

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

26th November 2024

MEDIUM TERM FINANCIAL PLAN 2025/6 TO 2027/8 – Tranche 1

Relevant Portfolio Holder	Cllr. Ian Woodall, Finance Portfolio Holder
Portfolio Holder Consulted	Yes
Relevant Head of Service	Debra Goodall
Report Author	Job Title: Head of Finance & Customer Services email:debra.goodall@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 will set its budget in two Tranches this year as it did in the 2023/24 and 2024/25 Medium Term Financial Plan (MTFP) processes. The initial Tranche will be published in the Autumn with approval of options sought at Council in January, with a second Tranche to be considered in January once final settlement figures are known with final budget approval sought in February. Housing Revenue Account (HRA) budgets will be dealt with in a separate report although they will form part of a single report to Council in February at Council Tax setting time.

2. RECOMMENDATIONS

Executive are asked to note:

- 1) The inputs into the Council's Medium Term Financial Plan as at the start of October, and the associated risks and opportunities.
- 2) These inputs have been used, along with the 2024/25-26/27 Medium Term Financial Plan (MTFP) agreed by Council in February 2024, to project an initial "gap" to be closed.
- 3) An initial Tranche of savings proposals, as set out in Sections 3.29 to 3.31 and the associated Savings Proposal Document in Appendix A, will be published on the 18th November and any feedback will be considered by Executive in January 2025 prior to seeking approval at Council in January 2025.
- 4) Tranche 2 of this process will add further information such as the Local Government Settlement to give a final financial position for the Council.

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

26th November 2024

Executive Recommend to Council that:

1. The use of £300k of the Economic Development Reserve for feasibility studies at Matchborough, Winyates and Woodrow be approved.

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 takes account of the following factors:
 - The starting point from the 2024/5 MTFP is positive with respective neutral balances at the starting points for both years.
 - That this is the first budget of a new National Government and will be for only 1 year in duration. The Government have indicated that resources are tight in the Chancellor of the Exchequers initial briefing on the 30th July 2024. This report in Section 3.9 sets out the high level financial messages in the Chancellors first Autumn Statement.
 - The present cost of living crisis which continues to impact our most vulnerable residents.
 - Three years accounts (2020/21 to 2022/23) where the Council has/will receive a disclaimer opinion (like many other Councils. In plain terms, a disclaimer means that we have been unable to form an opinion. In this instance, the reason for this will be the limitation of scope imposed by statute (not by the local authority). A disclaimer due to the backstop does not of itself indicate a local authority failing.
 - The continued uncertainty of the existing movement of the Government to funding projects for specific outcomes and the movement of this from a bidding process to an "allocations" process. This includes the time limited nature of these funds and the pressure this puts on other deliverables.
 - Uncertainty over the final mode of working for the Council and what will be required by the new Government, our residents and our Members.
 - Loss of key personnel, present vacancies rates (although only half the national average), 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, although recently it is starting to reduce more quickly towards the Government target of 2%.

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

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

26th November 2024

- Having an initial Tranche which seeks to close as much of the deficit as possible using information known as at the end of October, after the Chancellors Statement but before the Local Government Settlement) 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:

- The starting position for the 2025/26 MTFP.
- The emerging national picture including expected settlement dates.
- Council Priorities
- Strategic Approach
- The Council's Base Assumptions including Inflation and Grants
- Fees and Charges update.
- Impact on Reserves and Balances.
- Capital Programme.
- Robustness Statement
- Consultation Details.

The Starting Position for the 2025/26 MTFP

3.3 The Council set a three year MTFP 2024/25 to 2026/27 in February 2023. The plan moved the Council to a sustainable budget position over the three year planning horizon and planned to put back £299k into General Fund reserves. This was updated, following the changes of Administration to an ongoing surplus over the three year period of £63k.

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

26th November 2024

	2024/25	2025/26	2026/27
	£000	£000	£000
Base Budget Position 22/23 MTFP			
Expenditure	10,428	10,661	10,661
Funding	-3,595	-3,621	-3,621
Net	833	1,040	1,040
Revised Gap	833	1,040	1,040
Phase 1 Savings 2023/24 MTFP	-1,849	-2,221	-2,221
Revised Position	-1,016	-1,181	-1,181
Phase 1 Pressures 2023/24 MTFP	2,324	2,446	2,446
Phase 1 2023/24 MTFP Position	1,308	1,265	1,265
Local Government Settlement	-700	-700	-700
Additional Savings (Phase 2)	-1060	-1060	-1060
Additional Pressures - Phase 2	519	432	432
Final 2023/24 MTFP Position	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	132	-6	192
Possible Adjustments			
Quarter 1 23/4 Overspend position			
Use of 23/4 Utilities Reserve			
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	-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 Increase on Capital Programme	22	140	153
Revised Tranche 1 Position	353	93	72
Council Tax Increase to 3%	-67	-67	-67
Planning Income (Base Budget €240k) at 25%	-60	-60	-60
22/3 Pay Award Adjustment	-100	-100	-100
Actual Impact of 23/4 Pay Award on Budgets	-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 Service Strategy	71	71	71
N/WedR Structure	73	73	73
Changes in other Central Grants	-244	-140	-140
Grant Changes in February	-103	-103	-103
2025/6 Council Tax Freeze		144	144
Parking Contract Increases	27	27	27
Revised Opening Position	-105	-97	-98

Table 1 – Opening MTFP Position

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

26th November 2024

There have then been the following changes approved in the Q1 monitoring report:

Reserves Position	2024/25	2025/26	2026/27
Revised Opening Position	-105	-97	-98
New Market	36	36	36
Dial a Ride Changes	43	43	43
Revised Opening Position	-26	-18	-19

This has moved the Council down from an overall £299k surplus to a £63k surplus over the three year period.

The emerging national picture including expected Settlement Dates

- 3.4 Local Government is in uncharted territory. C-19 has changed significantly the way Councils and the people they serve work, or expect to be served, and this needs to be reflected in Service Plans and associated budgets.
- 3.5 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.
- 3.6 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.
- 3.7 As mentioned in the Risk section, the Government made 2 major announcements during the LGA Conference in July, both of which will significantly affect budgeting.
- Following the launch of the Office for Local Government in 2023, with a change in Government their remit might change and move away from looking 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. It is now key that all Council returns are made thinking about this point and our records that are accessed by the Government are as up to date as possible.
- 3.8 There are a number of other significant factors in looking at the 25/6 budget which are linked to the Local Government Finance Market. Presently:

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

26th November 2024

- There are a number of Local Authorities who have now issued S114 Statements, including the largest Council in the Country Birmingham. Given the number of Council in financial distress there is a possibility that the Government might be far more prescriptive than in previous years in its funding allocations.
- Redditch will have 3 years of accounts that will have a Disclaimer Opinion issued by the External Auditor. Although issues highlighted in previous years MTFP reports have been resolved, it is unclear how these “Disclaimer Opinions” will impact on Councils and indeed upon the 2023/4 Audit process.
- That in the Local Government sector, there were still circa 700 Audits up to 2022/23 that are still not Audited at this time across Councils in England. There is a backstop date for Accounts up to 2022/23 to be in draft and had the 30 day public consultation by the 13th December.

3.9 The Chancellors Autumn Statement was made on the 30th October had the following impacts on Council budgets:

- A 3.2% real-terms increase in Core Spending Power (CSP) for the whole sector in 2025-26. This will include £1.3b additional grant funding, of which at least £600m will be directed to social care.
- The Budget was silent on council tax referendum limits, but the DCN expectation is that referendum principles will stay at 1.99% for districts.
- £233m new funding for homelessness prevention. This will be in addition to the £1.3b grant funding mentioned above.
- £1b to extend the Household Support Fund and Discretionary Housing Payments into 2025-26.
- £1.1b new funding through implementation of the Extended Producer Responsibility scheme for recycling.
- Right to Buy: councils will be permanently allowed to retain 100% of receipts locally and discount levels will revert to pre-2012 levels from 21st November.
- Business Rates support to the retail, hospitality and Leisure sector, although it is not known the route of compensation yet for Councils.
- A £500m increase to the Affordable Homes Programme in 2025-26.
- UK Shared Prosperity Fund has been extended for 2025-26 at a reduced level of £900m, a 40% decrease on the current year. It is not yet clear whether this funding will continue.
- to be allocated directly to district councils in two-tier areas.

3.10 It is good news that the sector will get a real-terms funding increase, **but it is not yet clear how this increase will be distributed** and whether it will mean district council spending power rises in real terms. We will have to wait until the provisional Local Government Finance Settlement for more detail. The

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

26th November 2024

changes to business rates in relation to Public Schools was already announced in the July Statement.

- 3.11 The Government signalled it will reform the local government funding system after 2025-26 and will carry out a broader redistribution of funding to better reflect local need (previously known as Fair Funding) through a multi-year settlement from 2026-27. It has also signalled its intention to embark on local government reorganisation to deliver “efficiency savings”. It will set out more detail in the English Devolution White Paper, likely to be published in late 2024.
- 3.12 The Government is expected to publish a finance policy statement in mid/late November to set out the key decisions and principles for the provisional Local Government Finance Settlement. The provisional Local Government Finance Settlement is still anticipated in mid-December. This will set out the detail of funding allocations for individual councils.
- 3.13 On the cost side, as an employer there are the following additional costs:
- Employer national insurance (NI) contributions will increase by 1.2% to 15% from April 2025. The threshold for paying this will decrease to £5k per year. The expectation of the DCN is that councils (and other public sector employers) will be compensated for the cost of employer NI increase but confirmation is awaited. The impact of this on Redditch if this was not funded is £92k.
 - The National Living Wage will increase by 6.7% to £12.21. Minimum wage for 18- to 20-year-olds will increase by 16% to £10 per hour. We are assessing this impact of this.
- 3.14 This year’s Local Government Settlement will be a single year but the next years settlement after consultation in the spring will be multi year. This gives the following timetable for the 2025/6 process:
- 29th October – Chancellors Statement
 - 30th October – Phase 1 Budget and Fees and Charges to CMT
 - 26th November – Phase 1 Budget and Fees & Charges approved for Consultation by Exec
 - 12th December – Phase 1 Budget and Fees & Charges Consultation Responses/Updates at PHB
 - 18th December – Est Provisional Local Government Settlement Date
 - 14th January - Phase 1 Budget and Fees & Charges approved by Exec
 - 8th January – Phase 2 Budget approved by CMT
 - 27th January – Phase 1 Budget and Fees & Charges Approved by Council
 - 4th February – Phase 2 Budget approved by Exec
 - 24th February – Phase 2 Budget and Council Tax Resolution approved by Council

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

26th November 2024

Timescales are estimated – however the issue is that there is little time for delivery of either Tranche 1 or Tranche 2.

Council Strategic Priorities

3.15 The new Leader and Portfolio Holders with the support of the Corporate Management Team will set out new Corporate Objectives for the Council, based on the Manifesto used to gain control in the 2024 elections

3.16 Redditch Borough Council's current priorities, linked to the previous administration, 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. These priorities will change but for the purposes of this report the 5 existing themes will be used. These 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.

3.17 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".

3.18 Following consultation in 2023, and taking other information on board, the Council's priorities are presently:

- Housing
- Parks & Green Spaces
- Economy & Regeneration
- Community Safety

3.19 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.

Strategic Approach

3.20 The Council has come into the 2025/6 budget process in a relatively stable position but with some key underlying issues. These include:

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

26th November 2024

- The requirement for a balanced budget over the 2024/25 to 2026/27 period.
- Good levels of General Fund and Earmarked Reserves.
- An underlying issue with the Waste Collection fleet which has an ongoing cost of over £500k a year.
- The requirement to fund the 24/5 pay award if it is over the 3% assumed in the Council's budget.
- Increases in Council Tax are limited at 2% or £5, which is significantly lower than the present rates of inflation.
- The implications of the 2026 Triennial revaluation of the Pension Fund. The 2023 revaluation saw a budget reduction of circa £1m, however with "live" numbers reducing it is possible this cost will rise from 2026/27.

3.21 The Council has moved to medium financial stability, the 2024 MTFP achieved this. It is critical that the Council is financial sustainable for it to operate at maximum efficiency for its stakeholders and residents. The level of reserves and balances presently held suggest that the Council is in a strong financial position, but ongoing budget sustainability is key to delivering this over the long term.

3.22 As such, the strategy must be to continue to keep the Council financial sustainability in the medium and long terms by setting balanced ongoing budgets. To remain in this position there will be the need for investment, efficiencies and possibly the requirement to fund redundancy (both from reserves and balances). These requirements will be outputs from the Council having to implement changes to the way it operates to continue to become a viable entity going forward.

3.23 As set out later in the Robustness Statement, in compiling Tranche1 of the budget, assumptions have been made based on the best information held now. Issues the Council is facing are not unique, they are being faced by almost all Councils. 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. Initiatives that will be assessed in Tranche 2 (as more time is required to analyse these individual options) include:

- Ensuring Grants are maximised.
- Ensuring Agency work reflects the income provided for its delivery.
- Reviewing the effectiveness of the Council's largest Contracts.
- Reviewing the location and effectiveness of our Depot
- Assessing the Council's leisure and cultural strategy in terms of affordability
- Reviewing recharging mechanisms between the Councils for appropriateness

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

26th November 2024

- Rationalisation of Back Office services as we embrace technology.
- 3.24 Many of these initiatives will require investment, for which the only present source of funding is reserves (General Fund and Earmarked Reserves). Key areas of investment will be:
- Documentation of Processes
 - Investment in automation and robotic processes
 - Cleansing of master data (including its importance in procurement and maintenance of contracts)
 - Possible redundancy – through restructures

The Council's Base Assumptions including Inflation and Grants

- 3.25 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.
- 3.26 Tax Base and Corporate Financing underlying assumptions are 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 assume growth in the base based on the combined Herefordshire pooling figures.
 - New Homes Bonus – It is assumed to be none in 24/5 onwards with nothing announced in the Chancellors Statement on the 30th October.
 - Services Grant - It is assumed that Central Government Grants are at similar levels to previous years (as was the case in 2023/4)
- 3.27 Grant support assumptions are as follows (Revenue and Capital). It should be noted that these are budgeted figures and final grant figures will not be confirmed until the time of the final Local Government Settlement.
- The main Revenue Grants are
 - S31 Grant - £0.748m
 - Housing Benefit Administration Grant - £0.235m
 - Housing Benefit Grant - £18.5m
 - Discretionary Housing Payment - £0.136m
 - Revenue Cost of Collection Grant - £0.106m
 - Homelessness Grant - £0.153m
 - The Council has £15.2m of Towns Fund Grant to be spent by April 2026 which is match funded by £2.0m of Council funding.
 - The Council has £2.4m of UK Shared Prosperity Fund to spend by April 2025. This is both revenue and capital in nature.
- 3.28 There are significant pressures mounting on the Council. At Q2 the overall revenue financial position is a £299k overspend position (up from a £164k

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

26th November 2024

overspend in Q1). This position is set out in detail in an additional report to this Committee today. The significant area of overspend is the maintenance costs of the fleet and clarity on its purchase date, and how far it impacts 2025/26, is required before it is added to this analysis. The remainder of salary based issues are part of the corporate adjustment section.

3.29 Corporate changes included in Tranche 1 2025/26 are:

- The Pay Award is increased from 2% to 3% for 25/6. This would be an additional £100k cost. In her Statement on the 30th July, the Chancellor did say that Government would accept acceptance the recommendations of the independent Pay Review Bodies for public sector workers' pay. If a 3% pay award is agreed then it would follow that the Council should receive £300k of funding for that award. However, until this is agreed, nothing will be assumed for associated funding. The Chancellors Statement on the 30th October spoke of a 3.2% increase of core spending power, but we need to see the detail to be sure.
- Pension Fund Actuarial Triennial Revaluation. The Council did very well in the revaluation which came into effect for the 2023/4 financial year and which finishes in the 2025/6 financial year. Overall the Council had circa £1m of savings on the payments for each year. Although the fund continues to perform well we are concerned on the reducing g numbers of live members in the scheme and so have included an amount from 2026/7 of £200k as a potential risk.
- Fees and Charges assumed an increase of 2%. However, given 50% of fees and charges costs link to staff costs and these possibly will increase at 5% for the 2024/5 financial year. Therefore, to keep pace this this increase of costs it is proposed that 3%, 4% and 5% increases are looked at. These amounts to additional income of the following for each scenario:
 - 3% Increase - £71k
 - 4% Increase - £142k
 - 5% Increase - £213k

It should be noted that at the recent WRS Board, other Board Members were looking to increase Fees and Charges tariffs by at least 3%. WRS numbers are not included pending discussions across members of the level of increases.

- Until more information is understood in the detailed Local Government Settlement in December, it is assumed that Grant levels will remain at present levels.

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

26th November 2024

- The largest change however will link to upcoming Waste Requirements. The Council is required to implement these proposals from April 2026, which the Council challenging present Government Funding allocations. The impact on Council budgets is significant in terms of both Revenue and Capital:
- There is the requirement for additional Capital Investment, over and above any Grant of £193k. It assumes that this is required to be spent in 2025/6 and costs apportioned accordingly.
 - At present PWLB rates of 5.00% for 8 years debt this would be a yearly interest charge of £10k a year from 2025/6.
 - For MRP purposes this would be an additional cost of £24k a year from 2026/7.
 - At the present time, additional revenue costs are estimated to be circa £500k a year.
 - There is also programme implementation costs of circa £200k which is expected to be split across both Councils at £100k each.
- Additional inflation of 5% on contract is included at 5% which is £125k. It should be noted that 5% has also been included in the 24/5 year and this will be allocated in this financial year as and when it is required.
- A review has been undertaken of Corporate Budgets (Council Tax, Business Rates, Investment Income, Debt) against expected number and due to a number of factors there is a positive position..
- The Capital Programme at the moment is unchanged, apart from the fact that changes have been made to the Fleet as per the 24/5 Monitoring Reports.
- Adjustments, following the establishment review, will need to be made across both Councils to account for the £1m in-balance between pay budgets and recharges across both Councils.
- The previous administration had mooted a freeze in Council Tax for 2025/6. It is likely that the Labour Group will not enact this leading to additional ongoing funding of £144k a year.
- The Council had 3% in to cover staff inflation in 2024/5. This is now circa 5% and so this adjustment has also been made in the Corporate budgets section.
- There is also a budget savings in 25/6 relating in going to single status which will need to be addressed.
- There are also works that link to Temporary Accommodation budgets but in fact are HRA buildings. This includes
 - The Anchorage
 - Auxerre House

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

26th November 2024

More information on these schemes will come forward in the next quarter as their advancement will help the present TA budget which is over £600k.

- Analysis will be undertaken on Benchmarking data as well – as this will inform areas where further savings, if required, will be initially looked at.
- There will be an issue with National Insurance in relation to Rubicon in terms of both not covered by the Public Sector protections and having staff at the lower pay scales. Possible exposure, still to be confirmed is between £100 and £200k.

3.30 Corporate pressures are summarised in the following table and amount to a surplus of £317k in 2025/6 increasing to an ongoing deficit of £436k from 2026/7.

	2025/6 £000	2026/7 £000	2027/8 £000
Opening Position	-16	-17	-17
Changes			
Increase Pay Award to 3% (from 2%)	100	100	100
Pension Revaluation (addn costs)		200	200
Increase Fees and Charges to 4% from 2%	-142	-142	-142
Increased Waste Interest costs (Capital)	10	20	20
Increased Waste MRP costs (Capital)		24	24
Waste Project costs (capitalised)		20	20
Increased Waste Revenue costs		500	500
Contract Inflation	125	125	125
No Council Tax Freeze in 2025/6	-144	-144	-144
Improvements in Corporate Budgets	-450	-450	-450
2% Additional 23/4 Payoll cost over Budget	200	200	200
Net Additional Costs	-301	453	453
Initial View of Additional Costs	-317	436	436

3.31 Departmental pressures were requested to be returned by the 24th October. These are attached in **Appendix A** and cover both revenue and capital pressures. These departmental changes result in an overall £1.309m revenue pressure in the 2025/6 financial year and then £0.900m ongoing. This is summarised in the following table:

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

26th November 2024

	2025/6 £000	2026/7 £000	2027/8 £000
Position after Corporate Items	-317	436	436
Departmental Items	1,309	934	897
Position after Departmental Items	992	1,370	1,333

- 3.32 This results in an ongoing pressure of circa £1.3m. It should be noted that if the Council gets the full 3.2% Core Spending Power increase set out in the 2024 Chancellors budget, then this will result in circa £375k of additional funding, reducing the gap to circa £900k. It should be noted that there will also be political pressures as well.
- 3.33 Another key factor in balancing the budget will be the allocation methods for Grants set out in para 3.9 as they impact a number of the “pressure” areas. This will not be known until the Provisional Local Government Settlement in December.
- 3.34 To meet strategic priorities, the Council requires more funding. For Tranche 2 it needs to review a number of areas as set out in 3.23. Other areas where there are potential pressures or initiatives that are being evaluated for Tranche 2 include
- Assessing the possibility of Ward Budgets for members
 - Potentially employing a bid writer, to maximise external income generation, which should be self-funding.
 - Assessing the need for Neighbourhood wardens and supporting community forums.
 - Reviewing overall planning costs given the changes in charging rules in 2024 to assess deliverable.

Fees and Charges update

- 3.35 The section, looks at the impact of proposed Fees and Charges increases for the 2025/26 Financial year. These increases are shown in detail by service in the Fees and Charges Report which is shown as **Appendix B**. The table below highlights the possible increase of income if a 3% to a 5% increase was applied across the board. The 4% has been applied to Contributions and Fees and Charges (not parking) budgets and not on SLA Income or lifeline, where charges are set statutorily, and charges across more than one area. WRS increases will be agreed at the WRS Board Meeting in early November

Year	2025/26	2026/27
Base Budget	3,404,000	3,404,000
3% Increase	71,000	71,000
4% Increase	142,000	142,000
5% Increase	213,000	213,000

Table 4 Fees and Charges Increases

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

26th November 2024

- 3.36 As has been noted in previous budgets, almost 50% of costs relate to staffing costs at the Council. Staffing budgets went up in 23/4 by on average by 5% and the settlement for this year 2024/5 is over 4%. The increases in fees and charges link to the previous year pay award and so just to keep pace with the increases in costs a level of 4% would be a minimum requirement.
- 3.37 The Transformation Team have looked at Income and fees/charges levels for:
- Its deliverability in 2023/4 and 24/5
 - Views on if additional % increases will be deliverable.
 - Bereavement costs have been updated to ensure they are rounded to pounds as per legislation.
- 3.38 The outcome of that high level analysis was that:
- A blanket % increase on all controllable fees and charges and budgets would not be advisable, as this will just increase the rolling year variances in specific areas. Those budgets need adjusting to the correct base (both up and down).
 - Bereavement services income has been heavily impacted by a newly created crematorium and a paper has been produced by the service manager which suggests a decrease in yearly budget achievement, decreasing and ceasing some fees from a competitive pricing perspective whilst also suggesting new income streams
 - Knowledge of the full extent of what is or is not Vatable in income lines also needs to be clarified – so the right budgets are set.
 - Garden and trade waste are areas where above inflation increases could be variable with previous years and current forecasting showing promise.
- 3.39 The overall impact of the 4% increase on the Council's position is set out in the table in 3.30 above. In setting the base budget levels to apply the increases an assessment has been made on deliverability as set out above. Note that in the Appendix there are proposed changes to the HRA charges (highlighted in the notes column), and Community Charges linked to Lifeline and Hire products (in red).

Impact on Reserves

- 3.40 The existing 24/25 MTFP saw general fund balances increase by £27k over the three year period as the original plan moved the Council towards sustainability. Now that the 2020/21 and 2021/22 accounts have been closed and we have far clearer positions on the 2022/23 and 2023/4 outturn positions a stronger reserves position is reflected in **Appendix C**.

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

26th November 2024

- 3.41 As part of this Tranche 1 budget, it is requested that £300k is allocated from the Economic Development Reserve to undertake feasibility studies at the following centres: Matchborough Centre, Winyates Centre and Woodrow Centre.
- 3.42 It should be noted that there will also be an impact on General Fund Reserves from the decision to stop the library development. This is due to aborted design work which cannot be charged to capital. The magnitude is yet to be finalised and agreed but potentially is in the £3-500k region.

Capital Programme

- 3.43 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.
- 3.44 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. Carry forward positions as set out in the Q2 Monitoring Report are £8.050m for the Council. Significant amounts of this relate to Grant Funded schemes
- 3.45 **Appendix D** sets out the present capital programme as agreed at Council in February. Spend to date at Q2 is £3.628m.
- 3.46 The table below highlights the present Capital programme position to 2029/30 rolling forward the “Rolling Budgets” for an additional year.

Year	Total Programme	Council Funded	Grant Funded
2024/5	19,864,560	4,742,886	14,836,674
Carry Fwd	8,050,690		
2025/6	5,002,180	1,348,316	3,653,864
2026/7	2,995,763	2,289,899	705,864
2027/8	1,654,918	949,054	705,864
2028/9	1,480,000	780,000	700,000
2029/30	1,685,154	979,290	705,864

Table 6 – Capital Programme

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

26th November 2024

3.47 Additional Capital Programme items totalling £56k in 2025/6 are set out in the following table which now included updated property work required which will cost an additional ongoing cost of £100k a year in debt charges:

		2025/26	2026/27	2027/28	2028/29
		£	£	£	£
Environmental					
Abavus Software Integration	The Abavus software package covers the customer interaction from the front end first contact to completion on all Environmental Services. It also provides efficient processes for our operational teams, so route reviews scheduling of work etc, taking online payments for bulky and garden waste collections, MDTs plus all commercial activities. Other activities include street cleaning, waste collections, trees, crematorium and cemetery services. Plus lots more from a management and data reporting point of view. The project was started 4 years ago and the final elements are now in their final completion stages. It is envisaged that the next 2 financial years a consultancy budget is available for any work that will roll over from a waste services and finance part of the software. There should be funding left as above	30,000 10,200	30,000 10,200	0	0
Abavus Licensing	as above			10,200	10,200
ICT					
PSN Firewall and Internal Firewall Replacement	Rubicon Firewall, RBC PSN Firewall and Internal Firewall. These devices will no longer be supported from August 2026. Cisco (the manufacturers of the equipment) have stated this equipment is no longer supported beyond August 2026. This will be a major cyber security issue if they are not replaced before that time.	16,250			
Property Services					
Replace/Upgrade Track at Abbey Stadium	The sports athletic track is inspected to achieve the UKA Track mark and identified the Track is at it's minimum thickness, while still offering a good surface has significant reduction in its slip resistance. Track lighting is becoming a costly maintenance operation and requires upgrading to LED lighting which will also provide an energy saving.	300,000	0	0	0
Fire Compartmentalisation in Public Buildings	To undertake reinstatement of Fire Compartmentation in Redditch Corporate and Public Buildings. Following recommendations in the latest Fire Risk assessments, Property Services undertook a number of surveys of Corporate buildings including Rubicon Leisure Buildings and identified a number of areas of concern where some parts of the fire compartmentation is ineffective by its absence, damaged, disturbance or age degraded. Fire Compartmentation helps contain a fire to an area, enabling safe evacuation and limiting the affect of the fire and	250,000	250,000	250,000	0
Energy Performance Certificate Requirements	An Energy performance certificate, (EPC) is required on all Non dwelling, before lease or Sale can be agreed. They show the energy efficiency rating, on a A-G rating scale to show the energy performance of a building. They enable persons to consider energy efficiency as part of their investment or business decision to buy or occupy that building. Buildings are responsible for almost 40% of the UK's energy consumption and carbon emissions. By April 2023 it was required that all commercial properties to have a minimum of an E rating with a requirement (achieved) All new leases from April 2025 will require to be a minimum "C" and by 2027. This related to 55 Commercial units	100,000	100,000	100,000	0
Abbey Stadium Roof Replacement	Abbey Stadium Sports Hall roof (to be read inconjunction with Rubicon proposal for Sports hall redevelopment) . The sports hall roof is a steel Profile roof and has reached the end of its life. Protective coating on the external is failing exposing the steel roof below. Currently not leaking but a matter of time. Rubicon leisure have proposals to refurbish the sports hall and would be prudent to replace the roof at the same period of time. Incorporating new lighting / heating and ventilation systems. While sports hall is closed provide temporary marquee on the Carpark to	250,000	0	0	0
Total		956,450	390,200	360,200	10,200

3.48 In addition, there are the following Rubicon items that need considering:

- Abbey Stadium - Refurb indoor c/rooms and toilets £300k
- Forge Mill – new outdoor Kiosk and toilet refurbishment £90k
- Pitcheroak,- refurbish mail changing and 2nd Green rebuild £90k

Given that the Culture application was rejected in the budget, there is the requirement for an extension to the Arrow Valley building to increase kitchen size and provide rooftop terrace at £750k

Future potential/aspirational Rubicon items 2026-2030 that would need much more discussion include:

- Sports Hall conversion/fitness extension at Abbey Stadium
- Additions to the outdoor area at Arrow Valley to grow the recreational offer eg. adventure golf
- Cover the cloisters to create an internal cultural space and café at Forge Mill
- Redevelop and reinterpret the museum
- Community Centre redevelopments
- New clubhouse at Pitcheroak

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

26th November 2024

An Initial Risk Assessment

- 3.49 As set out the Strategic Approach and Robustness Statement sections we are budgeting in a time of extreme uncertainty.
- 3.50 As per the Risk Reports that are reported to both Executive and Audit, Governance and Standards and Committees these are:
- Resolution of the approved budget position.
 - Financial process rectification.
 - Decisions made to address financial pressures and implementing new projects that are not informed by robust data and evidence.
 - Adequate workforce planning.
 - The next Pension fund re-valuation which will impact 2026/7 figures.
- 3.51 The core risks of implementation
- 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

Robustness Statement

- 3.52 For Tranche 1, the opinion of the Interim Director of Finance is that the 2026/26 budget estimates contain considerable risk due to the level of uncertainty in the Council's operating environment, making it problematic to develop meaningful assumptions.
- 3.53 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.

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

26th November 2024

- 3.54 The MTFP highlights that the current financial position is potentially untenable without some form of intervention or further substantial savings and this will become clearer with the Provisional Local Government Settlement in December. Whilst a balanced budget for 2024/25 was approved in February 2024, the Council is currently forecasting a £0.3m overspend in 2024/25 due to the additional demands placed on it due to maintenance costs of the fleet and the pay award.
- 3.55 Given all the uncertainty which encapsulates this MTFP, the assumptions have been based on the best available information to the Council at this time. Work will continue in validating all assumptions, robustly challenging estimates, ensuring the delivery of existing saving plans. Updates will be included in Tranche 2 of the MTFS and balanced budget setting process.

Tranche 1 Feedback

- 3.56 Tranche One is the first Phase of the 2025/26 budget process. There will be consultation via the quarterly “Customer Survey” to see if more stakeholders can be reached. This will happen over November and December.

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.

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

26th November 2024

5. RISK MANAGEMENT

- 5.1 There is a risk that if fees and charges are increased that income levels will not be achieved, and the cost of services will increase. This is mitigated by managers reviewing their fees and charges annually. The Council must deliver a balanced budget and items impacting on distinct groups require an equalities review to be undertaken.

6. APPENDICES

Appendix A – Savings Proposal Document
Appendix B – Fees and Charges by Service
Appendix C - Reserves
Appendix D – Existing Capital Programme

6. BACKGROUND PAPERS

None.

7. KEY

None