

MINUTES

Present:

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

Officers:

Debra Goodall, John Leach, Guy Revans and James Walton

Democratic Services Officers:

Eve Davies

124. APOLOGIES

There were no apologies for absence.

125. DECLARATIONS OF INTEREST

There were no declarations of interest.

126. LEADER'S ANNOUNCEMENTS

The Leader extended a welcome to James Walton on his appointment as the new Director of Finance and Section 151 Officer.

Additionally, Members were asked to note that there were two agenda packs for this meeting, the contents of which were clarified.

127. MINUTES

Prior to consideration of the minutes of the Executive Committee meeting held on 17th March 2026, the Leader announced that there was additional wording provided by the Interim Section 151 Officer following the publication of these minutes. It was suggested that the following wording be included for the Quarter 3 2025/26 Finance Monitoring Report:

- Paragraph four – 'In particular, reference was made to pressures within the Housing Revenue Account relating to the ability to fast track expenditure on fire doors, which represented a Health and Safety requirement it was noted this was an area for review

Chair

the outcome of which would be reported to members in due course.'

- Paragraph seven – 'Reassurance was provided that service pressure requests affecting the current years financial position had been included within the new budget and that additional financial resources had been made available identified to support capacity in capital delivery if required.'

RESOLVED that

subject to the amendment detailed in the preamble above, the minutes of the Executive Committee meeting held on 17th March 2026 be approved.

128. VAT RECOVERY UPDATED POSITION

The Director of Finance and Section 151 Officer presented the VAT Recovery Updated Position report for the Executive Committee's consideration.

The report set out the current position in relation to longstanding VAT issues affecting both Bromsgrove District and Redditch Borough Councils. Members were advised that, between April 2021 and October 2024, the Council had been unable to submit periodic VAT returns for a number of reasons, including:

- Incorrect configuration of the cash receipting back office.
- Incorrect inter-entity processing within the TechOne Enterprise Resource Planning system.
- Incorrect payment and bank statement file processing.
- Failure to align work processes with the configuration of the TechOne VAT module.
- Staff turnover and a consequent period of lack of internal VAT expertise.
- Weak reconciliation processes.

The Committee was informed that an approach had been agreed with His Majesty's Revenue and Customs (HMRC) whereby the Council would submit nil returns for each outstanding period, followed by Error Correction Notices to reflect the returns that ought to have been submitted. It was noted that required reconciliations were being processed manually.

Officers reported that a repayment of £20,616,650 had been received from HMRC which, once offset against existing payments

made, resulted in an overall net cash gain of £19,889,753 to the Council. While the improvement in the Council's cash position was welcomed, Members were advised that the underlying accounting transactions had already been recognised in the relevant prior financial years.

In respect of penalties, the Committee was notified that HMRC had agreed to suspend the financial penalties that would normally be applied in the event an organisation failed to submit timely and accurate VAT returns. This suspension was subject to the Council meeting a number of specified conditions, which were outlined to Members. As part of the proposed arrangements, it was requested that the Audit, Governance and Standards Committee provide oversight to ensure the appropriate delivery of those conditions.

Members were also updated on the Council's current VAT return process. It was reported that monthly VAT returns were now being submitted on time and that independent reviews of each return were undertaken prior to submission. The results of these reviews were presented to the Section 151 Officer or Deputy Section 151 Officer to confirm agreement to submit the return. Escalation procedures and sanctions were in place should these controls not be followed. Members were reassured that these arrangements represented a strengthened control environment and increased organisational resilience.

In concluding the presentation, officers summarised that the VAT position had been rectified, the Council had received substantial repayment from HMRC, and improved statutory compliance was now in place.

The Portfolio Holder for Finance welcomed the report and commented that the outcome would significantly reduce risk in both the short and long term, while also increasing confidence in financial projections for future years. He expressed his personal thanks to the Finance team for their work.

During consideration of the item, a question was raised regarding the length of time taken for VAT to be recovered from HMRC, given that returns had been submitted in December 2024. Officers explained that, due to the substantial sums involved, HMRC had undertaken extensive assurance checks. In addition, much of the VAT return process was manual, which required significant work to respond to HMRC queries and provide the necessary evidence. It was therefore clarified that completing the assurance process was inherently time-consuming.

The Committee also placed on record its thanks to the System Implementation Support Consultant in recognition of his contribution in assisting the Council to resolve the VAT issues.

RESOLVED that

- 1) The resolutions of the outstanding VAT matters be noted;**
- 2) The net cash gain position of £19,889,753 recovered by the Council following the HMRC repayment £20,616,650 received on the 3rd April 2026 offset by payments and receipts already made and received to/from HMRC of £726,897 be noted;**
- 3) The mitigation of the cashflow risk be noted and the corporate risk register duly updated to reflect the positive change to the Council's cash holding position;**
- 4) The penalty suspension conditions with HMRC be noted; and**
- 5) The Audit committee is requested to maintain oversight of the delivery of the actions to satisfy the agreed penalty suspension conditions.**

129. OVERVIEW AND SCRUTINY COMMITTEE

Members considered the minutes of the meeting of the Overview and Scrutiny Committee held on 16th March 2026 and in doing so noted that there were no outstanding recommendations requiring consideration on this occasion.

RESOLVED that

the minutes of the meeting of the Overview and Scrutiny Committee held on 16th March 2026 be noted.

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

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

- 131. TO CONSIDER ANY URGENT BUSINESS, DETAILS OF WHICH HAVE BEEN NOTIFIED TO THE ASSISTANT DIRECTOR OF LEGAL, DEMOCRATIC AND PROCUREMENT SERVICES PRIOR TO THE COMMENCEMENT OF THE MEETING AND WHICH THE CHAIR, BY REASON OF SPECIAL CIRCUMSTANCES, CONSIDERS TO BE OF SO URGENT A NATURE THAT IT CANNOT WAIT UNTIL THE NEXT MEETING**

There was no urgent business for discussion at the meeting.

- 132. EXCLUSION OF THE PRESS AND PUBLIC**

RESOLVED that

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

- Minute Item No. 133 – HRA Business Plan Update to Enhance the Delivery of the Housing Improvement Plan**

- 133. HRA BUSINESS PLAN UPDATE TO ENHANCE THE DELIVERY OF THE HOUSING IMPROVEMENT PLAN**

The Executive Director for Environment and Communities presented the HRA Business Plan Update to Enhance the Delivery of the Housing Improvement Plan report.

The Committee was reminded that the Housing Revenue Account (HRA) was a ring-fenced account, primarily funded through rental income and associated service charges. In February 2023, the Executive had approved a thirty-year HRA Business Plan which established the long-term framework for managing and investing in social housing stock. The long-term capital forecasts within the plan had been informed by an independent Stock Condition Survey.

It was reported that Redditch Borough Council had received its regulatory judgement in July 2025 and had been issued with a C3 rating, indicating that substantial improvements were required. The judgement identified significant areas of weakness, including outstanding fire safety remedial actions, backlogs in repairs, gaps in transparency and oversight of performance reporting, and the absence of effective tenant scrutiny arrangements. Officers explained that these findings demonstrated the need for an

accelerated approach to delivering the Council's Housing Improvement Plan.

Members were updated that Savills UK Limited had been commissioned to review the HRA Business Plan to identify any immediate headroom for additional investment, with a focus on expediting high-priority safety works, and to explore options for future growth.

Officers expressed the view that refreshing the Business Plan, followed by annual reviews, would provide the opportunity to increase investment. It was explained that income growth remained dependent on effective rent policy implementation, rent collection and the management of voids and arrears, all of which would be key considerations in future reviews of the Business Plan.

Members were also advised that refreshed data from rolling stock condition surveys would inform future planning. Given that a number of HRA loans were due to mature in the near future, scenario planning was required to manage these risks effectively.

The Committee was then informed of the next steps moving forward. Savills UK Limited would use a revised financial modelling tool to optimise affordable borrowing in order to accelerate delivery of the plan, expedite fire remediation works, and increase the size of the HRA's housing portfolio. A review of options would be undertaken to identify headroom and capacity to respond to repairs and maintenance demands. The aim was to accelerate the delivery of affordable social housing while maintaining regulatory compliance.

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

- The Portfolio Holder for Housing thanked the Executive Director for Environment and Communities for securing the value for money report from Savills UK Limited and welcomed the measures being taken to protect the HRA. It was noted that the Council held a unanimous position in support of the HRA and that Redditch Borough Council was the only authority in the county to have one.
- Members discussed the key highlights of the report.
- It was noted that a loan repayment of fifteen million pounds was due in 2027, reinforcing the need to invest in property acquisition to generate additional income. This would also increase the supply of homes for residents on the housing

register, with Members emphasising the importance of providing long-term, safe and warm housing for residents.

- Members highlighted the need for wider education to improve understanding of the HRA and the associated debt position. While the level of borrowing could appear high, it was noted that the HRA generated approximately twenty-six million pounds in income annually.
- Members welcomed the standard of the report from Savills UK Limited.
- It was noted that the Council would need to report to the Strategic Authority that it had a clear plan for delivering new homes.
- Members queried whether officers felt there was flexibility in the local housing market to act quickly. Officers stated that the Strategic Housing team believed this was the best approach to increase housing stock.
- Members expressed the view that the Regulator would regard the report positively, particularly in terms of strengthened governance arrangements.
- Members asked how costs would be controlled and how capacity would be increased to secure external funding. Officers confirmed that robust budget management was in place and acknowledged wider sector pressures, particularly rising repair costs.
- Further questions were raised regarding internal cost-control mechanisms and the identification of potential “quick wins”. Officers advised that an Internal Audit review of the Housing service was scheduled for later in 2026 and that this issue could be included within its scope. It was also noted that the Total Mobile system would provide improved data, including schedules of rates and quantities, to support stronger oversight.
- Clarification was sought on assumptions within the thirty-year plan regarding roof replacements. Officers confirmed that survey work had been undertaken and that the majority of roofs were identified to require repair or no work rather than complete replacement. This work formed part of the rolling stock condition survey programme, which would provide improved insight into future maintenance requirements.
- Members queried the robustness and flexibility of the financial modelling. Assurance was provided that officers were confident in the work undertaken by Savills UK Limited, although flexibility within the model would be reviewed

further, particularly in light of the current geopolitical and economic climate.

- Members requested clarification as to why HRA debt could be viewed positively. Officers explained that HRA borrowing funded asset acquisition or creation, enabling the Council to grow both its housing stock and income. New properties were expected to have lower maintenance costs, while additional rental income would enable further investment in existing stock. The Section 151 Officer added that the durability of the income stream offset the associated borrowing risk, highlighting the balance between risk and opportunity.
- Changes to the Right to Buy scheme were discussed, with Members noting that lower discounts and longer qualifying periods were likely to reduce future applications. The Council had received an initial increase in requests following the announcement of the changes.
- Members commented that significant changes had occurred since the original Business Plan was approved and welcomed the proposed review as a positive step toward achieving objectives more quickly.
- Members queried progress in relation to Energy Performance Certificate (EPC) standards. Officers advised that an ongoing programme of improvement was in place, with progress being made, and that external funding was being sought to accelerate delivery where possible.
- The Committee welcomed the review of the Business Plan, noting that it was particularly appropriate given the C3 regulatory judgement, the Housing Improvement Plan, staffing changes, and increased investment. Members agreed that this represented a further step toward ensuring tenants lived in safe, high-quality homes.

RECOMMENDED that

- 1) The 30 year HRA Business Plan and associated Financial Model are reviewed, updated and as appropriate recalculated utilising modelling that ensures the Council's Housing Stock Portfolio is able to benefit from and perform to the highest standards possible;**

2) The high-level findings and risks identified in the report are reviewed and a revised HRA Business Plan is included in a future report; and

3) An annual review of the HRA Business Plan is undertaken and reported to Council.

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

The Meeting commenced at 6.30 pm
and closed at 7.26 pm