

MINUTES

Present:

Councillor Joe Baker (Chair), Councillor Sharon Harvey (Vice-Chair) and Councillors Juliet Barker Smith, Bill Hartnett, Wanda King, Jen Snape, Jane Spilsbury, Monica Stringfellow and Ian Woodall

Officers:

Peter Carpenter and Sue Hanley

Principal Democratic Services Officer:

Jess Bayley-Hill

71. APOLOGIES

There were no apologies for absence.

72. DECLARATIONS OF INTEREST

There were no declarations of interest.

73. LEADER'S ANNOUNCEMENTS

The Leader advised that the Budget Scrutiny Working Group had pre-scrutinised the Medium Term Financial Plan (MTFP) 2025/26 to 2027/28 Tranche 2 report at a meeting held on 31st January 2025. No recommendations had been made at this meeting for the consideration of the Executive Committee. However, the group had determined that they would scrutinise the report a further time at a meeting due to take place prior to the Council meeting scheduled to take place on 24th February 2025. Any recommendations arising from that meeting would be reported to the Executive Committee meeting that was due to take place immediately before the Council meeting. On behalf of the Executive Committee, the Leader thanked the Budget Scrutiny Working Group for their hard work.

The Executive Committee was informed that Appendix A to the MTFP 2025/26 to 2027/28 Tranche 2 report had not been received in time for consideration at the meeting, as originally anticipated. The Deputy Chief Executive and Section 151 Officer would address the reasons for this situation when presenting the report and

Members would have an opportunity to consider the content of this appendix at the following meeting of the Executive Committee.

74. MINUTES

RESOLVED that

the minutes of the meeting of the Executive Committee held on 14th January 2025 be approved as a true and correct record and signed by the Chair.

75. PAY POLICY 2025/26

The Deputy Chief Executive and Section 151 Officer presented the Pay Policy Statement 2025/26.

The Executive Committee was advised that Councils were required by the Localism Act to report on the pay awarded to staff on an annual basis, by the end of March each year. The purpose of the report was to provide transparency in respect of the Council's approach to setting pay as well as in respect of the remuneration of senior staff employed by the authority. At Redditch Borough Council, staff pay comprised grades 1 to 11, Hay grade managerial posts and senior officer positions, for staff employed at a Corporate Leadership Team (CLT) and Senior Leadership Team (SLT) level. Staff posts at grades 1 to 11 were subject to job evaluation whilst more senior posts, including Hay grade posts, were job evaluated by external recruitment advisers. There were spinal points in each grade and employees progressed up those spinal points over time.

Performance related pay was not paid to staff employed by the authority, including at a senior level. The pay was, however, reviewed and negotiations were undertaken nationally with representatives of the trades unions each year. The outcomes of these negotiations and the pay award tended to be announced in the autumn, with back pay awarded to staff in line with pay awards.

For the first time in the Pay Policy Statement, information about the division of costs for salaries had been extended to include contributions from the Housing Revenue Account (HRA) where applicable. This was relevant to three senior officer posts where staff had a role managing Housing Services. All of the senior officers employed at CLT and SLT levels managed shared services and the contribution from Redditch Borough Council towards their pay had been listed in the report.

Following the presentation of the report, Members discussed the content of the Pay Policy Statement and in doing so questioned whether there were other posts, in addition to the three senior

positions listed in the report, where funding for the role was charged to the HRA. Officers confirmed that there were other roles at the Council where contributions were made through the HRA. In total, the overall recharge budget to the HRA was £4.2 million. The recharge arrangements and the rationale for this needed to be clear and would be reviewed by the external auditors.

Reference was also made to the lowest salary paid at the Council, of £23,653 per annum, and questions were raised about whether this reflect the minimum or national living wage. The Executive Committee was advised that this wage was set at a level above both the current national living wage and the national minimum wage.

Consideration was given to the pay awarded to apprenticeships and Members questioned how this related to the pay awarded to other staff. Officers clarified that the Council was trying to link apprenticeships to pay grades.

RECOMMENDED that

the Pay Policy Statement 2025/26 be approved.

76. MEDIUM TERM FINANCIAL PLAN - TRANCHE 2 BUDGET INCLUDING FEES AND CHARGES (FOLLOWING CONSULTATION)

The Deputy Chief Executive and Section 151 Officer presented the MTFP 2025/26 to 2027/28 Tranche 2 report for the Executive Committee's consideration.

In opening the presentation of the report, the Section 151 Officer explained that Appendix A to the report was not yet available to share with Members. The Government had not provided clarification on the Local Government Settlement until the day before the Executive Committee meeting and this had provided insufficient time to update the Appendix for the meeting. Officers were also continuing to review information arising as a result of the recent closure of the Council's accounts for 2020/21, 2021/22, 2022/23 and 2023/24 and this would be incorporated into the final version of the appendix. A copy of that appendix would be made available for Members' consideration at the following meeting of the Executive Committee, scheduled to take place on 24th February 2025.

A verbal update was provided to the Committee on the content of the Local Government Settlement for the Council. Members were advised that figures in relation to National Insurance rises had been provided and these were roughly equivalent to the level of funding

that had been anticipated for the authority. By contrast, Bromsgrove District Council would be receiving £200,000 less than anticipated for National Insurance increases and this would need to be addressed in that authority's budget.

The local government settlement had been anticipated to increase core spending power for local authorities by 6 per cent. However, like most District Councils, Redditch Borough Council had received a 0 per cent increase on core spending power. Only 30 District Councils in the country had received an increase in core spending power and as a consequence, core spending power for District Councils had only been increased by 0.3 per cent. In order to break even, Officers were proposing that the Council would have to increase Council Tax by the maximum level permitted, without holding a referendum, of 2.99 per cent.

The Council would be receiving some grant funding in the budget valued at £1.061 million and comprising a range of different grants. The Council's revenue grant position would remain roughly stable at £10.94 million. The Government had awarded a one year settlement but from 2026/27 onwards, three year settlements were anticipated for local government and the Council needed to ensure that the authority engaged in any consultation processes relating to the funding calculations.

There had been some changes to budget projections since the MTFP Tranche 1 report was considered by the Executive Committee. This included:

- A proposal to increase Council Tax by 2.99 per cent.
- The Actuaries for the Worcestershire Pension Scheme were suggesting that there would not be a need for the increases to employer contributions that had previously been anticipated.
- Budgets relating to salaries for 2024/25 had been adjusted to take into account the staff pay award.
- The earmarked reserve for Financial Services had been reviewed and linked to the one-year growth item in that area.
- There was a proposed uplift to fees and charges for Worcestershire Regulatory Services (WRS) to take into account the impact of inflation on costs. The same standard increase of just under 4 per cent on fees and charges for the service had been suggested for partner authorities.
- The Local Government Settlement costs had been incorporated into the figures.
- Funding for the agreed increases to Members' allowances from 1st April 2025 onwards had been incorporated into the budget.
- The introduction of Councillor ward budgets would be a new addition to the budget and funded from reserves.

The proposals detailed in the MTFP would result in a surplus of £30,000 in year one of the plan moving to a deficit of £345,000 at the end of the three-year period.

Whilst the Council's accounts for 2020/21, 2021/22 and 2022/23 had been closed, they had not yet been audited. It was unlikely that external auditors, Grant Thornton, would audit these accounts or that the new auditors would do so. However, there was greater certainty regarding figures in the budget as a consequence of submitting the accounts. This included clarification that the Council had £7.3 million in the general fund, representing 15 – 20 per cent of the gross budget. Members were asked to note that the Government recommended that this level should be at least 5 per cent, so this was a positive situation. There were also confirmed to be £14.5 million in earmarked reserves and work would need to be undertaken to review these.

In terms of Rubicon Leisure Limited, any overspends would be addressed using funding from reserves allocated to the costs associated with the company. The Council was also proposing to increase the management fee for Rubicon Leisure Limited.

The Treasury Management Strategy had been included in the papers. This was an important document relating to financial management of the Council. In particular, Members were urged to consider the content of the first section of the strategy, which provided further details about economic conditions and the implications for the Council moving forward.

The HRA for the following three years had also been included in the budget. The Council was anticipating a gross income of £29.5 million rising to £32 million for the HRA and there were £2.5 million in balances. Earmarked reserves were in a strong position for the HRA and could not be subsidised by the General Fund. There was also an HRA Capital Programme. Expenditure on the HRA Capital Programme was anticipated to fall from £11 million in year one to £7 million in year three.

Overall, the Council was compliant with legal requirements in respect of setting a balanced budget and in the management of balances and reserves. However, there remained uncertainties that could impact on the budget moving forward. In particular, there was uncertainty with respect to local government devolution. However, it was recognised that Members would wish to leave a legacy.

There were risks that could impact on the budget position. This included:

- The impact of a 0 per cent increase in the local government settlement on the Council's finances.
- The likelihood that the three sets of disclaimer accounts for the Council would remain unaudited.
- The uncertainty with regard to the expenditure that the external auditors would determine as needing to be written off following changes to plans for the Town Hall hub.
- Pay to staff and future increases. Members were asked to note that staff pay represented 50 per cent of Council costs.
- The impact of inflation.
- Uncertainty over the local government settlement for 2026/27 onwards.

The Section 151 Officer confirmed that he was confident that the estimates provided in the MTFP report were robust. There were pressures on the budget, including future pay awards and the costs arising from the introduction of a food waste collection service. However, the costs associated with the food waste collection service could be covered for now using reserves.

In the future, it was suggested that improvements could be made to the budget consultation process. Evidence arising from a similar consultation exercise carried out at Wyre Forest District Council indicated that there would be greater levels of feedback from the public where Members actively engaged in promoting the consultation process.

The Budget Scrutiny Working Group had considered the content of the report at a meeting held on 31st January 2025. During this meeting, Members had raised the following points:

- Questions with regards to the reasons for the move from a surplus to a deficit position over the three-year period covered by the MTFP.
- A briefing paper had been requested clarifying the reasons why additional funding was needed for the Digital Manufacturing and Innovation Centre (DMIC).
- Background information had been requested in respect of funding for the athletics club.
- Similarly, background information had been requested in respect of funding for temporary accommodation.
- Additional details in respect of the public consultation exercise had been requested.

The additional information that had been requested by the Budget Scrutiny Working Group would be presented for Members' consideration at a forthcoming meeting of the group.

Following the presentation of the report, Members discussed the content of the budget papers in detail and in doing so commented on a number of points:

- The inevitable need to increase Council Tax by the full 2.99 per cent permitted in order to break even, due to it being included as part of the 0 per cent increase on the local government settlement.
- The additional clarity that had been provided in respect of the Council's earmarked reserves and balances arising from the submission of three sets of Council accounts.
- The risks to the Council as well as a future unitary authority that would arise if the Council did not invest additional funding in the DMIC. Members commented that this could have resulted in the Council accruing significant levels of debt.
- The impact that Councillor Ward budgets would have in communities.
- The need for robust criteria to be applied in respect of the ward Councillor budgets and Members questioned whether this had been reviewed. Officers confirmed that criteria, based on Worcestershire County Council and Bromsgrove District Council Ward Member Schemes, had been developed and would be presented for Members' consideration at a forthcoming meeting of the Executive Committee.
- The date when the Councillor Ward Budget Scheme would be launched. The Executive Committee was informed that Officers were aiming to introduce this scheme from 1st April 2025 onwards.
- There would be a need for robust business cases to be completed and considered in order to fund any legacy projects that might be proposed by Members.
- The reintroduction of the outdoor market in March 2025.
- The recruitment of area wardens, which had been addressed in the budget.
- The financial support that would be provided to local businesses arising from the UK Shared Prosperity Funding (UKSPF) scheme.
- The need to upgrade the Council's asset stock to ensure that this was fit for purpose moving forward.
- The potential for a summary of budget consultation responses to be provided for Members' consideration. Officers clarified that a detailed summary was in the process of being prepared and would be shared with Members shortly.

In concluding their discussions in respect of this matter, Members thanked the Financial Services team and the Section 151 Officer, for their hard work in preparing the report.

RECOMMENDED that

- 1) the Tranche 2 growth proposals be approved;
- 2) the additional funding to the Council, as per the Local Government Settlement on the 18th December 2024, including the estimated levels for 2026/7 and 2027/8, be incorporated into Medium Term Financial Plan (MTFP) revenue and capital budgets 2025/26 to 2027/28;
- 3) the Tranche 2 savings proposals, including an increase of Council Tax of 2.99%, be approved;
- 4) the Worcestershire Regulatory Services fee increases for 2025/26 be approved;
- 5) the updated five year Capital Programme 2025/26 to 2029/30 along with its ongoing revenue costs be approved;
- 6) the current levels of Earmarked Reserves be carried forward into 2025/26, 2026/27 and 2027/28
- 7) a new Earmarked Reserve for the Digital Manufacturing and Innovation Centre of £600k be created.
- 8) an Earmarked Members' Ward Budget Reserve of £2k per Member (£54k per year) over the 3 year MTFP period be created;
- 9) the Housing Revenue Account (HRA) budget is approved;
- 10) Members note any feedback from the Tranche 2 consultation process undertaken;

RESOLVED to note

- 11) the implications set out in the Section 151 Officer's Robustness (Section 25) Statement of the 2025/26 to 2027/28 Medium Term Financial plan in moving the Council to financial sustainability; and
- 12) the need for accelerated business cases to be worked up to enable upgrades of infrastructure to the Borough for consideration in line with work set out in paragraph 3.20 for completion prior to vesting day.

77. OVERVIEW AND SCRUTINY COMMITTEE

The minutes of the meeting of the Overview and Scrutiny Committee held on 13th January 2025 were considered. The Leader confirmed that all of the recommendations contained in the minutes had been considered at the previous meeting of the Executive Committee.

RESOLVED that

the minutes of the meeting of the Overview and Scrutiny Committee held on 13th January 2025 be noted.

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

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

The Meeting commenced at 6.30 pm
and closed at 7.26 pm