to provide both indoor and outdoor netball. Responsibility of England Netball, RBC and Sports Clubs where appropriate. • Ensure that any large housing developments provide for netball, need should be assessed by use of Sport England’s ANOG Guidance. • Where developments would benefit from floodlights on site to provide additional evening capacity, work with facility owners to determine the viability of these investments.
Bowls	<ul style="list-style-type: none"> • Protect existing quantity of all facilities. Responsibility of RBC, Sports Club, Facility Owners. • Support grounds staff to review quality issues on greens to ensure appropriate quality is achieved at sites assessed as standard and sustained at sites assessed as good. Responsibility of Bowls bodies, RBC and Sports Clubs where appropriate. • Ensure club future demand can be accommodated on existing supply of greens. Responsibility of Bowls bodies, RBC and Sports Clubs where appropriate. • Work with clubs, RBC, and bowls bodies to further assess the need for improved ancillary facilities at White Hart Crown Green. • Work with clubs to support development and growth of the sport.

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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: matthew.eccles@Bromsgrove@Redditch.gov.uk 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.

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- 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.

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- 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.

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- 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.

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- 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.

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04/10/2022

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



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Background & Introduction

Globally, governments have committed to keep within 1.5°C increase in temperature to avoid catastrophic impacts from climate change¹. 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 ₂	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 council's 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

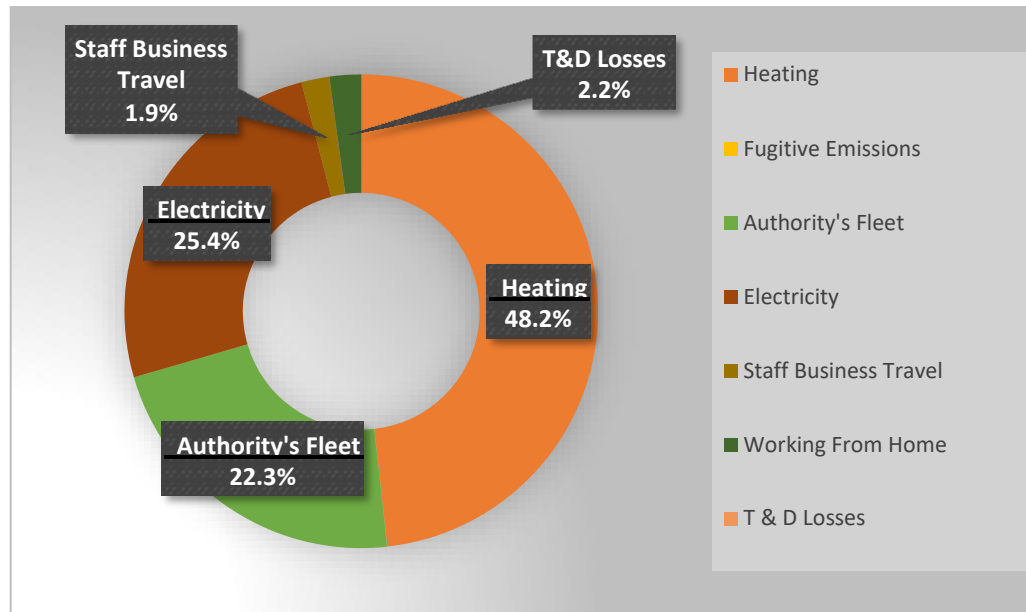
Background: The borough of Redditch has 17% of the overall Worcestershire sales figure for the low carbon economy. Redditch also has 25% of the companies engaged in this sector, and 14% of the total number of this sectors employees. The low carbon economy in Redditch grew by 14.6% in 2019/20 and employs 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

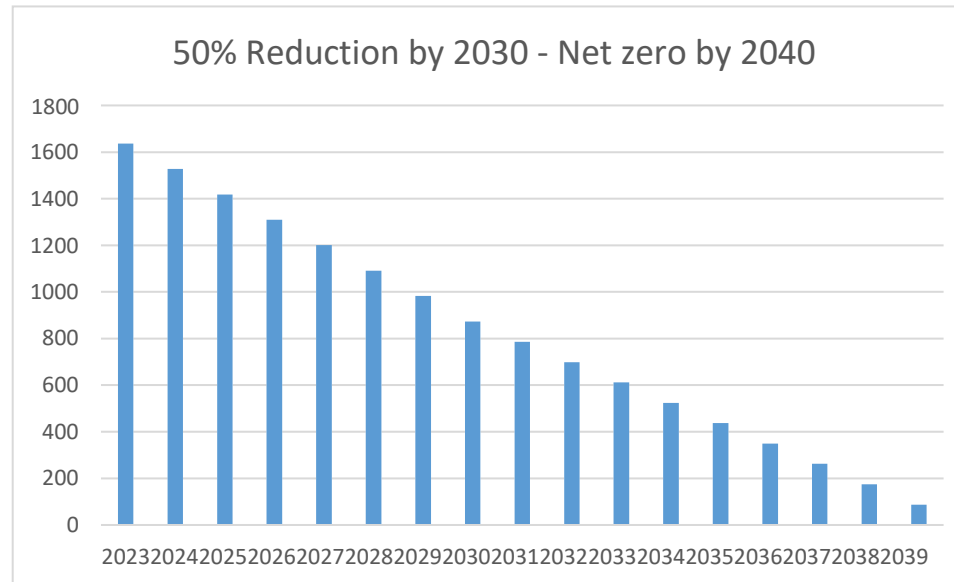
Background: Official carbon emission figures for the Borough of Redditch are currently available from the department of Business Energy & Industrial Strategy (BEIS). These figures are for the activities that take place within the borough, the totals represent both the direct emissions from the activities 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 ₂	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 ₂	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 ₂	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 ₂	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 ₂	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 ₂	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 ₂	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 ₂	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 ₂	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 ₂	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 ₂	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 ₂	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 ₂	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.

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Measure	Estimated Saving in tonnes CO ₂	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>Town Hall Carbon saving 2019 (pre upgrades) Electricity – 690,858 kWh Gas – 570,306kWh</p> <p>2022 (post upgrades) 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 ₂	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 ₂	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

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REDDITCH BOROUGH COUNCIL**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 1st 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 1st April 2023. The Government has confirmed in business rates information letter 4 of 2023 that the regulations will be revoked from 1st April 2024. The effect of the two changes is that billing

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authorities will have full flexibility on the award, backdating and revocation of discretionary rate relief from 1st 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.

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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

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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.

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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
1	<p>Use of the property:</p> <p>The property must be used wholly or mainly for the purpose of the charity - Community Amateur Sports Club (CASC).</p>	Application.
2	<p>Annual turnover:</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.
3	Charitable status	
4	<p>Membership:</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>
5	<p>Access to facilities:</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
6	<p>Profits:</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.
7	<p>Community links:</p> <p>Establish if the charity is a local organisation and who uses the organisation and its facilities.</p>	Application form.
8	<p>Proportionate use of the property:</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.
9	<p>Other sources of support:</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
1	<p>Use of the Property:</p> <p>The shop must be wholly or mainly used for the purposes of the charity.</p>	<p>Signed Application Form</p> <p>Inspection of the premises.</p>
2	<p>Sale of Goods:</p> <p>The shop must sell wholly or mainly donated goods and the sale of the goods must be applied to the purposes of the charity.</p>	<p>Signed application form.</p> <p>Information regarding the sale of items, accounts.</p>
3	<p>Local Benefits:</p> <p>The Charity must be able to demonstrate that the local community derives benefits from the services the charity provides.</p>	<p>Details of the type of services provided to the residents and the number of residents who benefit from the support.</p>
4	<p>The Market Principle:</p> <p>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.</p>	<p>Signed application form.</p> <p>Inspection of premises.</p>

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
1	<p>Use of the property:</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.
2	<p>Annual turnover:</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.
3	<p>Membership:</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>
4	<p>Access to facilities:</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
5	<p>Profits:</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.
6	<p>Community links:</p> <p>Establish if the charity is a local organisation and who uses the organisation and its facilities.</p>	Application form.
7	<p>Proportionate use of the property:</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.
8	<p>Other sources of support:</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.
9	<p>Trading Arms</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>Financial Viability</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.

Criteria		Evidence
1	<p>Local Value:</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>
2	<p>Sole premises:</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>
3	<p>Profits:</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>
4	<p>Financial Viability</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
1	<p>Local Value:</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>
2	<p>Local Jobs:</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>
3	<p>Nature of hardship:</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>
4	<p>State Aid Declaration:</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>Part Occupation:</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>Length of time:</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>Reason:</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>Local Value:</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>Local Jobs:</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
3	<p>Reason for the discount</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>	
4	<p>The business is the only example of its kind.</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.
5	<p>State Aid Declaration</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:

Relief	Delegated Authority
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

6th 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 31st March each year for the subsequent financial year. The Pay Policy Statement for the Council is included at Appendix 1.

The Statement must set out policies relating to-

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

- (i) The remuneration of its chief officers, and
- (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

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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

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 1st 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.

Title	% of Chief executive salary	Pay range (minimum) £	Pay range (maximum) £	Incremental points	Cost to Redditch Borough Council £
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 1st 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 6th February 2024****Financial Recovery Plan**

Relevant Portfolio Holder	Councillor 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: 0152764252
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

The purpose of this report is to set out the processes the Council has 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 C-19 pandemic period. This follows on from a report presented on the 14th September 2022 and also the discussions over the S24 Statutory Recommendations that took place in Audit, Governance and Standards Committee, Executive and Council in November and December 2022 and 2023.

2. RECOMMENDATIONS

Executive are asked to Resolve that:

- 1) Progress made on the financial recovery be noted including:
 - Delivery of the Statutory Accounts
 - Delivery of Statutory Financial Returns
 - 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, as contained in this Report, be noted.

3. KEY ISSUES**Financial Position**

- 3.1 The Council implemented a new financial system in February 2021. The existing financial system was at the end of its useful life and would not deliver process

REDDITCH BOROUGH COUNCIL**Executive 6th February 2024**

improvements required to move the Council forward. This implementation has not been smooth and has led to a deterioration of the Councils financial position. This has included:

- Non completion of the 2020/21, and 2021/22 Accounts.
 - Non delivery of monitoring information during the 2021/22 financial year.
 - Non delivery of Government financial returns.
 - Incomplete take-up of the new system by both Finance and Service Users.
 - Loss of key financial staff.
- 3.2 A finance recovery programme was put in place from April 2022 to start to rectify the situation. This was reported through to Executive in September 2022.
- 3.3 These issues build on comments from the External Auditors relating to 2019/20 accounts, which were only approved in the fall of 2021 and the subsequent issuing of the S24 Recommendation on the 31st October 2022 due to non-delivery of the 2020/21 Statement of Accounts. Comments on the 2019/20 accounts highlighted issues on working papers were highlighted as a significant issue.
- 3.4 The Interim 2021/22 and 2022/23 Auditors Annual Report was received and reviewed by the Audit, Governance and Standards Committee on the 23rd November and Council on the 5th December. The report still contains the S24 Recommendation relating to the non-delivery of the 2020/21 Statement of Accounts, but is now extended to the two subsequent years where are also now due. The Recommendation from Audit Governance and Standards Committee to Council is that:
- the Section 24 Statutory Recommendation be accepted, and that Council review the recommendation, endorse the actions included in the management responses which form the rectification process required as per legislation.
- 3.5 Reflecting the differences between the 2020/21 Interim report and the 2021/22 & 2022/23 Interim Report:
- The Section 24 Recommendation around the delivery of the 2020/21 accounts is still in place and has been extended to the subsequent accounting periods now outstanding.
 - Of the 6 Key Recommendations in the 2020/21 report, only one serious weakness remains in relation to opening balances linked to the budget which will be resolved with the delivery of the Accounts, the remainder of those significant weaknesses have been resolved or linked to Improvement Recommendations (of which there are 10 in the report).
 - There is one new Key Recommendation linked to Organisational Capability and Capacity. The Council is mitigating this in the main through the rollout of the Workforce Strategy.
 - Of the 13 2020/21 Improvement Recommendations, 9 have been fully or partially addressed and 4 are yet to be addressed. Again, ongoing improvements are linked to the 10 new Improvement Recommendations set out in the External Auditors report.

REDDITCH BOROUGH COUNCIL**Executive 6th February 2024**

- 3.6 The External Auditors have noted the significant progress the Council has made in all areas apart from the delivery of the Accounts. As such the existing S24 Statutory Recommendation remains outstanding in relation to the 2020/21 Accounts and they have concluded that it is appropriate for them to use their powers to make written recommendations under section 24 of the Act, with the key reason being the non-delivery of the 2020/21 and subsequent Statutory Accounts.
- 3.7 The Council continue to move forward with the rectification processes and in particular:
- A Peer Challenge did take place in early March, which was a joint review with Redditch, and another report on this agenda sets out actions plans, including a “finance action plan”, to meet the Peer Challenge’s recommendations. The follow up Peer Review sessions has taken place in December 2023.
 - The root and branch review on how the Council arrived at the Section 24 recommendations carried out by the Task Group of Audit, Standards and Governance Committee at Bromsgrove in February and the recommendations of that report were approved/endorsed by Audit, Governance and Standards Committee in March 2023.
 - That Audit, Governance and Standards Committee continues as a standing agenda item to review progress against the Audit recommendations, and national and local deadlines.

Rectification Process

- 3.8 The Reports presented to Council in December set out the Management Action Plans in place to rectify the issues set out in the S24 Recommendations and the draft 2020/21 External Audit Report. These are also set out in the Peer Review report Appendix G. This report now concentrated on movement since those formal responses.
- 3.9 Movement since the last finance recovery report on the 18th October 2023 has included:
- Updated 2022/23 Revenue Outturn Estimates have been presented to DLUHC.
 - Updated 2022/23 Capital Outturn Estimates have been presented to DLUHC.
 - A Quarter 2 Finance and Performance Report 2023/24 was presented to Executive. This also included an update on Assets/RAAC.
 - Joint work has continued with External Audit on providing evidence of control balances at the time of the transfer from eFin to TechOne on the 8th February 2021. Period 0 data has been provided on the 13th November and the auditors reviewed this and returned 92 coding issues on the 23rd November which are being worked through by the Council. The exiting eFin system is being upgraded to ensure full reporting is available going forward. As of the 18th January joint work continues in terms of validating the balances.
 - The 2021/22 Housing Benefits Audit has been signed off.
 - The Q2 financial monitoring was undertaken on TechOne, not on spreadsheets, which is 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 continues.
 - We interviewed for Head of Finance and Customer Services vacant position on the 8th December. We have appointed Debbie Goodall who starts on the 8th April.

REDDITCH BOROUGH COUNCIL**Executive 6th February 2024**

- We are interviewing for 5 finance posts on the 25/6 January. We had 29 applicants for those positions.
- The Financial Compliance Report, setting out movement in the financial recovery plan, has been reviewed by Audit, Governance and Standards Committee in July, September and November 2023.

3.10 In terms of closure work, the following actions have taken place/been agreed with our External Auditors:

- Closure 2020/21
 - Agreement of Treatment of Take on Balances – This was expected to be completed by July, but joint work is still being undertaken by the Council and External Auditors to validate these balances. The Council has supplied all data except Period 0 and the External Auditors have input this data into a model to verify full transfer of balances has taken place. However this cannot be completed until the period 0 balances are provided. The Period 0 balances have been supplied by the Council's previous financial systems providers Advanced to the External Auditors on the 13th November. Additional list of Queries sent by Auditors and response provided on 15th December. Auditors have resumed their work on take on balances following the Christmas break and we are working jointly on the final solution.
 - Provision of Draft 2020/21 Accounts to Audit. This is dependent on the External Auditors confirmation that they have approved both Council's take-on balances work. To date only limited high level testing has taken place although significant work has been undertaken.
 - Sign Off of 20/21 Accounts – to be confirmed with the External Auditors
- Closure 2021/22
 - Updated Outturn position – still to be provided (cash receipting backlog to be cleared by 31 December 2023)
 - Draft Accounts ready for Auditors (without any 2020/21 Audit Adjustments) estimated March 2024.
 - Audit of Accounts following Audit of 2020/21 Accounts.
 - Sign off of the Accounts – to be confirmed with External Auditors but estimated May/June 2024.
- Closure 2022/23
 - Budget Manager Closure Training took place in late March with 83 staff attended closure training.
 - Draft Provisional Outturn Report – Executive Report delivered on the 12th September 2023.
 - 2022/23 draft Revenue Outturn and Capital Outturn Reports presented to DLUHC.
 - Draft 2022/23 Accounts to Audit – TBC (following External Auditors sign off 21/22 Accounts)
 - Sign off of the Accounts – to be confirmed with External Auditors but estimated November 2024.

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- Value for Money Opinions for 2021/22 and 2022/23. External Auditors delivered their joint Value for Money Opinions in November 2023:
 - S24 Recommendation still in place and extended for 2021/2 and 2022/3 Accounts.
 - 5 of the 6 2020/21 Key Recommendations either delivered or now linked to Improvement Recommendations.
 - 9 of 13 2020/21 Improvement Recommendations either fully or Partially Delivered
 - One new Key Recommendation – linked to Workforce Strategy
 - Ten updated Improvement Recommendations

- 3.10 A recovery programme action that is still causing concern is the replacing staff – due to Market shortages which are now more acute and driving up day rates. We are using temporary resource to cover a number of positions. However, we are confident of filling 5 positions at the interviews on the 25/6 January.

- 3.11 The July report set out reservations across the Sector from Councils, Auditors, the Financial Standards Authority (FSA), Public Sector Audit Appointments (PSAA) and DLUHC on the delays in the Audit of Statutory Council accounts. There are over 500 Audit Opinions still outstanding for English Councils for 2021/22 and earlier. Add to this the 424 Audits due to be completed by November 2023 for the 2022/23 financial year, and a severe impact can be seen on the sector. Both the PSAA and FSA have highlighted the following key issues to be resolved including:
 - Having a Workforce Strategy that improves attractiveness and prestige in the local government and audit profession.
 - Identification of changes required to promote high standards and financial reporting and audit in the public interest.
 - Creating a roadmap securing sustainable reforms underpinned by an agreed vision and purpose of financial reporting and audit.

- 3.12 As reported in the July and September Reports, DLUHC have stated that they are moving to rectify these backlogs by changing how audits are performed over the medium term. DLUHC are concerned that the most time should be spent on auditing more recent accounts, so scopes of audits will be reduced (still to be confirmed) however Auditors will still be expected to serve S114 and other Statutory Recommendations. The governments' view is that Audits will be given statutory deadlines for completion as follows:
 - 2015/16 through to 2019/20 must be signed off by the 30th December 2023
 - 2020/21 and 2021/22 by the 31st March 2024
 - 2022/23 by the 30th September 2024

REDDITCH BOROUGH COUNCIL**Executive 6th February 2024**

- 3.13 There is still no official update on when these timetables will be enacted. Once this is known there might be the requirement for the Council to changes its delivery timetables. On the 18th January the Council received a letter from their External Auditors setting out that the backstop date will be the 30th September for all outstanding sets of accounts and a consultation is about to be circulated.
- 3.14 We have upgraded the TechOne system, moving from the present version which is 20b to 23a over the weekend in July 2023. This upgrade has given access to more functionality. This means the Council is now on the latest version of TechOne although because Redditch and Bromsgrove are still the only Council's on Cash Receipting, when the weekly updates come in they have do additional checks to ensure the functionality is working as expected.
- 3.15 Once the External Auditors sign off the data take on balances the draft 2020/21 Accounts will be submitted. The Council has not submitted them yet as if the External Auditors have issues with the data take on balances and the draft accounts had been submitted then this could lead to qualified accounts. Work is under way on the 2021/22 Accounts although they cannot be finalised until the audit of the 2020/21 Accounts is complete. The key driver is the clearance of the cash receipting suspense accounts which is expected to be delivered by end of December.
- 3.16 Progress on the following key financial and compliance indicators are reported monthly to CMT monthly and to both Audit Committees bi-monthly by the S151/Deputy 151 Officers. There is a requirement to report all finance deliverables as per the Recommendations of the Audit Task Group:
- **Budget**
 - Delivered by 11th March in preceding financial year – ***delivered Feb 2023***
 - Council Tax Base – Yearly – ***2023/24 delivered in January 2023***
 - Council Tax Resolution – ***Yearly 2023/4 delivered in February 2023***
 - Council Tax Billing – Yearly (2 weeks before 1st DD is due to be taken) – ***Bills distributed in March 2023***
 - **Closure**
 - Draft Accounts delivered to Audit by 31st June in order for 22/23 RO forms to be delivered.
 - 2020/21 Audit ***dependent on previous years and Cash Receipting Backlogs being completed (see closure section)***
 - **Government Returns**
 - VAT – Monthly
 - ***Still to be delivered for 20/21 – dependent on closure of accounts***
 - Revenue Outturn Reports – July
 - ***Still to be delivered for 20/21 – dependent on closure of accounts***

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- **22/23 RO has been delivered and the Council has responded to queries on the return. Noted however that the data was not included in the CIPFA Resilience Index.**
- Capital Outturn Reports – July
 - **Delivered for 2020/21 and 2021/22 on Friday 30th June**
 - **22/23 CO has been delivered.**
- Quarterly Revenue Outturn Estimates
 - **Quarters 1-3 delivered (have warnings from previous year as not delivered)**
 - **Quarters 1 and 2 for 23/4 have been delivered.**
- Quarterly Capital Outturn Estimates
 - **Quarters 1-3 delivered (have warnings from previous year as not delivered) Q4 to be delivered on 21st April 2023**
 - **Quarters 1 and 2 for 23/4 have been delivered.**
- Quarterly Borrowing Return
 - **22/23 Quarterly Returns delivered - Q4 delivered on 11th April 2023**
 - **Quarters 1 and 2 for 23/4 have been delivered.**
- Quarterly Council Tax and Business Rates Returns
 - **22/23 Quarterly Returns delivered - Q4 due 5th May 2023**
 - **Q1 23/4 delivered on 11th August.**
- Whole of Government Accounts Returns – August
 - **Still to be delivered for 20/21 – dependent on closure of accounts**
- RA – Revenue Budgets – April
 - **2022/23 Delivered on the 5th May 2022 and 2023/24 delivered on 14th April 2023**
- Capital Estimates Return – **to be delivered by 24th March 2023**
 - **23/24 delivered by 24th March 2023**
- Public Works Loans Board Certainty Rate – April
 - **2022/3 delivered on 28th April 2022**
 - **2023/4 delivered.**
- Pooling of Housing Capital Receipts – May
 - **2022/23 Delivered 13th May**
 - **23/4 Delivered**
- NNDR1 Return (Business Rates) – January
 - **Delivered December 2021 for 2022/23 and January 2023 for 2023/24 return**
- NNDR3 Return (Business Rates) – June and September
 - **Delivered in June 22 for 2022/23**
 - **Draft 22/23 NNDR3 provided to Worcestershire County Council for view of the pool. Final draft NNDR3 to be submitted to DLUHC by 18th May 2023.**
- Housing Benefit Subsidy Return – Yearly
 - **Sent 29th April 2022**
 - **2022/23 subsidy return delivered**
- DHP Claim – Yearly
 - **Sent 29th April 2022**
 - **22/23 return sent in May 23**
- CTB1 (Council Tax Base) – October

REDDITCH BOROUGH COUNCIL**Executive 6th February 2024**

- **Sent October 2022**
- **Sent October 2023**
- CTR1(Council Tax Requirement) – March
 - **22/23 sent 16 March 2022**
 - **23/24 sent 7 March 2023**
- **Policies**
 - Treasury and Asset Management Strategies
 - Initial Strategies as part of the MTFP – **2023/4 Strategy Approved in March 2023**
 - Half Yearly Report
 - **22/23 Update provided in Q1 Revenue Return**
 - **23/24 Report drafted for reporting**
 - **Yearly Outturn Report**
 - **22/3 Draft Report delivered**
 - Council Tax Support Scheme – Yearly –
 - **23/4 Approved in Jan 2023 after consultation.**
 - **24/5 Will be sent for approval in January 2024.**
 - Minimum Revenue Provision – yearly – **Approved as part of the 2023/4 to 2025/6 Medium Term Financial Plan**

In addition to this list there are other ad-hoc returns required (which was especially the case during C-19)

3.17 At this point, it is also important to include key Council deliverables (financially and risk based)

- Financial Monitoring – **delivered quarterly to Executive – 2023/4 Q1 Went to Executive in September 2023, Q2 went in December 2023.**
- Risk Management – **delivered quarterly to this Committee.**
- Financial Controls (still in development)
 - Clearance of suspense accounts – See the chart at the end of this Report for progress.
 - Bank Reconciliation - **linked to above point although a separate stream assessing/clearing 2023/4 items**
- Over £500 spending. **Updated to July 2023**

3.18 The key returns that have still not been delivered are the Revenue Outturn forms for 2020/21 and 2021/22 and the VAT returns. Linked to these are the Whole of Government Returns – for which over 100 Council are still to complete theirs for the 2020/21 financial year. We have now delivered the draft CO and RO forms for 2022/23 however final CO and draft RO returns cannot be submitted until the accounts are audited. Although the Government now allow these returns to be completed based on estimates, the level of uncertainty due to the Cash Receipting means these cannot be completed until the External Auditors sign off the Councils take on balances and the Council provides the draft accounts to Audit for each Council.

REDDITCH BOROUGH COUNCIL**Executive 6th February 2024**

3.19 There are a number of areas where compliance will be measured going forwards. Compliance to process and timetable is a key underlying theme of the Draft External Audit Reports 2020/21 through to 2022/23. These items are being measured to improve how we work and change behaviours. This will lead to an improved financial health/knowledge across both Councils. Not all these measures can be put in place instantly but there should be the full suite by the middle of the summer (Debt indicators depend on the clearing of suspense and the updating of the bank reconciliations).

3.20 Training:

- Closure Training took place in March with 83 attending.
- Mandatory Budget Manager Training (including the use of TechOne) took place in September 2023 – upskilling budget managers with the tools to input their forecasts directly onto TechOne.
- Mandatory Financial Awareness Training for managers took place in August and September.
- Payments/Purchase Order Training takes place monthly.

3.21 Treasury Management

- The Half Yearly Treasury Management Report will be presented to Executive in the Q3 Monitoring.
- The 2024/5 Capital, Treasury, MRP and Investment Strategies will be reviewed by Audit, Standards and Governance on the 25th January.

3.22 Audit VFM Report Requirements

- Budget Consultation will take place with Stakeholders in late January/ early February.
- Wider savings monitoring will be undertaken by this Committee quarterly.
- Capital and its deliverability will be reviewed as part of the Budget Tranche 2.
- Benchmarking is now incorporated into the budget process (using LG Futures data).
- The Internal Audit Service will be externally assessed in early 2024.
- The Council will seek an independent Audit Committee member and ensure the Committee remains apolitical in nature.
- The whistleblowing policy will be updated before the end of the financial year.
- Procurement and contract rules will be updated by the end of the financial year (to reflect changes to legislation happening in April 2024).
- Performance Indicators will be reviewed and updated following Strategic Priority setting sessions.

The Council is still to run sessions to assess its “risk appetite”.

3.23 **Errors:**

- Non delivery of GPC Card Data (monthly basis) – still to be started.

REDDITCH BOROUGH COUNCIL**Executive 6th February 2024**

- Mis-coding on TechOne per month – by Service Area - will begin once the cash receipting suspense has been cleared.

3.24

Process updates:

- Finance time to respond to queries:
 - Finance – to be measured.
 - Payments and Insurance – to be measured.
 - Income – to be measured.
- Procurement
 - The new 'No Compliance No Order' process has been live since April 2023.
 - Many departments are now proactively getting quotations for lower value works. A lot of the issues we have are now training issues that are being resolved.
 - The number of contracts in place is growing regularly and we are confident that this process is having a positive effect. We hope that eventually we get to the place where the number of orders coming to procurement for approval as contracts are not in place are minimal.
 - A report went to Executive in July setting out new government procurement requirements that the Council are addressing, many of which come into force on the 1st April 2024. The Q1 and upcoming Q2 Finance and Performance Monitoring Reports now set out:
 - All contracts requiring renewal over the next year that are over the present £200k threshold and these are placed on the forward plan.
 - All contracts between the old Key Decision level of £50k and £200k are listed and can be called in via the Scrutiny processes.
 - All contracts that are being procured by Bromsgrove over this period that relate to Redditch Services.

3.25

Towns Fund Programme:

- The Council were one of 5% of those Council's receiving funding as part of the Towns Fund Programme that received a "Deep Dive" review of their Governance processes over August and September. The C
- The only areas requiring follow up were updating processes for Subsidy Control rules (as with was State Aid previously) and ensuring Board Members Register of Interest declarations were up to date.
- The Council received confirmation from DLUHC on the 11th October that after careful review of the evidence by the Assurance and Compliance Team they were pleased to confirm that the Lead Reviewer feels that all the key requirements have now been satisfactorily met.

REDDITCH BOROUGH COUNCIL**Executive 6th February 2024**

- 3.26 Work is ongoing on the clearance of the Cash Receipting suspense accounts. These figures are updated every 2 weeks. The position as at the 31st October is summarised in the table below. As reported to this committee, the Council are working to have cleared the backlog by the end of this calendar year. Present progress indicates that there will be small, non-material balances still to clear at the 31st December but the overall position will mean that the 21/22 and 22/23 accounts closure processes can be run. Volume of items in suspense:

Row Lables	Number of Items under £1,000	Value	Number of Items over £1000	Value	Reconciled Items	Reconciled Value	Overall Total	Overall Amount
20/21 Items	5,347	-150,807.64	107	-494,640.00	24,954	11,693,050.58	30,408	11,047,602.94
21/22 Items	27,207	214,783.54	261	4,723,679.65	6,814	-46,132,548.83	34,282	-41,194,085.64
22/23 Items	6,520	-82,541.29	550	140,124,905.14	18,693	-43,885,713.17	25,763	96,156,650.68
23/24 Items	10,501	86,782.18	594	-55,864,203.73	6,032	78,325,213.32	17,127	22,547,791.77
Totals	49,575	68,216.79	1,512	88,489,741.06	56,493	1.90	107,580	88,557,959.75

4. Legal Implications

- 4.1 No Legal implications have been identified.

5. Strategic Purpose Implications**Relevant Strategic Purpose**

- 5.1 The Strategic purposes are included in the Council's corporate plan and guides the Council's approach to budget making ensuring we focus on the issues and what are most important for the borough and our communities. Our Financial monitoring and strategies are integrated within all of our Strategic Purposes.

Climate Change Implications

- 5.2 The green thread runs through the Council plan. Every report has potential financial implications and these in term can have implications on climate change. These will be addressed and reviewed through individual reports when relevant by climate change officers will ensure the correct procedures have been followed to ensure any impacts on climate change are fully understood.

6. Other Implications**Customer / Equalities and Diversity Implications**

- 6.1 None as a direct result of this report.

Operational Implications

REDDITCH BOROUGH COUNCIL**Executive 6th February 2024**

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

7. RISK MANAGEMENT

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

8. APPENDENCES

None

AUTHOR OF REPORT

Name: Pete Carpenter– Director of Finance (S151)

E Mail: Peter.Carpenter@bromsgroveandredditchbc.gov.uk

REDDITCH BOROUGH COUNCIL**EXECUTIVE COMMITTEE****6th 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 18th 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.

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- 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:

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- 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.

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- 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:

Service Adjustments				
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.

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Redditch Position Statement				
	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000
Base Budget Position 22/23 MTFP				
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
Revised Gap	949	833	1,040	1,040
Phase 1 Savings 2023/24 MTFP	-1,529	-1,849	-2,221	-2,221
Revised Position	-580	-1,016	-1,181	-1,181
Phase 1 Pressures 2023/24 MTFP	2,319	2,324	2,446	2,446
Phase 1 2023/24 MTFP Position	1,739	1,308	1,265	1,265
Local Government Settlement	-934	-700	-700	-700
Additional Savings (Phase 2)	-1060	-1060	-1060	-1060
Additional Pressures - Phase 2	566	519	432	432
Final 2023/24 MTFP Position	311	67	-63	-63
Known Changes				
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
Draft Opening Position 24/25	311	132	-6	192
Possible Adjustments				
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
Draft Opening Position	311	-16	-367	-391
Service Adjustments				
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
Revised Opening Position	311	353	93	72

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.

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- 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:

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- 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 6th February and the full Budget approved by Council on the 26th 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:

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Community Priorities	Organisational Priorities
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).

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- 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
Revised Tranche 1 Position	311	353	93	72

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

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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.

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- 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.

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	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000
Base Budget Position 22/23 MTFP				
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
Revised Gap	949	833	1,040	1,040
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Revised Position	-580	-1,016	-1,181	-1,181
Phase 1 Pressures 2023/24 MTFP	2,319	2,324	2,446	2,446
Phase 1 2023/24 MTFP Position	1,739	1,308	1,265	1,265
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
Final 2023/24 MTFP Position	311	67	-63	-63
Known Changes				
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
Draft Opening Position 24/25	311	132	-6	192
Possible Adjustments				
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	-71
Year 3 Fees and Charges Increase at 2%				-74
Government Grant at 23/4 Levels		-148	-148	-148
Draft Opening Position	311	-16	-367	-391
Service Adjustments				
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
Revised Tranche 1 Position	311	353	93	72
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
Updated Position Tranche 2		-29	-165	-166

Table 4 – Tranche 2 Budget

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- 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
Updated Position Tranche 2		-29	-165	-166
2025/6 Council Tax Freeze		0	144	144
Revised Tranche 2 Position		-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 23rd 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.

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- 3.35 Any increases to the Parking SLA, which is to be discussed at the Executive meeting on the 6th 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
Updated Position Tranche 2		-29	-165	-166
2025/6 Council Tax Freeze		0	144	144
Revised Tranche 2 Position		-29	-21	-22
Provisional Additional Government Grant		-103	-103	-103
Parking increases (to be agreed)		27	27	27
Final Tranche 2 Position		-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 31st 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

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Reserves Position	2023/24	2024/25	2025/26	2026/27
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.

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

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- 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 25th January.

The Housing Revenue Account Budget

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

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- 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:

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	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
INCOME							
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
Total Income	26,901	26,901	26,947	28,798	29,613	30,450	31,313
EXPENDITURE							
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
Total Expenditure	26,453	26,453	26,471	27,687	28,469	29,206	30,048
Net Operating Expenditure	-448	-448	-476	-1,110	-1,144	-1,245	-1,265
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
(Surplus)/Deficit on Services	-0	-0	0	0	0	0	0
HOUSING REVENUE ACCOUNT BALANCE							
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	3,148	3,148	3,176	3,176	3,176	3,176	3,176

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.

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	Outturn 2023/24	1 2024.25	2 2025.26	3 2026.27	4 2027.28
	£	£	£	£	£
Major Repairs Reserve					
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				
	8,840,000	7,675,000	7,225,000	6,900,000	6,900,000
Capital Receipts					
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				
	1,435,000	1,075,000	1,150,000	900,000	900,000
New Build/Acquisitions	1,800,000	3,000,000	3,000,000	3,000,000	3,000,000
	12,075,000	11,750,000	11,375,000	10,800,000	10,800,000

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

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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
	£	£	£	£	£
Major Repairs Reserve					
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
Balance 31st March	7,245,741	5,803,680	5,100,391	5,024,169	5,263,917
Capital Receipts					
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
Balance 31st March	3,644,007	3,687,075	3,682,350	3,955,411	4,256,854
Capital Receipts earmarked for replacement homes					
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
Balance 31st March	7,237,321	6,952,105	6,689,148	6,448,925	6,231,923
HRA Capital Reserve					
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
Balance 31st March	12,384,493	11,928,347	11,485,136	11,131,237	10,793,331
	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
Average Balances in year	32,543,721	29,441,385	27,664,116	26,758,384	26,552,884

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.

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- 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.

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- 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 30th 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

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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 29th January. Any comments will be fed into Executive and Council on the 21st February 2024.

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- 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

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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

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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 th January 2024 but to be confirmed in February)	103,000

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Summary 2024/5	Employees	ther Expenditu	Recharges	Recharges	Income	Net	Expenditure	Income	Net
BDC Regulatory Client	0	707,328	0	0	-230,290	477,038	85,000	-10,711	551,327
Business Transformation & Org Development	805,639	291,333	1,186,639	-318,174	-193,600	1,771,837	44,273	-819	1,815,291
Chief Executive	2,034,255	1,204,755	381,360	-247,917	-5,108,720	-1,736,267	145,196	-497,638	-2,088,709
Community & Housing GF Services	2,400,427	1,075,875	352,512	-703,121	-1,469,131	1,656,562	188,116	-49,364	1,795,315
Environmental Services	121,111	1,429,850	4,106,567	-42,486	-2,953,953	2,661,089	45,152	-108,435	2,597,806
Financial & Customer Services	4,063,883	19,460,191	0	-1,716,642	-19,940,024	1,867,408	372,881	-10,700	2,229,590
Legal, Democratic & Property Services	1,204,415	1,677,321	846,989	-569,019	-1,061,336	2,098,370	51,237	-34,806	2,114,801
Planning, Regeneration & Leisure Services	920,166	731,782	706,092	-480,093	-760,766	1,117,181	112,145	-82,528	1,146,798
RBC Rubicon Client	0	777,747	0	0	0	777,747	0	0	777,747
Total	11,549,896	27,356,182	7,580,159	-4,077,452	-31,717,820	10,690,965	1,044,000	-795,000	10,939,965
Corporate Financing	0	14,034,000	0	0	-24,657,965	-10,623,965	114,000	-459,000	-10,968,965
Financing						67,000			-29,000
Summary 2025/6	Employees	ther Expenditu	Recharges	Recharges	Income	Net	Expenditure	Income	Net
BDC Regulatory Client	0	720,328	0	0	-230,290	490,038	85,000	-14,852	560,186
Business Transformation & Org Development	817,426	291,333	1,202,533	-318,174	-193,600	1,799,518	44,148	-1,135	1,842,531
Chief Executive	1,983,450	1,209,755	387,455	-250,800	-5,120,162	-1,790,302	143,646	-497,885	-2,144,541
Community & Housing GF Services	2,449,155	1,075,875	356,596	-712,697	-1,469,765	1,699,164	188,313	-68,445	1,819,032
Environmental Services	122,909	1,384,350	4,185,574	-43,116	-2,993,899	2,655,818	45,135	-177,351	2,523,602
Financial & Customer Services	4,170,147	19,460,191	0	-1,717,541	-19,940,024	1,972,773	374,207	-14,836	2,332,145
Legal, Democratic & Property Services	1,230,355	1,677,321	689,119	-575,485	-1,461,336	1,559,974	51,398	-48,260	1,563,112
Planning, Regeneration & Leisure Services	937,251	726,782	706,092	-486,825	-760,766	1,122,534	112,154	-91,236	1,143,451
RBC Rubicon Client	0	777,747	0	0	0	777,747	0	0	777,747
Total	11,710,693	27,323,682	7,527,369	-4,104,638	-32,169,842	10,287,264	1,044,000	-914,000	10,417,264
Corporate Financing	0	13,714,583	0	0	-24,064,965	-10,350,382	272,000	-359,000	-10,437,382
Financing						-63,118			-20,118
	Employees	ther Expenditu	Recharges	Recharges	Income	Net	Expenditure	Income	Net
BDC Regulatory Client	0	720,328	0	0	-230,290	490,038	85,000	-18,273	556,765
Business Transformation & Org Development	817,426	291,333	1,202,533	-318,174	-193,600	1,799,518	60,217	-1,396	1,858,339
Chief Executive	1,983,450	1,209,755	387,455	-250,800	-5,120,162	-1,790,302	152,420	-498,089	-2,135,970
Community & Housing GF Services	2,449,155	1,075,875	356,596	-712,697	-1,469,765	1,699,164	236,460	-84,208	1,851,416
Environmental Services	122,909	1,384,350	4,185,574	-43,116	-2,993,899	2,655,818	47,551	-240,977	2,462,392
Financial & Customer Services	4,170,147	19,460,191	0	-1,717,541	-19,940,024	1,972,773	456,187	-18,252	2,410,708
Legal, Democratic & Property Services	1,230,355	1,677,321	689,119	-575,485	-1,461,336	1,559,974	75,585	-59,374	1,576,185
Planning, Regeneration & Leisure Services	937,251	726,782	706,092	-486,825	-760,766	1,122,534	130,579	-98,430	1,154,683
RBC Rubicon Client	0	777,747	0	0	0	777,747	0	0	777,747
Total	11,710,693	27,323,682	7,527,369	-4,104,638	-32,169,842	10,287,264	1,244,000	-1,019,000	10,512,264
Corporate Financing	0	13,714,583	0	0	-24,064,965	-10,350,382	324,000	-506,000	-10,532,382
Financing						-63,118			-20,118

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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
General Fund Earmarked Reserves:													
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
Total General Fund	7,504	(200)	(2,063)	5,242	(1,140)	(14)	4,088	0	0	4,088	0	0	4,088

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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	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 £
Large Schemes																			
Towns Fund																			
- 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			
Schemes Agreed to Continue in Tranche 1																			
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					

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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 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				

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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 £
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			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						

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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											
Total			10,939,259	1,968,507	20,507,674	5,956,180	4,938,263	2,200,918	3,680,154	6,089,386	2,302,316	4,232,399	1,495,054	2,974,290	0	14,428,288	3,653,864	705,864	705,864	705,864

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:

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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
TOTAL	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.

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- 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
TOTAL	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:

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

	2022/23 actual	2023/24 forecast	2024/25 budget	2025/26 budget	2026/27 budget
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

	31.3.2023 actual	31.3.2024 forecast	31.3.2025 budget *	31.3.2026 budget	31.3.2027 budget
General Fund & Regeneration	22.6	28.8	34.5	37.3	40.6
HRA	122.2	122.2	123.39	122.6	122.6
TOTAL CFR	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:

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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.

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- 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.

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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	181.5	186.5	191.5	191.5
Operational boundary – borrowing	170	175	180	180

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Operational boundary – PFI and leases	1.5	1.5	1.5	1.5
Operational boundary – total external debt	171.5	176.5	181.5	181.5

- 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

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

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

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- 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.

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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.

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- 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

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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.

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- 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 19th 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.

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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
Internal (over) borrowing	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
Treasury investments (or New borrowing)	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

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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
Net loans requirement	-2.3	3.9	10.1	12.9	16.2
Plus: Liquidity allowance	2.0	2.0	2.0	2.0	2.0
Liability benchmark	-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

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- 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.

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Table 3: Treasury investment counterparties and limits

Credit rating	Banks unsecured	Banks secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£3 m 5 years	£3m 20 years	£3m 50 years	£3m 20 years	£1m 20 years
AA+	£3m 5 years	£3m 10 years	£3m 25 years	£3m 10 years	£1m 10 years
AA	£3m 4 years	£3m 5 years	£3m 15 years	£3m 5 years	£1m 10 years
AA-	£3m 3 years	£3m 4 years	£3m 10 years	£3m 4 years	£1m 10 years
A+	£3m 2 years	£3m 3 years	£3m 5 years	£3m 3 years	£1m 5 years
A	£3m 13 months	£3m 2 years	£3m 5 years	£3m 2 years	£1m 5 years
A-	£3m 6 months	£3m 13 months	£3m 5 years	£3m 13 months	£1m 5 years
None	£1.5m 6 months	n/a	£3m 25 years	£1m 5 years	£500k 5 years
Pooled funds and real estate investment trusts		£2.5m per fund or trust			

- 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.

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- 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 31st March 2024 and £18 million on 31st 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.

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	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.

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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%

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- 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

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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.

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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.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Appendix 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.

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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.

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	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
Official Bank Rate													
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
3-month money market rate													
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
5yr gilt yield													
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
10yr gilt yield													
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
20yr gilt yield													
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
50yr gilt yield													
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%

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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 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset as the principal repayment on an annuity with an annual interest rate of 4%, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.
 - For assets acquired by leases, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
 - 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 31st March 2023, the budget for MRP has been set as follows:

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	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	
Total General Fund	28.8	0.87
Assets in the Housing Revenue Account	23.3	
HRA subsidy reform payment	98.9	
Total Housing Revenue Account	122.2	
Total	151.0	0.87

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.

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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
TOTAL	0	0	0	3.0

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- 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
TOTAL	0	0	0	0	0

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- 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.

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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
TOTAL INVESTMENTS	0	0	0
Commitments to lend	0	0	0
Guarantees issued on loans	0	0	0
TOTAL EXPOSURE	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

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Table 4: Investments funded by borrowing in £millions

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

- 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)

Investments net rate of return	2022/23 Actual	2023/24 Forecast	2024/25 Forecast
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
ALL INVESTMENTS	1.8	4.9	5.2

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

6th February 2024

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Overview and Scrutiny Committee

Thursday, 4th January,
2024

MINUTES

Present:

Councillor Sid Khan (Chair), Councillor Sharon Harvey (Vice-Chair) and Councillors Imran Altaf, Karen Ashley, Chris Holz, Joanna Kane, Jane Spilsbury and Monica Stringfellow

Also Present:

Councillor Craig Warhurst – Portfolio Holder for Housing and Procurement (on Microsoft Teams)

Officers:

Guy Revans, Judith Willis, Jonathan Elger, Claire Jones and Ishrat Karimi-Fini

Democratic Services Officers:

M Sliwinski

54. APOLOGIES AND NAMED SUBSTITUTES

Apologies for absence were received from Councillor Marshall.

55. DECLARATIONS OF INTEREST AND OF PARTY WHIP

There were no declarations of interest nor of party whip.

56. MINUTES

The minutes of the meeting of Overview and Scrutiny Committee held on 30th November 2023 were submitted for Members' consideration.

RESOLVED that

the Minutes of the Overview and Scrutiny Committee meeting held on 30th November 2023 be approved as a true record and signed by the Chair.

Chair

Overview and Scrutiny Committee

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57. PUBLIC SPEAKING

There were no public speakers registered to speak at this meeting.

58. HOUSING TENANCY AGREEMENT - CONSULTATION RESULTS

The Committee received a briefing paper concerning the results of consultation with council housing tenants on the new tenancy management policy and tenancy agreement. It was highlighted that as part of the consultation, which ended at the start of December 2023, 10 Tenant Roadshows were organised over the summer months, giving tenants the opportunity to discuss the Tenancy Management Policy and new tenancy terms directly with officers. Feedback was also received from tenants via a dedicated resident consultation email inbox, and via post. It was ensured that feedback sent to the resident consultation inbox was directly responded to by officers. A sample of responses provided by tenants was included at Appendix A to the briefing note.

It was noted that a key theme in tenants' feedback were concerns expressed by many tenants with security of tenure. Officers underlined that this was not affected in any way by the new tenancy terms as secure rights were a provision set out in law. To alleviate concerns expressed as part of the consultation, officers answered all queries relating to tenants' rights and ensured that in the final letter that went out with the new terms, it was stated as clearly as possible that secure rights were not affected in any way.

Additionally, officers reported that as a result of consultation responses from, changes were made to Tenancy Agreement around provisions relating to pets and storage of mobility scooters.

After the officer presentation, Members discussed the following points in detail:

- Total response rate to the consultation – Over 200 tenants had responded to the consultation in total. There were over 140 direct, face-to-face conversations with the tenants, and around 50-60 tenants responded via email or through a phone call. There were also a couple of cases in which home visits were arranged to enable tenants to provide a response.
- Choice of locations for the Tenant Roadshows – Officers noted that this was the first year of doing the road shows and there were some locations which were more successful than others in terms of numbers of tenants attending. Woodrow Shopping Centre was cited as a location where there was a

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- lot of engagement, while in Headless Cross and Stanley Park, for example, there was a lot less engagement.
- Total number of council tenants in Redditch and engagement on tenancy changes – It was noted there were 5,724 council tenants in Redditch and all received a formal letter advising about the proposed tenancy management policy and tenancy agreement and the consultation on these. There was also a second notice letter which also included reassurance that any changes to tenancy policy would have no effect on the tenancy status (e.g. secure tenancy rights).
 - Engaging with tenants who had difficulty understanding and/or responding to tenancy agreement – It was noted that the Council currently did not hold a lot of tenants' protected characteristic data such as disability or literacy requirement/support needs. However, housing officers cover all patches and were available for informal conversation with tenants throughout the consultation and were on hand to provide support with understanding the tenancy agreement if asked. It was stated that a new housing system was in the process of implementation which would provide a facility for recording this type of data.
 - Equality Impact Assessment (EIA) – Members requested that they be provided with copies of the EIA carried out for the consultation.
 - The Portfolio Holder for Housing and Procurement addressed the Committee and noted that the tenancy management policy and tenancy agreement are complex documents and with this in mind a summary of the changes proposed was included in the letter sent to tenants. The Portfolio Holder also highlighted that in response to feedback from tenants, areas of tenancy agreement relating to pets and mobility scooters were amended in the final agreement version.
 - It was noted that a sample of tenants' consultation comments and officer responses were included in the papers for the meeting, relating to main concerns of residents – assurance about secure tenants' rights, provisions relating to pets, and those relating to mobility scooters.
 - Law on tenancy succession and removal of joint tenant from social housing tenancy agreement – It was noted that these legal provisions had been set out more clearly in the new tenancy agreement, giving clarification to tenants. It was noted that Councillors were provided with information on these provisions as part of the Member presentation on Housing in November. Members could also approach officers directly with queries on social housing legislation.

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- Social Housing Repairs and adjudication of costs for repairs between the tenant and the Council – It was noted that there was an obligation on the social landlord to undertake a yearly cycle of repairs. Tenants had been provided with an online booklet which set out what repairs the landlord (the Council) was responsible for and what were the responsibilities of the tenant. In terms of terminology used in the tenancy agreement, terms were used which were recognised in courts and social services in cases of proceedings. In terms of a repair request, an assessment by a housing officer would take place before a repair was undertaken. If the tenant was not satisfied with the assessment, they could escalate the issue through the complaints process.
- Reasonable costs for major repairs to be borne by tenant – It was noted that what repairs were deemed ‘reasonable costs’ was defined in the fees and charges of the Council’s Social Housing Re-chargeable Repairs Policy. In the case of major works that needed to be undertaken and cost was rechargeable, the tenant might approach the Council to agree suitable repayment terms.

RESOLVED that the paper be noted.

59. PRE-DECISION SCRUTINY - REDDITCH PLAY AUDIT AND INVESTMENT STRATEGY

The Cultural Services and Parks Manager presented the Redditch Play Audit and Investment Strategy to the Overview and Scrutiny Committee. Members were advised that the Redditch Play Audit and Investment Strategy had been undertaken as a result of the Leisure and Culture Strategy. The audit was an opportunity to ascertain the current situation of play provision in Redditch and how future play provision could improve the overall accessibility of play provision in Redditch.

It was reported that there were currently forty-two play areas across the Borough. Of these forty-two, nine had a remaining expected life span of up to three years. The proposals contained in the report for the play areas included the following:

- The creation of two new neighbourhood level play spaces.
- The upgrading of three play spaces from Local to Neighbourhood provision.
- The upgrade of a further seven Neighbourhood play spaces and nine local play spaces.
- The decommissioning of six existing play spaces that were at ‘end of life’.

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- Investment in a further twenty-seven play spaces, that were currently in good condition, but needed upgrading within the next ten years.

During the presentation of the report, it was noted that the inequality of provision had been mapped and assessed in detail through computer based mapping (GIS). Furthermore, it was explained that play areas needed to comply with national standards in order to satisfy risk management procedures and to comply with the Council's insurers requirements.

The Cultural Services and Parks Manager outlined the financial implications contained within the report and that £100,000 of the 2023/24 play area requirement had already been accounted for in the Medium Term Financial Plan (MTFP) 2024-25 to 26-27 (Tranche 1) proposals. The Play Investment Strategy set out the costs of the capital programme for the play areas investment over the 10-year period with cost of circa £10,000 in year 1 rising to £145,000 requirement to finance the works by year 10.

Following the presentation, Members considered the report and the following areas were discussed in detail:

- Concerns about the state of play sites at locations (e.g. Dale Road and Dolphin Road) and the inclusion possibility of consultation with residents on the repair and/or decommission – Officer explained that the locations above were identified as having a 1-3 years lifespan left but if immediate safety concerns were identified then decommissioning would start earlier. In terms of the proposed investment in creating a play area at Abbeydale Park (Terry's Field), it was explained by the officer that the area had been looked at robustly as part of that exercise, with the Council's Community Safety Team engaged, and it was judged that anti-social behaviour in that area had reduced to allow for play area to be developed. Residents would be consulted on the type of equipment to be used.
- Willow Trees Community Centre play area – Officers explained that it was the understanding of officers that this play area was not under Redditch Council land management. However, the Officer undertook to check the agreement with regard to land management of that location.
- Rationale behind replacing local play areas (specific toddler offer) with larger neighbourhood-level play areas – It was explained that from the Council's perspective maintenance of smaller local spaces was logistically onerous on the Council as compared to larger, neighbourhood-level play areas. The

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investment cost of maintaining some local play areas also compared unfavourably with the neighbourhood play areas. It was further noted that the play area audit study had shown that there existed adequate (as defined by national standards) provision of play areas within 5-minute and 10-minute distance within the Borough.

- Assessment of play area locations – It was noted that working out suitability of access to play sites within an area were based primarily on the number of children living in that area, which was then also compared with walking distance (how many households were within 5-minute / 10-minute walk distance of a play area). It was noted that routes for safe access to play areas, for example, easy accessibility to play areas that avoided major roads for pedestrians to cross, were also accounted for in the plans and were looked at as part of tender documents put forward by the Council.
- Annual Maintenance Cost for Play Areas in Redditch – It was noted that the annual maintenance cost for play spaces was approximately £65,000 of which 58 per cent was staff time for inspections and maintenance and 42 per cent equipment and materials. The Officer explained that the inspections were carried out generally by Council officers and this allowed the Council to save money where officers had been able to identify and resolve issues with play equipment directly through inspections rather than going to a contractor. There was one full-time officer doing play area inspections in the Council, in addition to a team leader providing support.
- Proportion of play spaces directly visited as part of the audit versus proportion assessed through a desktop exercise – Officers undertook as an action to check records and provide figures on this to Members.
- Contingency allowance on cost estimates – Officers undertook to check if the 10 per cent contingency allowance on cost estimates for each play site was inclusive of the 5 per cent inflation allowed for as stated in the report or was the inflation included on top of the contingency allowance.
- Some Members expressed concern about play areas in Matchborough and Ipsley wards and asked about the rationale behind the proposed closure of Eathorpe Close play area, aimed at younger children, which would mean that Matchborough had no facility for younger children, while maintaining Mil Hill and Matchborough Rocks play areas which were aimed at older children. A query was also raised regarding the quality of provision at Matchborough Rocks. It was agreed that the queries would be forwarded to Portfolio Holder for Leisure.

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- Responsibility for choosing play area sites to be closed – The Cultural Services and Parks Manager explained that the Strategy was commissioned by Community First Partnership who assessed provision in the Borough through computer based mapping (GIS) and databases. In addition, they consulted and worked with Council Officers and Portfolio Holders to determine which sites could be appropriate for decommissioning. It was highlighted that the targeting exercise was robust and no specific area was targeted through decommissioning decisions; rather these were based around the remaining lifespan and maintenance state and costs involved in retaining the play areas.
- Some Members expressed disappointment that Ward Councillors and residents were not consulted with respect to decisions around play area closures.
- Proposed new play area at Crabbs Cross – Some Members were pleased at this proposal and commented that it represented a positive step for the ward. It was noted that once a contractor had been appointed, any design proposals for this play area would be consulted on with relevant ward Members and residents.
- Net loss of the number of play area facilities in the Borough – Disappointment was expressed by some Members that the report proposed that six play areas be decommissioned and only two new play areas created as, which represented a net reduction in play offer. It was noted by Officers that the Investment Plan aimed to increase overall accessibility and coverage of play areas for the Borough.
- Capital Investment in play areas and the number of play areas falling into disrepair – It was reported that while day-to-day maintenance of play areas in the Borough had generally been good, the capital investment to date had not been adequate. The Redditch Play Audit and Investment Strategy included before Members aimed to put in place a 10-year capital investment programme that addressed this issue and ensured that play areas could be upgraded on a regular basis.

During discussion of this item, two recommendations were proposed with respect to reviewing the criteria of the Redditch Play Assessment to ensure that play facilities in every ward were fit for purpose and amending the Redditch Play Audit and Investment Strategy be based on any outcomes of the Redditch Play Assessment criteria review.

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It was debated whether this could be amended to read that a review be undertaken of the six existing play spaces that were at 'end of life' and proposed for decommissioning.

At the end of discussion, the recommendation as proposed was seconded and on being put to the vote it was

RECOMMENDED that:

- 1) The criteria of the Redditch Play Assessment (Appendix 1) be reviewed to ensure that play facilities in every ward are fit for purpose and provide for the needs of children of all ages and young people and families.**
- 2) The Redditch Play Audit and Investment Strategy (Appendix 2) is amended accordingly to ensure that the strategic purpose of 'living independent, active and healthy lives' is front and centre.**

[Following conclusion of this item at 8.27pm, the meeting was adjourned. The Committee reconvened at 8.32pm]

60. EXECUTIVE COMMITTEE MINUTES AND SCRUTINY OF THE EXECUTIVE COMMITTEE'S WORK PROGRAMME - SELECTING ITEMS FOR SCRUTINY

It was requested that the following Executive Committee item be added for pre-scrutiny by Overview and Scrutiny Committee:

- Termination of shared service arrangement: North Worcestershire Economic Development and Regeneration (for 1st February Overview and Scrutiny)

Members were advised that the item on the Executive work programme on Future Plans for Auxerre House was postponed from the 6th February Executive meeting and as such would not be available for pre-scrutiny at the moment. Members would be advised of future dates for this report once known.

It was requested that the following item be added to the work programme of the Budget Scrutiny Working Group (a sub-committee of Overview and Scrutiny):

- Non-domestic rate – discretionary rate relief policy.

Overview and Scrutiny Committee

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RESOLVED that the Overview and Scrutiny Work Programme be updated with items from the Executive Committee's Work Programme as detailed in the preamble above.

61. OVERVIEW AND SCRUTINY WORK PROGRAMME

The items from the Executive Committee Work Programme were added to the Overview and Scrutiny's Work Programme as was agreed under the previous item (Minute No. 60).

RESOLVED that subject to the preamble above the Overview and Scrutiny Committee's Work Programme be noted.

62. TASK GROUPS, SHORT SHARP REVIEWS AND WORKING GROUPS - UPDATE REPORTS

Updates on the Task Groups and Working groups were provided as follows:

a) Budget Scrutiny Working Group, Councillor Kane

Councillor Kane provided a summary of the meeting of Budget Scrutiny Working Group which took place on 2nd January 2024. It was noted that the main actions requested from Members of the Group at that meeting related to holding further discussion on the possibility of linking housing revenue account targets to performance standards in housing repairs and an action for officers to provide a response as to the rationale behind a proposed increase of 20 per cent in dial-a-ride charge. No recommendations were made at this meeting for Overview and Scrutiny Committee to consider.

b) Performance Scrutiny Working Group, Councillor Holz

Councillor Holz reported that the first meeting of Performance Scrutiny for the 2023-24 municipal year was now confirmed and was going to take place on Monday 8th January 2024. An update on Carbon Reduction Strategy would be considered at this meeting.

c) Fly Tipping and Bulky Waste Task Group, Councillor Khan

Councillor Khan reported that the next meeting of the Task Group was due to take place on Wednesday 10th January 2024. It was noted that a mobile (pop-up) recycling site in Stirchley was visited by some Task Group members in December to gather details on Birmingham City Council's mobile recycling scheme.

Overview and Scrutiny Committee

Thursday, 4th January, 2024

RESOLVED that the Task Groups, Short Sharp Reviews and Working Groups Update be noted.

63. EXTERNAL SCRUTINY BODIES - UPDATE REPORTS

There was no external scrutiny bodies update as the Council's representative on external scrutiny bodies, Councillor Marshall, had submitted her apologies.

The Meeting commenced at 6.30 pm
and closed at 8.50 pm



Executive Committee

Tuesday, 9th January, 2024

MINUTES

Present:

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

Also Present:

Councillor Sharon Harvey

Officers:

Toni Ainscough, Peter Carpenter, Mark Cox, Nicola Cummings, Sue Hanley, Ishrat Karimi-Fini, Bernard Ofori-Atta and Simon Wilkes

Democratic Services Officers:

Jo Gresham

61. APOLOGIES

Apologies for absence were received on behalf of Councillor Joanne Beecham.

62. DECLARATIONS OF INTEREST

There were no declarations of interest.

63. LEADER'S ANNOUNCEMENTS

The Leader advised that at the latest meeting of the Overview and Scrutiny Committee, held on 4th January 2024, Members had pre-scrutinised the proposals in the Redditch Play Audit and Investment Strategy, which was also due to be considered at the Executive Committee meeting. The Overview and Scrutiny Committee had proposed two recommendations as a result of the consideration of the report. The Leader urged Members to consider these

Chair

Executive Committee

Tuesday, 9th January, 2024

recommendations when debating the Redditch Play Audit and Investment Strategy during the meeting.

It was also reported that at a Budget Scrutiny Working Group meeting held on 2nd January 2024 the following items were pre-scrutinised:

1. Council Tax Base and Business Rates Yield 2024/25
2. Council Tax - Discretionary Council Tax Reduction Policy - Council Section 13A(C) Policy
3. Council Tax - Empty Homes Discounts and Premiums
4. Final Council Tax Support Scheme 2024/25
5. HRA Rent Setting 2024/25
6. Medium Term Financial Plan 2024-25 to 2026-27 Tranche 1 (following consultation)

Executive Committee were informed that the Budget Scrutiny Working Group had made no recommendations in respect of the above reports. The Leader thanked both the Overview and Scrutiny Committee and the Budget Scrutiny Working Group for the time taken in pre-scrutinising these reports.

The Committee was asked to note that there was a main agenda and two supplementary agenda packs for the meeting. The first supplementary agenda pack contained the full report including appendices, for the Redditch Play Audit and Investment Strategy and Medium Term Financial Plan reports. The Leader had taken the decision to only publish the covering reports in the main agenda due to the significant length of both reports and the benefits of trying to reduce the amount of paper printed for meetings in line with the Authority's commitment to the Carbon Reduction Strategy. The full reports for these items, including appendices, were published in the Additional Papers 1 pack on the same day as the main agenda, five clear working days in advance of the meeting. Paper copies of this pack had been provided in each of the political party group rooms and the full reports were also available to access electronically throughout this time.

64. MINUTES

RESOLVED that

the minutes of the Executive Committee meeting held on Tuesday 5th December 2023 be approved as a true and correct record and signed by the Chair.

65. REDDITCH PLAY AUDIT AND INVESTMENT STRATEGY

The Cultural Services and Parks Manager presented the Redditch Play Audit and Investment Strategy for Members' consideration.

Members were advised that the Redditch Play Audit and Investment Strategy had been undertaken as a result of the Leisure and Culture Strategy. The audit was an opportunity to ascertain the current situation of play provision in Redditch and how future play provision could improve the overall accessibility of play provision in Redditch.

It was reported that there were currently forty two play areas across the Borough. Of these forty two, nine had an expected life span of up to three years. Also included in the proposals were the following:

- The creation of two new neighbourhood level play spaces.
- The upgrading of three play spaces from Local to Neighbourhood provision.
- The upgrade of a further seven Neighbourhood play spaces and nine local play spaces.
- The decommissioning of six existing play spaces that were at 'end of life'.
- Investment in a further twenty seven play spaces, that were currently in good condition, however, they would need upgrading within the next ten years.

During the presentation of the report, it was noted that the inequality of provision had been mapped and assessed in detail through computer based mapping (GIS). Furthermore, it was explained that play areas needed to comply with national standards in order to satisfy risk management procedures and to comply with the Council's insurers requirements.

The Cultural Services and Parks Manager outlined the financial implications contained within the report and that £100,000 of the 2023/24 play area requirement had already been accounted for in the Medium Term Financial Plan (MTFP) 2024-25 to 26-27 (Tranche 1) proposals.

Executive Committee

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It was hoped that the works proposed for the play spaces within the Borough would provide adequate spaces where children could play and spend time outdoors. This was in line with the Council's Strategic Purpose of providing safe, well maintained and green neighbourhoods.

Following the presentation of the report Members considered the recommendations that had been received from the Overview and Scrutiny Committee. It was felt that both recommendations had been covered within the Officer report and that the areas highlighted would be addressed in the future. The Leader once again, thanked the Overview and Scrutiny Committee for pre-scrutinising the report.

Officers were questioned regarding the provision of play areas within Matchborough and whether the Eathorpe Close play area had been identified for removal. It was confirmed that this area had been considered for removal. However, the nearby Matchborough Rock play area was identified as a play space that would be improved as part of the Strategy. Following the confirmation that the Eathorpe Close had been identified for removal some Members felt that this was an example of how the Play Audit had not been undertaken thoroughly and therefore the recommendations from Overview and Scrutiny Committee were indeed appropriate. As a result, the recommendations from the Overview and Scrutiny Committee were then proposed and seconded.

There followed a brief discussion regarding the financial implications of the Redditch Play Audit and Investment Strategy and confirmation that £100,000 had been accounted for in the MTFP 2024-25 to 26-27 (Tranche 1) and that there would a total spend of £2m over a ten year period as outlined in the report.

Members welcomed the Strategy and stated that it provided a clear direction for play provision in the Borough for the future. The implementation of the Strategy would also address any deficiencies identified within the Play Audit and would result in 96.1% of households within the Borough with access to a play space within a walking distance of ten minutes. The remaining 3.9% of households would typically have access to a play space area within fifteen minutes walking distance.

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It was requested by Members that a map be provided as a visual representation of the geographical spread of play areas within the Borough for Members' information. Officers undertook to provide this.

The recommendations from the Overview and Scrutiny Committee were then put to the vote as follows:

- 1) The criteria of the Redditch Play Assessment be reviewed to ensure that play facilities in every ward are fit for purpose and provide for the needs of children of all ages and young people and families.
- 2) The Redditch Play Audit and Investment Strategy (Appendix 2) is amended accordingly to ensure that the strategic purpose of 'living independent, active and healthy lives' is front and centre.

On being put to the vote these recommendations were lost.

The recommendations contained within the report were then considered and on being put to the vote it was

RESOLVED that

- 1) the approach to improve the accessibility of equipped children's play as presented in the Redditch Play Assessment be adopted;**
- 2) the approach to capital investment as presented in, The Redditch Play Audit and Investment Strategy (Appendix 2) is accepted and that officers are requested to prepare bids for capital funding, as applicable, to be considered in due course and in the context of other funding bids.**

66. PLANNING ENFORCEMENT POLICY

The Technical Services Manager, Worcestershire Regulatory Services (WRS) presented the Planning Enforcement Policy for Members' consideration. In doing so the following was highlighted:

- The Council's current Planning Enforcement Policy had been established in 2011 and this new policy sought to provide an update to this policy in line with current Planning legislation.

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- The Policy outlined the process undertaken in respect of enforcement, when enforcement action might be considered, when Planning breaches had occurred and the prioritisation of an Enforcement Work Programme.
- Enforcement action took a significant amount of time to carry out. It was therefore proposed that greater engagement and liaison would be undertaken with alleged offenders in order to bring them in line and comply with the Policy.
- It was not always appropriate to undertake Planning Enforcement and Officers could not compel parties to apply for Planning consent and it was not always in the public interest to enforce breaches.

Following the presentation Members agreed that this Policy was welcomed and would help to clarify the current situation. However, they were keen that engagement with alleged offenders be made early and in a proactive and robust manner. It was felt that enforcement was critical to ensure that Green Belt land was not encroached upon and that building regulations were adhered to from a Health and Safety perspective. Members were reminded that Officers could not force people to apply for Planning permission, but that the process now would encourage and aid the process of enforcement in the future.

RECOMMENDED that

the Council endorse the Planning Enforcement Policy.

67. COUNCIL TAX BASE AND BUSINESS RATES YIELD 2024/25

The Portfolio Holder for Finance and Enabling presented the Council Tax Base and Business Rates Yield 2024/25. During the presentation it was highlighted that the report was required under the Local Authorities (calculation of Tax Base) Regulations 2012 in order that the following could calculate the Council Tax amounts for the 2024/25 financial year:

- Redditch Borough Council
- Worcestershire County Council
- Police and Crime Commissioner for West Mercia Authority
- Hereford and Worcestershire Combined Fire Authority
- Feckenham Parish Council

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It was reported that a 2% allowance for non-collection had been included within the report and that Business Rates Yields would be considered at the next Executive Committee meeting, as the Worcestershire and Herefordshire Business Rates Pool meeting was due to take place on 12th January 2024 to finalise arrangements.

Following the presentation of the report some Members queried the non-collection rate percentage. In response officers explained that the non-collection rates were set at 2% and it was hoped that the collection rates would be at 98% although in some years it had been slightly lower. It was always a fine balance between chasing outstanding debt in this area as it could take considerable time and be costly.

RECOMMENDED that

- 1) **The calculation of the council tax base for the whole and parts of the area for 2024/25 be approved and**
- 2) **In accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012, the figures calculated by Redditch Borough Council as its tax base for the whole area be 26,317.1 and for the parts of the area listed below be:**

Parish of Feckenham	380.3
Rest of Redditch	<u>25,936.8</u>
Total for the Borough	<u>26,317.1</u>

68. COUNCIL TAX - DISCRETIONARY COUNCIL TAX REDUCTION POLICY - COUNCIL SECTION 13A(C) POLICY

The Portfolio Holder for Finance and Enabling presented the Discretionary Council Tax Reduction Policy - Council Section 13A(C) Policy report. In doing so it was explained that the Council had power under S13A(1)(C) of the Local Government Finance Act 1992 to reduce the amount of Council Tax a person was liable for. This power could be exercised on a case by case basis.

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The Executive Committee was informed that a current example of this was relief for Care Leavers which was undertaken across the County and reimbursed by Worcestershire County Council (WCC). A further example of this was Severe Weather (for example flooding) where Council Tax was waived for at least three months with this being reimbursed to the Council by the Government.

The framework allowed the Council to make local decisions with the Policy, which it was noted, had not changed from the previous year and was set out in the appendix to the covering report.

Members were reminded that there was already Council Tax relief available for residents on low incomes through the Council Tax Support Scheme. This report was due to be considered later on in the meeting.

The Portfolio Holder for Finance and Enabling stated that should reliefs be given, and were not reimbursed by Government, then the Council had to fund any payments made. It was confirmed that the Council had not made any of these individual reliefs for a number of years.

Following the presentation of the report, it was queried whether there was a cap on the number of individual reliefs awarded per year. It was clarified that this was not the case, and if it were, it would result in having to include a budget line within the Council's budget which stated how much these reliefs would cost on an annual basis and how much was allocated per year.

RECOMMENDED that

- 1) The Section 13A(1)(C) policy be approved and adopted from 1st April 2024.**

69. COUNCIL TAX - EMPTY HOMES DISCOUNTS AND PREMIUMS

The Portfolio Holder for Finance and Enabling presented the Council Tax Empty Home Discounts and Premiums report. It was reported that until April 2004 empty homes were eligible for a Council Tax discount of 50%. However, a series of amendments to Council Tax legislation, made since 2004, had given billing authorities the power to reduce or remove the discount for

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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 most significant changes were outlined as follows:

- the period for which a dwelling must be vacant before a property was classed as a long-term empty dwelling was reduced from 2 years to 1 year, and a requirement introduced to consider guidance issued by the Secretary of State before the application of premiums was decided.
- Powers were given to the billing authority to apply a premium of up to 100% for any dwellings that were furnished and had no residents. These dwellings would usually be second homes where the owner lived elsewhere and used the property as holiday or occasional accommodation.

The Executive Committee were informed that the Council currently applied the full premium to all long-term empty homes. The decision to apply premiums was made on the basis that a dwelling would be subject to the premium if vacant for 2 years or more. The amendment to section 11B of the Local Government Finance Act 1992 meant that, from 1st April 2024 the existing wording of the Council's determination meant that, the premium would be applied to all dwellings that had been vacant for twelve months or more.

It was reported that at the commencement of the 2022/23 tax year - the first year that the Council applied the Premium - 133 dwellings were subject to the Premium. The number of dwellings for which the Premium was now levied had reduced to 61 dwellings.

Following the presentation of the report Members stated that they welcomed the report and on being put to the vote it was

RECOMMENDED that

- 1) From 1st April 2024, under section 11B(1) of the Local Government Finance Act 1992, for long-term empty dwellings the discount under section 11(2)(a) would not apply and the additional Council Tax Premium applied would be:**

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- i. For a dwelling that had been unoccupied and substantially unfurnished for less than 5 years – 100% premium.
- ii. For a dwelling that had been unoccupied and substantially unfurnished for 5 years or more, but less than 10 years – 200% premium.
- iii. For a dwelling that had been unoccupied and substantially unfurnished for 10 years or more – 300% premium.

2) The Head of Financial and Customer Services on a case-by-case basis may consider a reduction to the long-term empty premium under section 13A(1)(C) of the Local Government Finance Act 1992.

70. FINAL COUNCIL TAX SUPPORT SCHEME 2024/25

The Portfolio Holder for Finance and Enabling presented the Final Council Tax Support Scheme 2024/25 for Members' consideration. During the presentation it was stated that under section 13A(2) of the Local Government Finance Act 1992 (LGFA '92) the Council was required to operate a Council Tax Reduction Scheme specifying the reductions in Council Tax that was provided to people who were in financial need.

The existing scheme included a provision for the uprating of income bands by an inflation factor decided by the Council. Changes to income bands were made in accordance with the existing scheme and would not require consultation but would be subject to approval of Council. These increases would be based on the increases in benefit levels as stated in the Chancellor's Speech on 22nd November 2023 which was set at 6.7%.

During consideration of this report, it was noted that the Portfolio Holder's name within the report was incorrect, and Officers undertook to rectify this for the future.

Following the presentation of the report Members felt that this was a good scheme that benefitted the residents of Redditch.

RECOMMENDED that

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- 1) **The Council Tax Reduction Scheme be retained for 2024-25 tax year, subject to uprating of income bands by 6.7%.**

71. HRA RENT SETTING 2024/25

The Portfolio Holder for Housing and Procurement presented the HRA Rent Setting 2024/25 report for the consideration of the Executive Committee.

Members were informed that there had been detailed discussions regarding the level at which rents should be set to increase for the financial year 2024/25. It was stated that rent increases capped at a rate of CPI plus 1% which would equate to 7.7% for this financial year. However, following the discussions and due to the Cost of Living crisis it was agreed that the increase should be set at 7% which was compliant with the above requirements.

The increase would help to fund the current refurbishment works that were currently underway. Members were informed that at present there were 15 kitchen and bathrooms a week being fitted within the Council's Housing Stock. In addition to this, the increase would enable the continuation of the gas compliance programme of works. It was reported that the Council's gas compliance rate had recently been at the highest level in the country.

The Committee was advised that the Council's rent levels were set at between 30-50% lower than private rentals and that 78% of the Council's tenants received government benefits to help pay the rental fees. The remaining 22% were working and therefore still received the benefits of lowered rental fees compared to the private rental sector.

Once Members had received the presentation there were some queries regarding what the increase in rental fees would be spent on and whether the increase would be used for the pay award recently awarded to Council Staff. It was reported that 40% of the 7% would be used in this way, however the remaining 60% of the 7% would be used for improvements and further building of Social Housing within the Borough.

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In concluding the discussion of this report, Officers noted that there was a typographical error at paragraph 3.11 within the report. The report stated the following:

'The average rent (48 week basis) for 2024/25 charged will be £104.37 and £161 for social and affordable rent properties respectively.'

However, it was confirmed that it should read as follows:

*'The average rent (48 week basis) for 2024/25 charged will be **£103.37** and £161 for social and affordable rent properties respectively.'*

RECOMMENDED that

the actual average rent increase for 2024/25 be set as 7%.

72. RECOMMENDATION FROM THE LICENSING COMMITTEE

The Executive Committee considered the recommendation from the Licensing Committee meeting that took place on Monday 27th November 2023.

The Leader thanked the Licensing Committee for the recommendation and expressed that endorsing the recommendation would allow greater flexibility and support to Redditch Taxi Drivers in the future. It was reiterated that an extended free retest period would only be applicable providing the vehicle had a valid MOT certificate.

RESOLVED that

the period during which a taxi or private hire vehicle could be retested at Crossgates Depot without charge be extended from 24 hours to 10 working days, so long as the vehicle has a valid MOT certificate to cover that period of time.

73. MEDIUM TERM FINANCIAL PLAN 2024-25 TO 2026-27 TRANCHE 1 (FOLLOWING CONSULTATION)

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The Portfolio Holder for Finance and Enabling presented the Medium Term Financial Plan 2024-25 to 2026-27 Tranche 1 (following consultation) report.

The Committee was informed that this report was almost the same as the report considered in October 2023 prior to consultation. It outlined that the Council set out a 3-year Medium Term Financial Plan every year, with the final Council Tax Resolution being approved by Full Council in February.

Due to the Cost of Living Crisis and inflationary pressures the process had been more difficult than in previous years and therefore the MTFP had been split into two tranches.

Members were informed that the approved Tranche 1 position included some base assumptions which were as follows:

- 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 assumed no growth in the base.
- New Homes Bonus/Government Grants – It was assumed that levels would be the same as previous years.
- Pension Fund assumptions took into account the latest triennial valuation which was received in September 2022.

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

- The impact of the 2023/4 pay award had been considered. This was an estimated increase of £805,000, however, the Council had already accounted for a pay award of 2% which reduced this amount to £575,000.
- There were savings following budgets set in 23/4 not being required as inflation had reduced therefore the utilities budget reduced by £228,000 a year and the Inflation budget of £260,000 could also be released.
- The £1,140k utilities reserve was transferred to the General Fund.

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- A 7% increase in fees and charges had been approved (apart from Dial a Ride where registration fees were reduced from £16.50 to £15, but journey fees increased by £1).
- Inflation on fees and charges is 2% in 2025/6 and 2026/7.

Departmental pressures were also highlighted for Members attention:

- There was presently a target of £500,000 for the reclaiming of Benefit overpayments. Following receipt of more accurate information and processes this amount would now only deliver £300,000 of income.
- The Council's Carbon pledge was to a carbon neutral position on the fleet over time. The £20,000 increase in budget allowed 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 reported into one post. This funding added a second senior post to relieve pressure in this service area.

Finally, it was reported that the appendices to the report set out all saving proposals and also included a feedback form on the Tranche 1 proposals. To date there had been no feedback forms received.

As highlighted earlier in the meeting, this report was reviewed by the Budget Scrutiny Working Group on the 2nd January 2024 whereby no recommendations were made to the proposals contained within the report.

Following the presentation of the report some Members queried whether it was prudent to release the Utilities reserves given that the price of energy was increasing once again. Officers explained that although this was the case across many areas, the Council was part of an energy buying consortium where the cost of purchasing energy was lower and provided a better deal than those paying for energy individually.

There were also some queries in respect of the increase in cost of Dial-a- Ride services. The Portfolio Holder for Finance and Enabling explained that the decision to increase the journey fees had been from the service and had not been a Finance decision. He read out the following statement which had been received in respect of this:

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“All trips are increased by £1 but we reduce the registration fee back to £15. (The current charge is £4 per single journey with concessionary pass and £16.50 for the registration fee).

Based on current registered customers we would only lose £688 per annum in the registration fee money but increase income through fees and charges by £18k per annum. To note this still does not make the service pay for itself. Full cost recovery is nearer £9.50 per journey. As Members will be aware from the new Council priorities, reducing the cost of the Dial A Ride has been set out in the plan and Officers are currently working on this proposal through increased income generation by increasing the number of daily passenger details through a more efficient delivery method.

The rationale for this £1 increase (which equates to 20%) is that many of the Community Transport (CT) schemes charge an admin fee per journey. By increasing our journey charges, we would be more in line with what other CT schemes charge. We find the customers who use us regularly take up a lot of despatchers time booking, changing, cancelling appointments so we can recoup some of this by charging more per journey. All customers pay the same registration fee however many journeys they take, which can seem unfair to those customers who don't use us as often or can't get booked on their requests due to the regular group bookings using up the slots/taking priority.

Regarding the cost being closer to a taxi fare, the Dial A Ride services offers the following additional benefits to service users

- A wheelchair accessible vehicle, that allow direct access on the vehicle via a ramp.*
- A front door service, with drivers assisting service users to secure their property and to assist with carrying shopping etc.*
- The mental well-being aspect of travelling with other services users and building connections and friendships. This reduces loneliness and improves mental well-being.”*

In respect of the target of £500k for the reclaiming of Benefit overpayments it was noted that this had been amended following more accurate information being received and was attributed to residents becoming more familiar with completing the appropriate forms when informing the Council of a change in circumstances.

RECOMMENDED that:

- 1) The inputs into the Council's Medium Term Financial Plan as at the start of October, and the associated risks and opportunities be endorsed.
- 2) These inputs had been used, along with the 2023/24-25/26 Medium Term Financial Plan (MTFP) agreed by Council in February 2023, to project an initial "gap" to be closed.
- 3) An initial Tranche of savings proposals, as set out within the report and the associated Savings Proposal Document, had been published on the 24th October 2023 and any feedback will be considered by Executive at this meeting on the 9th January prior to seeking approval at Council on the 29th January 2024.
- 4) That fees and charges be increased by 7% as part of these proposals.
- 5) Tranche 2 of this process will add further information such as the Local Government Settlement to give a final financial position for the Council.

74. OVERVIEW AND SCRUTINY COMMITTEE

The Leader confirmed that there were no outstanding recommendations from the Overview and Scrutiny Committee for consideration on this occasion.

RESOLVED that the minutes of the meeting of the Overview and Scrutiny Committee held on 30th November 2023 be noted.

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

During consideration of this item, Members noted that there were two recommendations that had been made by the Budget Scrutiny Working Group at the meeting held on 29th November 2023, which were subsequently endorsed by the Overview and Scrutiny Committee at its meeting on 30th November 2023.

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These two recommendations were debated and endorsed by the Executive Committee. This followed the agreement of these recommendations at the Executive Committee meeting held on 5th December 2023, as detailed in the minutes of that meeting at Minute Item 60 – Executive Committee Meeting – 5th December 2023.

76. **PLANNING AND ENVIRONMENTAL ENFORCEMENT BUSINESS CASE**

The Technical Services Manager, WRS presented the Planning and Environmental Enforcement Business Case. During the presentation the following was highlighted for Members' attention:

- 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 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.

In proposing the recommendations, Members stated that this proposal was an opportunity for the Council to enforce in a proactive manner and that the knowledge and skills offered by WRS was a key benefit to accepting these proposals.

Some Members were keen to better understand the process of approval of the report going forward. It was confirmed that this

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report was due to be considered at the Full Council meeting on 29th January 2024. It was also due to be considered at a Bromsgrove District Council Cabinet meeting on 17th February 2024 and then at the Full Council meeting on 24th January 2024. Following the outcomes of these meetings the report would be considered at the next meeting of the WRS Board where all Member Councils would be asked to endorse the proposals.

RECOMMENDED that

- 1) The Business case be pursued with the intention to bring together the enforcement functions within Environmental Services and Planning and associated current budget within the Shared Regulatory Service provided by WRS.**
- 2) An additional £23,400 annually be agreed to fund the service to meet the level of demand in Planning Enforcement.**
- 3) An additional £15,260 be agreed to fund 1.6 FTE additional (Grade 6) resource to support the work in tackling the backlog of Planning Enforcement cases each year for the next two years only.**
- 4) An additional £7,537.50 be agreed to fund 0.25 FTE additional (Grade 4) resource for the customer service resource element of fly-tipping, littering and enviro-crime.**
- 5) An additional £21,650 be agreed to fund 0.5 FTE additional (Grade 6) resource to support the work on enforcement of fly-tipping, littering and enviro-crime.**

(During the consideration of this item, Members discussed matters that necessitated the disclosure of exempt information. It was therefore agreed to move to exclude the press and public prior to any debate on the grounds that information would be revealed relating to the financial and business affairs of any particular person (including the authority holding that information) and information relating to consultations and negotiations, including contemplated consultations and negotiations, in respect of labour relations

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matters. However, there is no exempt information in this minute item).

77. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED that:

Under S100 A (4) of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006, the public be excluded from the meeting for the following matters on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 3 of Part 1 of Schedule 12 of the said act, as amended.

- **Minute Item No. 78 – Land at Upper Norgrove**
- **Minute Item No. 79 - Appointment of Design Team and Project Managers – Towns Fund Schemes**

78. LAND AT UPPER NORRGROVE

The Interim Deputy Chief Executive presented the report in respect of the Land at Upper Norgrove.

The Committee was reminded that the site had been allocated for housing as part of the Council's Local Plan in 2017. A further update report had been considered by the Executive Committee of the proposals in July 2021. There had been some negotiations with neighbouring landowners regarding the development / disposal of the property. However, these negotiations had not been successful, and a market exercise was undertaken to market the Council's land as a standalone development opportunity.

It was reported that an offer had been received from Bloor Homes Ltd and that it was recommended that this offer be accepted.

Following the presentation of the report, some Members queried why the Council was not proposing to build its own Social Housing on this site. It was stated that as this was a large site it was not prudent for the Council to undertake such a large project, and that it was more appropriate to continue to build new homes, such as the 19-house development recently completed, in pockets of Council owned land.

RECOMMENDED that

- 1) **The Council dispose of the above site to Bloor Homes Ltd on the basis of the offer received as described in Appendix 1 to this report.**
- 2) **Authority be delegated to the Head of Legal Democratic and Property Services and the Section 151 Officer to implement the disposal.**

(During the consideration of this item, Members discussed matters that necessitated the disclosure of exempt information. It was therefore agreed to move to exclude the press and public prior to any debate on the grounds that information would be revealed relating to the financial and business affairs of any particular person (including the authority holding that information).

79. APPOINTMENT OF DESIGN TEAM AND PROJECT MANAGERS - TOWNS FUND SCHEMES

The Interim Deputy Chief Executive presented the Appointment of Design Team and Project Managers - Towns Fund Schemes report for Members' consideration.

It was reported that a tender exercise had been undertaken to appoint a Design Team and Project Managers for the Towns Fund Schemes in 2023. The tenders in respect of the multi discipline design for the Digital Manufacturing and Innovation Centre (DMIC) had been evaluated on a ratio of 70% Quality and 30% Price. Of the quality evaluation the weightings were evaluated as follows:

- 30% was weighted to the Design Team Selection and Relevant Experience.
- 22% was weighted to Building Services, Pre- Construction Management, and Cost Management.
- 18% was weighted to Stakeholder Management, Environmental Sustainability, and Social Value.

A similar process was for the appointment of Project Managers for the projects.

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Following the presentation of the report some Members queried the exact function of the DMIC and whether this was simply office space. It was stated that this would be a mix of office, manufacturing and design space for businesses (both start up and established) and centres of learning could also utilise it to upskill local residents in order for them to enter jobs in the future. It was also explained that there was a need for this kind of centre in the Borough as Redditch had a strong history of manufacturing skills but no such site at present which enabled an increase of these skills.

Some Members raised concerns regarding the funding of these projects and whether there was sufficient funding available to progress them. It was noted that funding streams were being looked at and that further details would be available in due course.

Members were reminded that the Council was the responsible body for these projects and that sign off by the Interim Section 151 Officer would be sought at every step of the process. It was also noted that this report sought only to agree the appointment of the design team and project managers and was not a report that was requesting additional funding for the projects.

RESOLVED that

- 1) That AHR be approved as the Design contractor for the DMIC following a tender process.**
- 2) That Gardiner and Theobald be approved as Project Managers for the Digital Manufacturing Innovation Centre and the New Town Square projects following a tender process.**

(During the consideration of this item, Members discussed matters that necessitated the disclosure of exempt information. It was therefore agreed to move to exclude the press and public prior to any debate on the grounds that information would be revealed relating to the financial and business affairs of any particular person (including the authority holding that information).

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of the Local Government Act 1972.

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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: simon.parry@bromsgroveandredditch.gov.uk pete.liddington@bromsgroveandredditch.gov.uk 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.

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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.

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- 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

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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

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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

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

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2024

Report title: Disposal of land at former Upper Norgrove House, Church Road, Webheath, Redditch

Relevant Portfolio Holder	Councillor M. Dormer
Portfolio Holder Consulted	Yes
Relevant Head of Service	Claire Felton – Head of Legal, Democratic and Property Services Pete Carpenter – Executive Director of Finance and Resources
Report Author	Job Title: Head of Legal, Democratic and Property Services Contact email:c.felton@bromsgroveandredditch.gov.uk
Wards Affected	West
Ward Councillor(s) consulted	Yes – The ward councillors both serve on the Executive Committee
Relevant Strategic Purpose(s)	Finding Somewhere to Live
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 3 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) The Council disposes of the above site to Bloor Homes Ltd on the basis of the offer received as described in Appendix 1 to this report.**
- 2) Authority be delegated to the Head of Legal Democratic and Property Services and the Section 151 Officer to implement the disposal**

2. BACKGROUND

- 2.1 The site was allocated for housing in the Redditch Borough Council Local Plan adopted on 30 January 2017 and to deliver 400 - 600 houses within the Plan period to 2030.

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In 2019 there was a further report to update Members on proposals for the development of the Council's site at Upper Norgrove House. This sought approval for the proposed development of the site in partnership with adjacent landowners, who have expressed interest in developing their sites with the Council and also sought delegated authority to enter into partnership agreements with them to implement the proposal as approved.

Subsequently a report was taken to Executive Committee on 13th July 2021, which recommended that the surplus land at the former Upper Norgrove House be disposed of on the open market and that negotiations should commence to consider a joint disposal/development with the neighbouring landowner.

However, the neighbouring landowner was subsequently unwilling to enter into a joint marketing scheme with the Council and, as the Council had formally declared the site surplus, an exercise was undertaken to market the Council's land as a standalone development opportunity.

- 2.3 Accordingly the Council has undertaken two marketing exercises with independent agents to ensure that best value for the land can be achieved. Offers for the site were received in November 2023 via agents Thomas Lister, details of which are included in Appendix 1 (Invitation to Tender – Review of Bids Received) and it is recommended that the Council proceeds with the offer from Bloor Homes Ltd which is unconditional except for planning and is not dependent entering into a deal with the neighbouring landowner.

3. FINANCIAL IMPLICATIONS

- 3.1 It should be noted that advice has been obtained from independent agents in order to ensure that the Council can secure best value for money. Further information about this can be found in Appendix 1.
- 3.2 Members are asked to note that any proceeds from the sale will be a capital receipt. This capital receipt will have a General Fund and HRA element. The General Fund element will be allocated to an earmarked reserve which will be used for funding capital changes taking place to the Town Hall. The use of the capital receipt in this way is referenced in the Town Hall Hub report paragraph 4.2 in October 2022.

4. LEGAL IMPLICATIONS

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- 4.1 The terms of sale have been validated by independent agents Thomas Lister to ensure that the Council meets its requirements under the provisions of Section 123 of the Local Government Act 1972 not to dispose of land for a consideration less than can be reasonably obtained.

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

- 5.1 The proposals detailed in this report support the strategic purpose Finding Somewhere to Live, as there is the potential in the long-term that the proposed action will result in much needed housing development within the Borough.

Climate Change Implications

- 5.2 None as a direct result of this report

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

- 6.1 None as a direct result of this report

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6.2 None have been identified.

7. RISK MANAGEMENT

7.1 Members will be aware that this site has been vacant for some considerable time and that the Local Plan identifies it as being an appropriate development site for the provisions of housing.

8. APPENDICES and BACKGROUND PAPERS

Appendix 1 – Invitation to Tender – Review of Bids Received dated 17.11.23 (This advice is exempt as it relates to the financial or business affairs of any particular person (including the authority holding that information)).

Background Papers:

Upper Norgrove House – Initial Options Appraisal – report to the Executive Committee considered at a meeting held on 23rd July 2008.

Upper Norgrove Site, Webheath – Development of Land – report to the Executive Committee considered at a meeting held on 11th June 2019.

Upper Norgrove Site, Webheath – Report to Executive Committee dated 13th July 2021.

9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder		
Lead Director / Head of Service		
Financial Services		
Legal Services		

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

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**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

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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.

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- 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.

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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.

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

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Department	Name and Job Title	Date
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

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of the Local Government Act 1972.

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