

REDDITCH BOROUGH COUNCIL

Executive

2nd September 2025

Quarter 1 2025/26 Finance and Performance Monitoring Report

Relevant Portfolio Holder	Councillor Jane Spilsbury – Portfolio Holder for Performance Councillor Ian Woodall – Portfolio Holder for Finance
Portfolio Holder Consulted	Yes
Relevant Head of Service	Debra Goodall
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Wards Affected	All Wards
Ward Councillor(s) consulted	No
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.	

SUMMARY

Regular budget monitoring and reporting forms the basis of good governance and best practice in budget management. Councillors and committees should be able to rely on the information provided to assist in sound decision making around budgets and spending plans for the Council.

1. RECOMMENDATIONS

The Executive is asked to RESOLVE that the following are noted:

- 1) The current Revenue position of **£0.020 million** unfavourable variance.
- 2) The current Capital spending of **£3.429 million** against a budget of £8.082 million as outlined in Appendix A
- 3) The current savings delivery is **£0.545 million** against an annual target of £2.342 million for 2025/26.
- 4) Earmarked Reserves are £27.117 million as outlined in Appendix B.
- 5) The Ward Budget allocation position to date is 13 approved allocations at £15,800, leaving a balance of £38,200 to be allocated before year end as included in Appendix C.
- 6) There is an updated procurements position set out in Appendix D, with any new items over £200,000 to be included on the forward plan.
- 7) The position on Council Tax and Business Rates.
- 8) The position on benefits processing.

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- 9) The Performance data for the period April to June 2025 (Quarter 1) shown at Appendix F.

The Executive is asked to **RECOMMEND** that:

- 10) That the Balance Sheet Monitoring Position for Q1 is noted – which is the Treasury Monitoring Report and required to be reported to Council (Appendix E)

2 EXECUTIVE SUMMARY

- 2.1 This Quarter 1 Financial Monitoring Report for Redditch Borough Council (April–June 2025) provides a comprehensive overview of the Council's financial performance, budget delivery, and strategic project progress. The report supports informed decision-making and ensures transparency in financial governance.
- 2.2 Key highlights include:
- **Revenue Position:** A minor overspend of £0.020 million is forecasted for the year, driven by pressures in Corporate Services and Community & Housing, partially offset by underspends in Finance, Environmental, and Legal Services.
 - **Capital Programme:** £3.429 million has been spent against an annual budget of £8.082 million. Significant projects include the Innovation Centre and Public Realm improvements funded through the Town Deal and UK Shared Prosperity Fund.
 - **Savings Delivery:** £0.545 million of the £2.342 million annual savings target has been achieved, primarily through vacancy management and efficiency measures.
 - **Reserves:** The Council holds £27.117 million in earmarked reserves, following a thorough review during the Medium-Term Financial Plan (MTEP) process.
 - **Ward Budgets:** £15,800 has been allocated across 13 councillors, with £38,200 remaining to be distributed before year-end.
 - **Treasury and Balance Sheet Monitoring:** No new borrowing has occurred; £5.5 million is held in short-term investments. The Council remains compliant with all prudential indicators and investment limits.
 - **Collection Fund Performance:** Council Tax and Business Rates collection are slightly below target, with 27.99% and 25.29% collected respectively in Q1.
 - **Benefits Processing:** Average processing times are 18 days for new claims and 8 days for changes, within acceptable thresholds.

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- **Procurement Pipeline:** 25 contracts exceeding £200,000 are scheduled for procurement within the next 12 months, ensuring strategic resource planning.

2.3 The report also outlines risks and operational implications, with financial pressures and contract management flagged as key areas.

3 BACKGROUND

3.1 The purpose of this report is to set out the Council's draft Revenue and Capital Outturn position for the first quarter of the financial year (April – June 2025) and associated performance data. This report presents:

- The Council's forecast yearly outturn revenue monitoring position for 2025/26 based on data to the end of Quarter 1 including delivery of the savings targets as set out in the MTFP.
- The position in respect of balance sheet monitoring as requested by the Audit, Governance and Standards Committee including the Treasury Management report for Quarter 1.
- The spending as of Q1 of Ward Budget Funds.
- The updated procurement pipeline of Council projects to be delivered over the next 12 months in order to properly resource plan for the delivery of these projects.
- The Council's performance against the strategic priorities outlined in the Council Plan Addendum, including operational measures to demonstrate how the council is delivering its services to customers is the subject of separate report elsewhere on the agenda.

4. DETAILED PERFORMANCE

Financial Performance

- 4.1 As part of the monitoring process a detailed review has been undertaken to ensure that issues are considered, and significant savings and cost pressures are addressed. This report sets out, based on the position at the end of Quarter 1, the projected revenue outturn position for the 2025/26 financial year and explains key variances against budget.
- 4.2 The £13.475m full year revenue budget included in the table below is the budget that was approved by Council in February 2025.

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Service Description	2025-26 Approved Budget	2025-26 Revised Budget	2025-26 Revised Q1 Budget	Q1 Adjusted Spend	Full Year Projected Forecast	Full Year Projected Variance
Business Transformation and Organisational Development	2,127,379	2,057,275	461,741	479,125	2,093,631	36,356
Community and Housing GF Services	2,978,979	2,814,941	386,967	-550,265	2,910,010	95,068
Corporate Services	-4,390,100	-3,880,992	-765,279	-712,805	-3,486,096	394,896
Environmental Services	3,327,695	3,327,695	891,691	819,171	3,266,783	-60,912
Financial and Customer Services	3,151,803	3,091,523	813,218	972,317	2,698,180	-393,343
Legal and Democratic Services	1,213,796	1,090,214	254,617	189,466	1,017,824	-72,390
Planning and Leisure Services	1,272,841	1,225,728	271,098	87,576	1,180,012	-45,716
Regeneration & Property	2,213,443	2,169,452	426,654	437,482	2,218,178	48,726
Regulatory Client	711,638	711,638	177,910	178,640	727,307	15,668
Rubicon Client	867,481	867,481	216,870	258,826	915,600	48,119
Starting Well	0	0	0	-9,840	-14,524	-14,524
Grand Total	13,474,955	13,474,955	3,135,487	2,149,693	13,526,905	51,948
Service Description	2025-26 Approved Budget	2025-26 Revised Budget	2025-26 Revised Q1 Budget	Q1 Adjusted Spend	Full Year Projected Forecast	Full Year Projected Variance
Corporate Financing	-13,474,955	-13,474,955	-3,368,739	-4,142,308	-13,507,005	-32,048
Grand Total	-13,474,955	-13,474,955	-3,368,739	-4,142,308	-13,507,005	-32,048
TOTALS	0	0	-233,252	-1,992,615	19,900	19,900

Budget Variances

- 4.3 The draft position is set out in the above table.
- 4.4 Overall, the Council is currently forecasting a full year revenue overspend of £0.020m at Quarter 1. The underspend is mainly due to the additional grants received. This position will continue to be reviewed particularly given the impact of the increasing costs linked to inflation and further updates will be provided to Councillors throughout 2025/26. This includes service projections as follows:

Business Transformation & Organisational Development £0.036m overspend

Business Transformation is forecasting a £0.036m overspend of £0.017m due to increased planned training requirements across the Council and £0.019m on ICT Training Costs. These will be monitored throughout the year.

Community and Housing GF Services £0.095m overspend

Community & Housing Services is forecasting a £0.095m overspend due to additional CCTV Telephone Costs of £0.036m and underachieved income of £0.029m. Community Transport is overspending by £0.178m due to the Council decision to reduce fares income by 50%, hence, less income expected. Also, Shopmobility moved to a new location and will be spending more on electricity, service charge and advertisement. . This is alongside a reduced income with pre covid customer numbers not returning,

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which is a national trend; only 42% of the income is expected. These overspends are offset by £0.118m additional Homelessness Prevention income and £0.030m Community Safety grants.

Corporate Services £0.395m overspend

Corporate Services is forecasting a £0.395m overspend due to additional Postage Charges of £0.021m, Lump Sum Pension Deficit payment of £0.027m and forecasted underachieved Efficiency Savings of £0.347m as outlined later in the report .

Environmental Services £0.060m underspend

Environmental Services is forecasting a £0.060m underspend within Place Teams of £0.123m due to higher than planned income offset by £0.017m on Fleet Maintenance, underachieved SLA income of £0.025m, Agency Costs within Hedge cutting of £0.013m and APSE Licence Purchase of £0.008m.

Financial and Customer Services £0.393m underspend

Finance & Customer Services is forecasting a £0.393m underspend due to Agency Costs of £0.718m due to cover of staff vacancies offset by savings on Salaries of £0.486m, additional Insurance costs of £0.092m all offset by additional Housing Subsidy income of £0.647m and £0.070m of various other savings.

Legal and Democratic Services £0.072m underspend

Legal and Democratic Services is forecasting a £0.072m underspend due to savings generated within Democratic Services as a result of a post being identified as fully Bromsgrove District Council related.

Planning and Leisure Services £0.045m underspend

Planning & Leisure Services is forecasting a £0.045m underspend due to additional Development Control income above expected levels at this point in the year compared to previous years.

Regeneration and Property Services £0.049m overspend

Regeneration & Property Services is forecasting a £0.049m overspend due costs to Wychavon District Council of £0.062m for Parking and £0.027m DMIC application fee. The application fee is currently being investigated to see if it should be charged to capital. The overspend has been offset by the use £0.040m UKSPF Grant to cover Admin which has offset staffing posts.

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Regulatory Client overspend £0.016m

Regulatory Client is forecasting a £0.016m overspend due to underachieved Efficiency Savings of £0.011m and Pest Control Fees of £0.005m recharge from WRS above budget.

Rubicon Client overspend £0.048m

Rubicon Client is forecasting a £0.048m overspend due to additional Management Fees of £0.008m and increased Maintenance and Insurance costs of £0.040m due to Rubicon client not having an insurance budget for buildings.

Starting Well underspend £0.014m

Starting Well is forecasting a £0.014m underspend due to an excess of grant income. This will be reviewed as part of the Quarter 2 position to bring the forecast back in line with a nil variation.

Corporate Financing

Corporate Financing is forecasting £0.032m additional income due to extra Investment Interest amounting to £0.380m and Grant Income of £0.186m offset by additional Interest Payable of £0.362m and underachieved Fees & Charges Income of £0.172m.

Savings Targets

The Council had £2.342m of savings targets in 2025/26. The Council has delivered £0.545m of these savings in Q1. These are shown in the table below:

	2025/26 £m	Adjusted 2025/26 £m	Total 2025/26 £m	Savings YTD	
Service Reviews	(0.405)	0.405	0		Consolidated corporately
Finance Vacancies	(0.100)	0.100	0		Consolidated corporately
Environmental Service Partnerships	(0.050)	0.050	0		Consolidated corporately
Move to all out elections	(0.170)		(0.170)	0	Unlikely to be met
Town Hall	(0.400)		(0.400)	0	Work ongoing
2023/24 Items	(1.125)	0.555	(0.570)	0	
In year corporate target		(1.522)	(1.522)	(0.545)	£0.407m from vacancy management and £0.138m efficiencies

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Directorate savings		(0.250)	(0.250)	In progress	
2025/26 Items	0	(1.722)	(1.772)	(0.545)	
Total Savings	(1.125)	(1.217)	(2.342)	(0.545)	

4.5 Cash Management

Borrowing

- As of the 30th June 2025, there were no short-term borrowings. The Council has long-term borrowings of £103.9m.

Investments

- On 30th June 2025 there were £5.5m short-term investments held.

Capital Monitoring

- 4.6 A capital programme of £8.082m was approved in the Budget for 2025/26 in February 2025. This has been fully reviewed as part of the MTFP using actual data as at the end of December 2024. The table below and detail in **Appendix A** set out the Capital Programme schemes that are approved for the MTFP time horizon.
- 4.7 Many of these schemes are already in partial delivery in the 2025/26 financial year. By approving this list, the Council also agreed sums not spent in 2024/25 (and 2023/24 by default if schemes originated earlier than 2024/25 as sums have been carried forward through to the 2024/25 MTFS Report) to be carried forward into 2025/26. The table also splits amounts by funding source, Council or third party.

Year	Total Programme		Council Funded	Grant Funded
2024/5	20,114,366	32,428,717	4,792,886	15,036,480
Carry Fwd	12,314,351			
2025/6	8,082,320		3,176,213	4,906,107
2026/7	3,923,362		3,217,498	705,864
2027/8	2,559,172		1,853,308	705,864
2028/9	2,064,490		1,364,490	700,000
2029/30	2,496,248		1,790,384	705,864

- 4.8 Included in this funding the Council also have the following Grant Funded Schemes which are being delivered in 2025/26:

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- The Town Deal schemes – the Innovation Centre and Public Realm improvements which are funded via £15.6m of Government Funding.
 - For the Innovation Centre
 - Stage 3 designs are now complete and we are in the process of appointing a design and build contractor, to work alongside the design team during Stage 4. This will enable greater cost and design certainty prior to the onset of the construction phase.
 - The revised planning application has now been submitted, which was timed with a press which also went out at the start of August.
 - The project remains on track to deliver in line with the revised programme, which will see design and procurement progressing to the end of 2025 calendar year, prior to an anticipated 62-week construction period, commencing in January 2026.
 - The final business case for GBS LEP funding (£2.425m) was submitted to Birmingham City Council (BCC) on 23rd July, following initial draft submission in May 2025. The project is scheduled to go to the EZ Partnership Board in October 2025, prior to final sign off by BCC Cabinet in December 2025.
 - For the Public Realm Scheme
 - All works to Unicorn Hill and Church Green West have been completed. The new traffic regulation order (TRO) came into place on the 14th August. Public comms around the new TROs have been circulated on social media and local papers.
 - The next phase of public realm work has been paused so that we can understand the full cost of building the innovation centre before entering into any further expenditure of Town Deal Funds.
 - UK Shared Prosperity Schemes (USKPF) totalling £818,536 of which £152,000 is capital need to be completely spend by the end of the 2025/26 financial year. These funds are being spent in line with the approved UKSPF Investment Plan.
- 4.9 The outturn spend is £3.429m against a capital budget totalling £8.082m and is detailed in **Appendix A**. It should be noted that as per the budget decision carry forwards of £11.839m will be rolled forward from 2024/25 into 2025/26 to take account of slippage from 2024/25.

Housing Revenue Account

- 4.10 The table below details the financial position for the Housing Revenue Account (HRA) for the period April - June 2025. The major variances are due to the following:
- Repairs & Maintenance - vacancies pending restructure of service areas.

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- Supervision & Management - the variance is predominantly due to vacant posts as a consequence of a service review within Housing Services. A new structure will be implemented and posts recruited in Quarter 3.

	2025/26 Original Budget £'000	2025/26 Working Budget £'000	2025/26 Budget Apr - Jun £'000	2025/26 Actual Apr - Jun £'000	2025/26 Variance Apr - Jun £'000	2025/26 Projected Outturn £'000	2025/26 Projected Variance £'000
INCOME							
Dwelling Rents	-28,169	-28,169	-7,629	-7,249	380	-28,169	0
Non-Dwelling Rents	-534	-534	-145	-415	-270	-534	0
Tenants' Charges for Services & Facilities	-724	-795	-215	-284	-69	-811	-16
Contributions towards Expenditure	-127	-155	-42	-2	40	-155	0
							0
Total Income	-29,553	-29,653	-8,031	-7,950	81	-29,669	-16
EXPENDITURE							
Repairs & Maintenance	7,844	8,011	2,003	1,754	-249	7,990	-22
Supervision & Management	9,249	9,387	2,347	966	-1,381	9,087	-299
Rent, Rates, Taxes & Other Charges	576	576	144	211	67	576	0
Provision for Bad Debts	517	519	130	0	-130	519	0
Depreciation & Impairment of Fixed Assets	7,296	7,296	1,824	0	-1,824	7,296	0
Interest Payable & Debt Management Costs	4,179	4,179	1,045	-134	-1,179	4,179	0
Total Expenditure	29,662	29,968	7,492	2,797	-4,696	29,647	-321
Net cost of Services	108	315	-539	-5,154	-4,615	-22	-130
Net Operating Expenditure	108	315	-539	-5,154	-4,615	-22	-130
Interest Receivable	-211	-211	-53	0	53	-211	0
Revenue Contribution to Capital Outlay	0	0	0	0	0	0	0
Planned use of Balances	103	-104	592	0	-592	233	130
Transfer to Earmarked Reserves	0		0	0	0	0	0

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In HRA Capital:

Project	Project Description	2025/26 Full Year Budget £	2025/26 Budget to Date Apr - Jun £	2025/26 Actuals & Comm Apr - Jun £	2025/26 Variance Apr - Jun £	2025/26 Forecast Outturn £	2025/26 Projected Variance £
100050	Housing 1-4-1 Purchases/Build	3,000,000	750,000	312,445	-	437,555	500,000
100053	Asbestos General	125,000	31,250	233,614	-	125,000	0
100054	Structural Repairs	15,000	3,750	42,344	-	15,000	0
100055	Electrical Upgrade	200,000	50,000	213,600	-	200,000	0
100056	Boiler Replacement	720,000	180,000	156,355	-	720,000	0
100058	Window Replacement	500,000	-	129,343	-	500,000	0
100059	Disabled Adaptations	500,000	125,000	204,736	-	500,000	0
100060	Environmental Enhancement	100,000	25,000	-	-	100,000	0
100061	FRA Works	-	-	-	-	-	0
100062	Stock Condition Survey	150,000	37,500	93,628	-	150,000	0
100063	Housing Management System	-	-	52,120	-	60,000	60,000
100066	Capitalised Salaries	750,000	187,500	-	-	750,000	0
100067	Door Entry/CCTV	350,000	87,500	174,307	-	350,000	0
100068	HRA Hard Wire S	200,000	50,000	90,000	-	200,000	0
100074	Balcony Replacement	300,000	75,000	301,483	-	300,000	0
100081	HRA Fire Safety	-	-	-	-	-	0
100083	HRA Compartmentation	1,500,000	375,000	711,053	-	1,500,000	0
100084	Major Voids Works	1,000,000	250,000	946,743	-	1,000,000	0
100098	HRA-Energy Efficiency	1,000,000	250,000	722,194	-	1,000,000	0
100115	HRA Stock Remodelling	275,000	68,750	120,397	-	275,000	0
100116	HRA Estates Garages	300,000	75,000	-	-	300,000	0
110001	Internal Refurbishment	3,000,000	750,000	2,525,873	-	3,000,000	0
110003	High Trees Project	800,000	200,000	792,664	-	800,000	0
110004	Disrepair Cases	100,000	25,000	318,117	-	320,000	220,000
110005	External Refurbishment	500,000	125,000	74,299	-	500,000	0
110006	Community Safety	-	-	-	-	-	0
110042	Lift Replacement	150,000	37,500	106,859	-	150,000	0
110045	Vehicle Replacement	900,000	225,000	-	-	900,000	0
		16,435,000	3,983,750	8,322,173	4,434,080	17,215,000	780,000

4.11 Across the HRA Capital Investment Programme issues have arisen that require variances to the budget lines for the following reasons.

Housing 1-4-1 Purchases – These occur on a reactive basis and as such budget estimating can be difficult, in the current year we have identified £2.4m of Persimmon properties together with buybacks.

Housing Management System – Residual costs as end of project is imminent.

Disrepair Cases – We have experienced increased levels of Disrepair Cases over the last two financial years which has now resulted on a pressure to carry out corrective works to affected properties.

Earmarked Reserves

4.12 The updated position, taking account of the now submitted draft accounts for 2024/25, are set out in **Appendix B**. As part of the MTFP all reserves were thoroughly reviewed

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for their requirement and additional reserves set up as per that report. At the 30 June 2025, based on the present MTFP that was approved by Council on the 19th February, the Council holds £27.117 million of General Fund Reserves.

Ward Budgets

- 4.13 This report is the quarterly report to show what has been spent to date on Ward budgets. Each Ward Member has £2,000 to spend on Ward Initiatives subject to the rules of the Scheme which were approved by Council. As of the 30th June there have been applications from 13 Members approved totalling £15,800. There are still 14 Members who have not allocated any funding and overall £38,200 is still to be allocated. This year's funding allocations must be spent by the 31st March. Full detail is set out in **Appendix C**.

Balance Sheet Monitoring Position

- 4.14 There has been the request from Audit Committee that the Council include Balance Sheet Monitoring as part of this report.
- 4.15 This initial balance sheet reporting is set out as the Q1 Treasury Report which is attached as **Appendix D**. This report sets out the Council's debt and borrowing position for Q1 2025/26. Included in this is how the Council is using its working capital as well as measurement of the Council's Prudential Indicators, this appendix will need to be noted and approved that Council note the position

Procurement Pipeline

- 4.16 The Procurement pipeline is shown in **Appendix E**. The Council's Procurement Pipeline includes details of contracts expected to be reprocured and new procurement projects expected to be undertaken in the future. Those happening in the next 12 months and over £200k will need to be put on the Forward Plan. The pipeline is refreshed quarterly.
- There are 25 contracts that are over the key decision threshold of £200k
 - There are 3 contracts procured by Redditch Borough Council on behalf of Bromsgrove District Council.

Collection Fund

- 4.17 The Council acts as collecting authority for itself, other major preceptors and the parishes for Council Tax. The Council also collects business rates on behalf of central government, the County Council and for itself. The Council's own precept accounts for about 12% of monies collected from Council tax and about 40% of business rates collected after paying government levies, additional tariff to central government and 10% across to Worcestershire County Council.

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- 4.18 The Council aims to collect 98.5% of Council receipts (national average is 95.8%) which equates to a total sum of £60.766 million. Performance against this target for this financial year is shown in the table below:

	Target %age (cumulative)	Actual %age (cumulative)	Amount collected (cumulative) £ millions
Quarter 1	28.5	27.99	22.963
Quarter 2			
Quarter 3			
Quarter 4	98.5		

- 4.19 Due to the use of ten monthly collections the percentage for each quarter is not a simple 25%. Government reforms are proposing enforcing a move to monthly collections (in twelfths).
- 4.20 The Council aims to collect 98.0% of business rate receipts (national average is 95.8%) which equates to a total sum of £39.562 million. Performance against this target for this financial year is shown in the table below:

	Target %age (cumulative)	Actual %age (cumulative)	Amount collected (cumulative) £ millions
Quarter 1	25.57	25.29	10.310
Quarter 2			
Quarter 3			
Quarter 4	98.0		

Benefits

- 4.21 Benefit claim statistics are summarised in the table below:

New claims			
Average processing time	18 days	Number processed this quarter	105
Changes to claims			
Average processing time	8 days	Number processed this quarter	1380

- 4.22 Recent changes to benefits has meant that many of the simpler claims have been transferred to DWP, leaving the more complex cases with local authorities – this has impacted on average processing time. DWP expect new claims to be processed within a 30-day timeframe.

Performance

- 4.23 The format of the performance report continues in a summary format, in preparation for all data to be held within the Power BI platform by the end of 2025/26. This data is presented at **Appendix F**.
- 4.24 This summary document is still under development; further targets or national averages have been added for this quarter to help with interpretation.
- 4.25 A number of new or refined measures will also be included in future reports; these are currently under development and will be aligned with the service business planning process.
- 4.26 MHCLG is consulting on a Local Government Outcomes Framework (LGOF) which once agreed will set a number of performance measures for all Councils. Once confirmed, the Council will adjust its own performance indicators (PIs) to incorporate any central ones as well as maintaining locally agreement indicators.

5. Financial Implications

- 5.1 These are contained in the main body of the report.

6. Legal Implications

- 6.1 No Legal implications have been identified.

7. Strategic Purpose Implications

Relevant Strategic Purpose

- 7.1 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.

8 Climate Change Implications

- 8.1 The green thread runs through the Council plan. The Financial monitoring report has implications on climate change, and these will be addressed and reviewed when relevant by climate change officers to ensure the correct procedures have been followed to ensure any impacts on climate change are fully understood.

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9. Other Implications

Customer / Equalities and Diversity Implications

9.1 None as a direct result of this report.

Operational Implications

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

10. RISK MANAGEMENT

10.1 Items identified in the Finance and Performance monitoring is included in a number of the Corporate Risks. These are listed below. The mitigations to these risks are set out in the Risk Report, of which the Quarter 1 Report is reported to Audit, Governance and Standards Committee in July:

- COR 10 - Decisions made to address financial pressures and implement new projects.
- COR16 – Management of Contracts.
- COR17 – Resolution of the Approved Budget Position.
- COR19 – Adequate Workforce Planning.
- COR20 – Financial Position Rectification.
- COR22 - Delivery of Levelling Up and UK SPF Initiatives
- COR23 – Cost of Living Crisis
- COR25 – The new Environment Bill

11. APPENDICES

Appendix A – Capital Outturn
Appendix B – Reserves Position
Appendix C – Ward Budget Position
Appendix D – Treasury Management Position
Appendix E – Procurement Pipeline
Appendix F – Performance Reporting

AUTHOR OF REPORT

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Appendix A - Capital Outturn

Capital Project	Description	2025/26 Total (Original) £	2025/26 Total (Incl C/F's) £	25/26 Spend £
	Large Schemes			
	Towns Fund	0	0	
200053	- Innovation Centre	1,000,000	7,091,046	
200053	- Innovation Centre	1,948,000	1,948,000	
100133	- Digital Manufacturing & Innovation Centre Digital Manufacturi	0	-159,306	178,788
		0	0	
200054	- Library	0	2,320,634	-22,764
		0	0	
200055	- Public Realm	0	3,777,926	
200055	- Public Realm	0	439,000	
		0	0	
100102				
100108	Town Hall Redevelopment	0	5,123,121	393,391
100111				
		0	0	
	UK Shared Prosperity Fund	0	0	
100100	- Capital Element	0	0	
	- Revenue Element	0	0	
100100	- Remainder (to be allocated)	0	0	
		0	0	
		0	0	
	Schemes Agreed to Continue in Tranche 1	0	0	50,459
100004	Car Park Maintenance	150,000	212,672	
110036	Footpaths	75,000	47,264	184,997
100007	Disabled Facilities Grant	1,185,745	1,332,340	
100008	Energy & Efficiency Installs.	0	209,345	
100009	GF Asbestos	0	75,467	
100014	Improved Parking Scheme (includes locality funding)	0	400,000	
100005	Camera Replacement programme	0	0	
100016	Improvement to Morton Stanley Open Space	0	0	
100021	Improvements at Business Centres	0	0	
100023	Localilty Capital Projects - Woodrow Footpath Work	0	0	
100026	Morton Stanley Play, Sport and Open Space Improvements (Gen	0	1,500	
100032	Public Building	250,000	139,324	52,837
100035	Fleet Replacement new line	0	1,960,669	12,225
100037	Removal of 5 weirs through Arrow Valley Park	0	414,000	
100040	Sports Contributions to support improvements to Outdoor facilit	0	3,000	
100043	Wheelie Bin purchase	100,000	210,635	
100044	New Digital Service	0	-119,732	14,977
100047	Environmental Services Computer System	0	-38,857	
100064	Green Lane Studley	0	-52,905	
100088	Improvement Holly trees childrens centre	0	6,000	
100092	Passing bay at main access AVCP	0	0	
100089	Greener Homes	0	-8,925	
100095	Bomford Hill Pathway	0	0	
100010	Grassland Mitigation measures- recreating and monitoring grassl	5,864	11,727	
100011	Hedgerow Mitigation measurres by restoration and hedge laying	0	21,500	
100012	HMO Grants	25,000	86,500	
100013	Home Repairs Assistance	40,000	160,000	
100018	Improvement to original Pump Track at AVCP	0	56,364	
100045	Replacing 3 fuel pumps and upgrading tank monitoring equipmen	0	25,000	
100046	Fleet Management Computer System	0	0	
110018	Cisco Network Update	47,339	53,273	67,038
110019	Server Replacement Est(Exact known Q2 2022)	18,500	196,000	3,701
110020	Laptop Refresh	5,000	37,775	

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100140	Cyber Security Update	25,000	50,000	
100141	Morgan Stanley Footpaths	0	16,500	
110021	New Cemetary Provision-Ipsley road	195,000	635,963	
100127	Provide the Crossgate Depot site with a new and Compliant Deis	0	56,000	
100097	Widen access road to Arrow Valley Country park	0	-9,074	
100136	Lifeline Improvements	0	120,000	
100144	PRS Housing ICT System	0	30,000	
100119	Play Areas - Surface Replacement	10,000	-79,994	
100147	AVCP - Parking Bays near Visitor Centre	0	12,000	
100121	AVCP - Car Park Extension 25 Spaces	0	-15,745	
100148	Increased Building Mainenance Costs	150,000	300,000	
100134	Arrow Valley Car Park	0	63,840	
100135	Arrow Valley park Visitor Centre Improvements	0	193,251	79,328
100143	Fleet Costs	26,000	611,000	
100137	Final Play Area Changes	191,477	435,576	
100139	Movement of ICT Cyber Capital Works Forward	0	-50,000	
100142	Hedge and Shrub Removal	40,000	80,000	
110007	Forge Mill and Bordelsey Open Space Improvements	0	5,859	
110008	Arrow Valley Entrance Improvements 18/10149 Aldi/Lidle	0	0	
110009	MUGA at Greenlands Sports Pitches. 2018/169/FUL Land off Gre	0	43,078	
110012	Play Area improvements at Birchfield Road,/Headless Cross Rec	0	7,575	
110013	Play area (£34,583.39), Open space (£12,001.36) and Sport (£8,51	0	1,172	
100001	Arrow Valley Country Park - Play, Open Space and Sports Improv	0	-4,500	-4,500
100146	Play Area Changes - Pre Audit	0	382,000	
100146	Play Audit funding	191,447	454,833	
100020	Improvement to Sports Pitches infrastructure in Morton Stanley	0	23,002	
100022	Investment into Health and Fitness Facilities	0	0	
100042	Upgrade hardwired lifeline schemes	0	0	
100091	Digital Screens	0	0	
100112	Fire compartmentation works in Corporate buildings	250,000	240,157	
110044	New Food Waste Collection - DEFRA Funding	766,498	785,955	
	Abavus Software Integration	30,000	30,000	
	Abavus Licensing	10,200	10,200	
	Update Town Hall Fire Wall	16,250	16,250	
	Replacement Track - Abbey Stadium	300,000	300,000	
	Energy Performance Certificate Requirements	100,000	100,000	
	Abbey Stadium Roof Replacement	250,000	250,000	
	Abbey Stadium - refurbish indoor Chaging Rooms and Toitets	300,000	300,000	
	Forge Mill - New outdoor Kiosk and Toilet Replacement	90,000	90,000	
	PitcherOak, refurbish Male Changing and bebuild 2nd Green	90,000	90,000	
	Salary Capitallisation	200,000	200,000	
100087	Localilty Capital Projects - Garage Condition Survey (Housing)	0	0	
100050	Housing 1-4-1 purchases	0		1,069,148
100053	Asbestos General	0		34,945
100054	Structural Repairs	0		6,845
100055	Electrical Upgrade	0		76,652
100056	Boiler Replacement	0		121,664
100058	Window Replacements	0		46,180
100059	Disabled Adaptations	0		60,172
100061	FRA Works	0		481
100063	Housing Management IT System	0		37,663
100067	Door Entry/CCTV	0		-397
100074	Balcony Replacements	0		12,846
100084	Major Voids works	0		559,598
100128	Cycle Route 5 Improvements Cycle Route 5 Improvements	0		1,405
100132	Town Centre Business Grant Town Centre Business Grant	0		-11,654
100150	Redditch Market	0		36,515
110001	INTERNAL REFURBISHMENT	0		77,596
110003	HIGH TREES PROJECT	0		128,666
110004	DISREPAIR CASES	0		129,036
110005	EXTERNAL IMPROVEMENTS	0		20,570
110006	COMMUNITY SAFETY	0		92,435
110024	Community Energy Efficiency Programme - UKSPF	0		-30,000
110028	Support to Local Business - UKSPF	0		-74,367
110030	Public realm improvements to Market Place/Church Green 20/00	0		0
110041	Resurfacing and pathway improvement on St Stephen Church 20	0		22,764

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Appendix B - Earmarked Reserves

	Balance	Transfers In	Transfers Out	Balance	Transfers In	Transfers Out	Balance
	01-Apr-23	2023/24	2023/24	31-Mar-24	2024/25	2024/25	31-Mar-25
	£000	£000	£000	£000	£000	£000	£000
General Fund:							
Business Rates Retention Scheme	4,560	0	0	4,560	0	0	4,560
Community Development	74	0	0	74	0	0	74
Community Safety	211	0	0	211	0	0	211
Corporate Services	4,652	0	(2,058)	2,594	0	0	2,594
Customer Services	183	0	0	183	0	0	183
Economic Growth	718	0	0	718	123	0	841
Electoral Services	63	0	0	63	0	0	63
Environmental Vehicles	29	0	0	29	0	0	29
Equipment replacement	25	0	0	25	0	0	25
Financial Services	149	0	0	149	442	(131)	460
General Risk reserve	45	0	0	45	0	0	45
Housing Benefit Implementation	270	0	0	270	0	0	270
Housing Support	1,535	0	0	1,535	0	(116)	1,419
Land Charges	9	0	0	9	0	0	9
Land Drainage	129	0	0	129	0	0	129
Parks & Open spaces	8	0	0	8	0	0	8
Planning Services	692	0	0	692	0	0	692
Sports Development	(18)	0	0	(18)	0	0	(18)
Town Centre	7	0	0	7	0	0	7
Warmer Homes	16	0	0	16	0	0	16
Transformational Growth	123	0	0	123	0	0	123
Pensions	201	0	0	201	0	0	201
Regeneration Income	602	0	0	602	0	0	602
Restart Grants	2,900	0	0	2,900	24	0	2,924
Covid-19 (General)	580	1,426	0	2,006	429	0	2,435
Covid-19 (Collection Fund)	55	0	0	55	0	0	55
TOTALS	17,818	1,426	(2,058)	17,186	1,018	(247)	17,957
HRA							
Housing Capital	11,771	0	(870)	10,901	0	(1,741)	9,160
Total HRA	11,771	0	(870)	10,901	0	(1,741)	9,160
Total Earmarked Reserves	29,589	1,426	(2,928)	28,087	1,018	(1,988)	27,117

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Appendix C - Ward Budget Spending Q1 - Funds Allocated to 31 July

Councillor Ward Fund Balances – 25/26

Activity	Spend	Balance £2,000
Cllr Joe Baker	2,000.00	0
Cllr Juliet Barker-Smith	300.00	1,700.00
Cllr Juma Begum	1,200.00	800.00
Cllr William Boyd	0	2,000.00
Cllr Brandon Clayton	0	2,000.00
Cllr Claire Davies	100.00	1,900.00
Cllr Matthew Dormer	0	2,000.00
Cllr James Fardoe	0	2,000.00
Cllr Andy Fry	650.00	1,350.00
Cllr Bill Hartnett	1,550.00	450.00
Cllr Sharon Harvey	1,200.00	800.00
Cllr Chris Holtz	0	2,000.00
Cllr Joanna Kane	1,000.00	1,000.00
Cllr Sid Khan	0	2,000.00

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Activity	Spend	Balance £2,000
Cllr Wanda King	2,000.00	0
Cllr Alan Mason	0	2,000.00
Cllr Sachin Mathur	0	2,000.00
Cllr Gemma Monaco	0	2,000.00
Cllr David Munroe	1,000.00	1,000.00
Cllr Rita Rogers	0	2,000.00
Cllr Gary Slim	0	2,000.00
Cllr Jen Snape	1,750.00	250.00
Cllr Jane Spilsbury	1,050.00	950.00
Cllr Monica Stringfellow	2,000.00	0
Cllr Craig Warhurst	0	2,000.00
Cllr Ian Woodall	0	2,000.00
Cllr Paul Wren	0	2,000.00
Total	15,800	38,200

Appendix D - Treasury Management Position

1. SUMMARY

The purpose of this report is to set out a quarterly update on the Council's Capital and Treasury Management Strategies, including all prudential indicators.

2. RECOMMENDATIONS

Cabinet are asked to:

- **Note the Council's Treasury performance for Q1 of the financial year 25/26.**
- **Note the position in relation to the Council's Prudential indicators.**

3. BACKGROUND

Introduction

- 3.1 The Authority has adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Authority to approve, as a minimum, treasury management semi-annual and annual outturn reports.
- 3.2 This quarterly report provides an additional update and includes the requirement in the 2021 Code of quarterly reporting of the treasury management prudential indicators. The non-treasury prudential indicators are incorporated in the Authority's normal quarterly revenue report.

External Context

- 3.3 **Economic background:** The quarter started to significant financial market volatility as US President Donald Trump announced a wide range of 'reciprocal' trade tariffs in early April, causing equity markets to decline sharply which was subsequently followed by bond markets as investors were increasingly concerned about US fiscal policy. As the UK was included in these increased tariffs, equity and bond markets here were similarly affected by the uncertainty and investor concerns.
- 3.4 President Trump subsequently implemented a 90-day pause on most of the tariffs previously announced, which has been generally positive for both equity and bond markets since, but heightened uncertainty and volatility remained a feature over the period.
- 3.5 UK headline consumer price inflation (CPI) increased over the quarter, rising from an annual rate of 2.6% in March to 3.4% in May, well above the Bank of England's 2% target. The core measure of inflation also increased, from 3.4% to 3.5% over the same period. May's inflation figures were generally lower than in the previous month, however, when

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CPI was 3.5% and core CPI 3.8%. Services inflation was 4.7% in May, a decline from 5.4% in the previous month.

- 3.6 Data released during the period showed the UK economy expanded by 0.7% in the first quarter of the calendar year, following three previous quarters of weaker growth. However, monthly GDP data showed a contraction of 0.3% in April, suggesting growth in the second quarter of the calendar year is unlikely to be as strong as the first.
- 3.7 Labour market data appeared to show a softening in employment conditions as weaker earnings growth was reported for the period February to April 2025, in what would no doubt be welcome news to Bank of England (BoE) policymakers. Regular earnings (excluding bonuses) was 5.2% 3mth/yoy while total earnings was 5.3%. Both the employment and unemployment rates increased, while the economic inactivity rate and number of vacancies fell.
- 3.8 Having started the financial year at 4.5%, the Bank of England's Monetary Policy Committee (MPC) cut Bank Rate to 4.25% in May. The 5-4 vote was split with the majority wanting a 25bps cut, two members voting to hold rates at 4.5% and two voting for a 50bps reduction. At the June MPC meeting, the committee voted by a majority of 6-3 to keep rates on hold. The three dissenters wanted an immediate reduction to 4%. This dovish tilt by the Committee is expected to continue and financial market expectations are that the next cut will be in August, in line with the publication of the next quarterly Monetary Policy Report (MPR).
- 3.9 The May version of the MPR highlighted the BoE's view that disinflation in domestic inflation and wage pressures were generally continuing and that a small margin of excess supply had opened in the UK economy, which would help inflation to fall to the Bank's 2% over the medium term. While near-term GDP growth was predicted to be higher than previously forecast in the second quarter of calendar 2025, growth in the same period the following year was trimmed back, partly due to ongoing global trade developments.
- 3.10 Arlingclose, the authority's treasury adviser, maintained its central view that Bank Rate would continue to fall, and that the BoE would focus more on weak GDP growth rather than stickier and above-target inflation. Two more cuts to Bank Rate are expected during 2025, taking the main policy rate to 3.75%, however the balance of risks is deemed to be to the downside as weak consumer sentiment and business confidence and investment impact economic growth.
- 3.11 Despite the uncertainty around US trade policy and repeated calls for action from the US President, the US Federal Reserve held interest rates steady the period, maintaining the Fed Funds Rate at 4.25%-4.50%. The decision in June was the fourth consecutive month where no changes were made to the main interest rate and came despite forecasts from

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Fed policymakers that compared to a few months ago they now expected lower growth, higher unemployment and higher inflation.

- 3.12 The European Central Bank cut rates in June, reducing its main refinancing rate from 2.25% to 2.0%, and representing the eighth cut in just over a year. ECB noted heightened uncertainty in the near-term from trade and that stronger economic growth in the first quarter of the calendar may weaken. Inflation in the region rose to 2.0% in June, up from an eight-month low of 1.9% in the previous month but in line with the ECB's target. Inflation is expected to stay broadly around the 2% target over the next year or so.
- 3.13 **Financial markets:** After the sharp declines seen early in the quarter, sentiment in financial markets showed signs of improvement during the period, but bond and equity markets remained volatile. Early in the period bond yields fell, but then uncertainty from the impact of US trade policy caused bonds to sell-off but from the middle of May onwards, yields have steadily declined, but volatility continues. Equity markets sold off sharply in April but have seen gained back most of the previous declines, with investors seemingly remaining bullish in the face of ongoing uncertainty.
- 3.14 Over the quarter, the 10-year UK benchmark gilt yield started at 4.65% and ended at 4.49% having hit 4.82% early in April and falling to 4.45% by the end of the same month. While the 20-year gilt started at 5.18%, fell to 5.02% a few days later before jumping to 5.31% within a week, and then ending the period at 5.16%. The Sterling Overnight Rate (SONIA) averaged 4.31% over the quarter to 30th June.
- 3.15 **Credit review:** Arlingclose maintained its advised recommended maximum unsecured duration limit on the majority of the banks on its counterparty list at 6 months. The other banks remain on 100 days.
- 3.16 During the quarter, Fitch upgraded NatWest Group and related entities to AA- from A+ due to the generally stronger business profile. Fitch also placed Clydesdale Bank's long-term A- rating on Rating Watch Positive
- 3.17 Moody's downgraded the long-term rating on the United States sovereign to Aa1 in May and also affirmed OP Corporate's rating at Aa3.
- 3.18 Credit default swap prices on UK banks spiked in early April following the US trade tariff announcements but have since generally trended downwards and ended the quarter at levels broadly in line with those in the first quarter of the calendar year and throughout most of 2024.
- 3.19 European banks' CDS prices followed a fairly similar pattern, albeit some German banks are modestly higher compared to the previous quarter. Trade tensions between Canada and the US caused Canadian bank CDS prices to rise over the quarter and remain elevated

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compared to earlier in 2025 and in 2024, while Singaporean and Australian lenders CDS rose initially in April but have since trended downwards, albeit are modestly higher than in previous recent periods.

- 3.20 Overall, at the end of the period CDS prices for all banks on Arlingclose's counterparty list remained within limits deemed satisfactory for maintaining credit advice at current durations.
- 3.21 Financial market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review.

Local Context

- 3.22 On 31st March 2025, the Authority had £25.11m net borrowing arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.3.25	30.6.25
	Actual	Actual
	£m	£m
General Fund & Regeneration CFR	25.24	28.82
HRA CFR	126.80	127.60
Total CFR	152.04	156.42
External borrowing**	103.93	103.93
Internal borrowing	48.11	52.49
Less: Usable reserves	-18.10	-18.10
Less: Working capital	-4.90	-4.90
Net borrowing	25.11	29.49

* Finance leases, PFI liabilities and transferred debt that form part of the Authority's total debt

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

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- 3.23 The treasury management position at 30th June and the change over the quarter is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.3.25 Balance £m	Movement £m	30.6.25 Balance £m	30.6.25 Rate %
Long-term borrowing				
- PWLB	98.93	0	98.93	3.35%
- LOBOs				
- Other	5.00	0	5.00	4.71%
Short-term borrowing				
Total borrowing	103.93	0	103.93	4.03%
Long-term investments				
Short-term investments	6.50	-1.00	5.50	4.92%
Cash and cash equivalents				
Total investments				
Net borrowing	97.43	-1.00	98.43	

Borrowing Strategy and Activity

- 3.24 As outlined in the treasury strategy, the Authority's chief objective when borrowing has been to strike an appropriately risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective. The Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. At the present time short term interest rates are higher than long term interest rates.
- 3.25 Policy interest rates have risen substantially since 2021 although they have largely plateaued over the last year. Over the last quarter gilt yields have risen slightly overall, having had a number of peaks and troughs. There has been downward pressure from lower inflation figures, but also upward pressure from unexpectantly positive economic data. Data from the US continues to impact global markets including UK gilt yields.
- 3.26 The PWLB certainty rate for 10-year maturity loans was 5.38% at the beginning of the period and 5.27% at the end. The lowest available 10-year maturity rate was 5.17% and the highest was 5.56%. Rates for 20-year maturity loans ranged from 5.71% to 6.16% during the period, and 50-year maturity loans from 5.46% to 5.97%. The cost of short-term

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borrowing from other local authorities has been similar to Base Rate during the period at 4.0% to 4.5%.

- 3.27 CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes. The Authority has no new plans to borrow to invest primarily for financial return.
- 3.28 **Loans Portfolio:** On 30th June, the Authority held £103.93m of loans, as part of its strategy for funding previous and current years' capital programmes. Outstanding loans on 30th June 2025 are summarised in Table 3 below.

Table 3: Borrowing Position

	31.3.25 Balance £m	Net Movement £m	30.6.25 Balance £m	30.6.25 Weighted Average Rate %	30.6.25 Weighted Average Maturity (years)
Public Works Loan Board	98,93		98,93	3.35%	23
Banks (LOBO)					
Banks (fixed term)	5.00		5.00	4.71%	25
Local authorities (long-term)					
Local authorities (short-term)					
Total borrowing	103.93		103.93		

Treasury Investment Activity

- 3.29 The CIPFA Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (revised in 2021) defines treasury management investments as investments that arise from the organisation's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.

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- 3.30 The Authority does not hold any invested funds, representing income received in advance of expenditure plus balances and reserves held. During the period, the Authority's investment balances ranged between £1.0 and £14.8 million due to timing differences between income and expenditure. The investment position is shown in table 4 below.

Table 4: Treasury Investment Position

	31.3.25 Balance £m	Net Movement £m	31.6.25 Balance £m	31.6.25 Income Return %	31.6.25 Weighted Average Maturity days
Banks & building societies (unsecured)					
Banks & building societies (secured deposits)					
Covered bonds (secured)					
Government	0.0	0.0	0.0	0.0	0.0
Local authorities and other govt entities					
Corporate bonds and loans					
Money Market Funds	6.5	-1.0	5.5	3.2%	29
Total investments	6.5	-1.0	5.5	0.0	0.0

- 3.31 Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum 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.
- 3.32 As demonstrated by the liability benchmark in this report, the Authority expects to be a long-term investor and treasury investments 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

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services.

- 3.33 Bank Rate remained at 4.25% through the quarter with short term interest rates largely being around this level. The rates on DMADF deposits have been constant at 4.21%.

Non-Treasury Investments

- 3.34 The definition of investments in the Treasury Management Code now covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).
- 3.35 Investment Guidance issued by the Department for Levelling Up Housing and Communities (DLUHC) and Welsh Government also includes within the definition of investments all such assets held partially or wholly for financial return.

Treasury Performance

- 3.36 The Authority measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates, as shown in table 5 below.

Table 5: Performance

	Actual £m	Budget £m	Over/ under
<i>PWLB Maturity Loan 1</i>	15.00		
<i>PWLB Maturity Loan 2</i>	25.00		
<i>PWLB Maturity Loan 3</i>	40.00		
<i>PWLB Maturity Loan 4</i>	18.93		
<i>Barclays Loan</i>	5.00		
Total borrowing	103.93	175.00	-71.07
<i>Short-term Investments</i>	5.50	10.00	-4.50
Total treasury investments	5.50	10.00	-4.50

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MRP Regulations

- 3.37 On 10th April 2024 amended legislation and revised statutory guidance were published on Minimum Revenue Provision (MRP). The majority of the changes take effect from the 2025/26 financial year, although there is a requirement that for capital loans given on or after 7th May 2024 sufficient MRP must be charged so that the outstanding Capital Financing Requirement (CFR) in respect of the loan is no higher than the principal outstanding less the Expected Credit Loss (ECL) charge for that loan.
- 3.38 The regulations also require that local authorities cannot exclude any amount of their CFR from their MRP calculation unless by an exception set out in law. Capital receipts cannot be used to directly replace, in whole or part, the prudent charge to revenue for MRP (there are specific exceptions for capital loans and leased assets).

Compliance

- 3.39 The Director of Resources and Section 151 officer reports that all treasury management activities undertaken during the quarter complied fully with the principles in the Treasury Management Code and the Authority's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in table 6 below.

Table 6: Investment Limits

	2025/26 Maximum	30.6.25 Actual	2025/26 Limit	Complied? Yes/No
Any single organisation, except the UK Government	£4m each			
UK Central Government	Unlimited			
Unsecured investments with banks and building societies	£2.5m in total			
Loans to unrated corporates	£1m in total			
Money Market Funds	£20m in total	5.5m		Yes
Foreign countries	£5m per country			
Real Estate Investment Trusts	£2.5m in total			

- 3.40 Compliance with the Authorised Limit and Operational Boundary for external debt is demonstrated in table 7 below.

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Table 7: Debt and the Authorised Limit and Operational Boundary

	2025/26 Maximum	30.6.25 Actual	2025/26 Operational Boundary	2025/26 Authorised Limit	Complied? Yes/No
Borrowing	175.00	103.93	170.00	180.00	Yes
PFI and Finance Leases	1.50	0	1.50	1.50	Yes
Total debt	176.50	103.93	171.50	181.50	

- 3.41 Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure

Treasury Management Prudential Indicators

- 3.42 As required by the 2021 CIPFA Treasury Management Code, the Authority monitors and measures the following treasury management prudential indicators.

Liability Benchmark

- 3.43 This indicator compares the Authority's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. 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. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £2m required to manage day-to-day cash flow

	31.3.25 Actual	31.3.26 Forecast	31.3.27 Forecast	31.3.28 Forecast
Loans CFR	149.26	153.79	158.21	159.98
Less: Balance sheet resources	-21.80	-22.10	-23.20	-22.90
Net loans requirement	127.46	130.69	135.01	137.08
Plus: Liquidity allowance	0.20	0.20	0.20	0.20
Liability benchmark	127.66	130.89	135.21	137.28
Existing borrowing	103.93	113.22	116.87	117.54

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- 3.44 Following on from the medium-term forecast above, the long-term liability benchmark assumes capital expenditure funded by borrowing of £118m, minimum revenue provision on new capital expenditure based on a 40-year asset life and income, expenditure and reserves all increasing by inflation of 2.0% p.a. This is shown in the chart below together with the maturity profile of the Authority's existing borrowing. Presently borrowing has been delivered through the use of internal resources and the Council has no long-term borrowing.

Maturity Structure of Borrowing

- 3.45 This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	Upper Limit	Lower Limit	30.6.25 Actual	Complied?
Under 12 months	50%	0%	0%	Yes
12 months and within 24 months	50%	0%	0%	Yes
24 months and within 5 years	50%	0%	0%	Yes
5 years and within 10 years	50%	0%	0%	Yes
10 years and above	100%	0%	0%	Yes

- 3.46 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.

Long-term Treasury Management Investments

- 3.47 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 limits are:

	2025/26	2026/27	2027/28	No fixed date
Limit on principal invested beyond year end	£0.5m	£0.5m	£0.5m	£0.5m
Actual principal invested beyond year end	Nil	Nil	Nil	Nil
Complied?	Yes	Yes	Yes	Yes

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

Additional indicators

Security:

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

	2025/26 Target	30.6.25 Actual	Complied?
Portfolio average credit rating	A	UK Govt	Yes

Liquidity:

- 3.50 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.

	30.6.25 Actual	2025/26 Target	Complied?
Total cash available within 3 months	Nil	Nil	Yes
Total sum borrowed in past 3 months without prior notice	Nil	Nil	Yes

Interest Rate Exposures:

- 3.51 This indicator is set to control the Authority's exposure to interest rate risk.

Interest rate risk indicator	2025/26 Target	30.6.25 Actual	Complied?
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	500,000	0	Yes
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	500,000	0	Yes

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3.52 For context, the changes in interest rates during the quarter were:

	<u>01/04/25</u>	<u>30/06/25</u>
Bank Rate	4.50%	4.25%
1-year PWLB certainty rate, maturity loans	4.82%	4.50%
5-year PWLB certainty rate, maturity loans	4.94%	4.70%
10-year PWLB certainty rate, maturity loans	5.38%	5.27%
20-year PWLB certainty rate, maturity loans	5.88%	5.88%
50-year PWLB certainty rate, maturity loans	5.63%	5.71%

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

4. IMPLICATIONS

Legal Implications

4.1 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 Councils statutory function.

Service / Operational Implications

4.2 Monitoring is undertaken to ensure that income targets are achieved, with Treasury Management activities taking place on a daily basis.

Customer / Equalities and Diversity Implications

4.3 The only impact of treasury transactions is in respect of ethical investment linked to the Councils investment counterparties. Presently the Council has a limited counterparty list based on financial risk to the Authority.

5. RISK MANAGEMENT

5.1 There is always significant risk in relation to treasury transactions, this is why Councils appoint Treasury advisors, which in the case of Redditch is Arlingclose. In addition, there is the requirement in this area to provide an Annual Strategy report containing indicators/limits that must be met, a quarterly update and closure report all of which must be reported to full Council.

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6. APPENDICES

None

7. BACKGROUND PAPERS

MTFP 2025/26 – February 2025 which contains this year's Capital Strategy, Treasury Management Strategy and MRP Policy.

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Appendix E - Procurement Pipeline

Title	Council	Department	Contract Value
DMIC Build	Redditch	Regeneration	£10,000,000.00
Retrofit WAVE3 Contractor	Redditch	Housing Property Services	£6,000,000.00
Fleet Replacement	Redditch	Environmental Services	£5,895,000.00
Fire Safety Works Contract - CLC Renewal	Redditch	Housing Capital	£4,500,000.00
Fleet replacement	Redditch	Housing Property Services	£1,950,000.00
Remodel - Auxerre House	Redditch	Housing Property Services	£1,500,000.00
Civil Engineering Works	Redditch	Housing Property Services	£1,500,000.00
Loxley Close - Development	Redditch	Housing Strategy	£1,300,000.00
Retrofit WAVE3 Retrofit Assessor and Designer	Redditch	Housing Property Services	£1,000,000.00
Retrofit WAVE3 Co-ordinator	Redditch	Housing Property Services	£1,000,000.00
Void Contract	Redditch	Housing Property Services	£1,000,000.00
Communal Boiler Replacement	Redditch	Housing Property Services	£700,000.00
External Staircase	Redditch	Housing Property Services	£500,000.00
Refurbishment of The Anchorage	Redditch	Housing Property Services	£500,000.00
Roofing Repairs and Replacement	Redditch	Housing Property Services	£500,000.00
Microsoft Licenses	Redditch	ICT	£483,000.00
Fire Alarm and Emergency Lighting Servicing, Installation, Repairs and Maintenance	Redditch	Housing Property Services	£430,000.00
Commercial Heating Systems Servicing, Maintenance, Repairs and Installations	Redditch	Housing Property Services	£350,000.00
Lift Installation and Refurbishment	Redditch	Housing Property Services	£300,000.00
Data Sims	Redditch	Housing Property Services	£300,000.00
Door entry, access control planned, responsive maintenance	Redditch	Housing Property Services	£300,000.00
Supply of HVO fuel	Redditch	Supplies	£300,000.00
Refuse and Recycling products	Redditch	Supplies	£250,000.00
Fencing and ground works	Redditch	Housing Property Services	£250,000.00
Vehicle Hire	Redditch	Environmental - Fleet	£200,000.00
Domestic Food Waste Collection Contract	Joint	Environmental Services	£23,000,000.00
Hybrid Mail Solution - sending letters	Joint	PA/ Directorate Support	£2,500,000.00
Corporate Building Electrical contract	Joint	Property Services	£2,500,000.00
Food Caddy Purchase & Delivery	Joint	Environmental Services	£1,300,000.00
Public Space CCTV Maintenance	Joint	CCTV and Lifeline	£400,000.00
Fire alarm, Extinguisher contract service contract	Joint	Property Services	£380,000.00
Lifeline Call handling	Joint	CCTV and Lifeline	£200,000.00

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Appendix F