

# Public Document Pack



## **BROMSGROVE DISTRICT COUNCIL**

### **MEETING OF THE CABINET**

**WEDNESDAY 19TH NOVEMBER 2025, AT 12.00 P.M.**

**PARKSIDE SUITE - PARKSIDE**

### **SUPPLEMENTARY PAPERS 1**

The attached papers are an updated version of the report and appendices previously published in the main agenda pack for this meeting.

10. **Quarter 2 2025/26 Finance and Performance Monitoring Report (including Financial Savings and Half Yearly Treasury Management Report) (Pages 3 - 42)**

J. Leach  
Chief Executive

Parkside  
Market Street  
BROMSGROVE  
Worcestershire  
B61 8DA

14th November 2025

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### **Q2 Finance and Performance Report 2025/26**

Relevant Portfolio Holder	Councillor Baxter – Portfolio Holder for Finance and Governance
Portfolio Holder Consulted	Yes
Relevant Head of Service	Debra Goodall
Report Authors	Debra Goodall – Assistant Director of Finance and Customer Services <a href="mailto:debra.goodall@bromsgroveandredditch.gov.uk">debra.goodall@bromsgroveandredditch.gov.uk</a>
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, 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 Cabinet is asked to RESOLVE that the following are noted:

- 1) The current Revenue position of £336k unfavourable variance.
- 2) The current Capital spending of £4.872m against a revised budget of £21.876m as set out in Appendix A.
- 3) The current savings delivery is £894k against an annual target of £1.213m for 2025/26. This is included in the above Revenue position
- 4) The Earmarked Reserves balances of £11.266m as set out in Appendix B.
- 5) The Ward Budget allocation position to date is 18 approved allocations at £15,968.80, leaving a balance of £46,031.20 to be allocated before year end as set out 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 be noted.
- 8) The position on benefits processing be noted.
- 9) The Q2 position on Corporate Performance Indicators be noted.

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

10) That the Balance Sheet Monitoring Position for Q2 is noted – which is the Treasury Monitoring Report and required to be reported to Council.

### **2. EXECUTIVE SUMMARY**

- 2.1 This Quarter 2 Financial and Performance Monitoring Report provides a comprehensive overview of Bromsgrove District Council's finance and performance for the period April to September 2025. It outlines the Council's revenue and capital positions, savings delivery, procurement pipeline, and progress on key strategic projects, along with performance against key indicators.
- 2.2 As of the end of Q2, the Council is forecasting a **£336k revenue overspend** for the full financial year. This compares to a £344k revenue overspend forecast in 2024/25 at Quarter 2. The £336k is primarily driven by costs relating to Waste Management due to the aging fleet and associated agency costs, offset by increased income in waste services and additional costs within Finance relating to agency cover for vacancies and consultancy costs for VAT support. There have also been increased costs relating to Lifeline Services and a shortfall in parking income. These costs have been offset by vacancy management and underspends in Corporate Financing.
- 2.3 There has been an adverse movement of £163k relating to an increase in fleet costs (Environmental Services) of £184k, increased agency staff costs and external professional fees (Finance and Customer Services) of £124k offset by increased street naming and numbering income (Business Transformation and Organisational Development) of £73k, increased UKSPF grant funding of £23k and reduced activity in Parks and Events and Planning Policy (Planning and Leisure Services) of £42k and other variations of £7k.
- 2.4 The Council has delivered **£894k of its £1.213m savings target**, leaving a balance of £319k to deliver. Further work is ongoing to meet the full-year goal. Capital expenditure to date stands at **£4.872m** against a revised budget of **£21.876m** proposed to support ongoing commitments. This budget includes £14.891m of carry forwards from 2024/25.
- 2.5 Key capital projects include the **Levelling Up-funded Windsor Street and Nailers Yard schemes**. The Windsor Street scheme is nearing completion of phase one remediation works, and discussions are being held with the Environment Agency regarding any required remediation works under phase two. The Nailers' Yard scheme construction stage is now progressing with a revised completion date of 6<sup>th</sup> May 2026.

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- 2.6 The Council's **collection rates** for Council Tax and Business Rates remain strong, with Q2 performance close to or exceeding national averages. Benefits processing times are within expected parameters, despite increased complexity in cases retained by the Council.
- 2.7 The report also includes updates on **ward budget allocations, earmarked reserves, and treasury management performance**, with no new borrowing undertaken and **£7m in short-term investments** held at quarter-end.
- 2.8 The Council continues to monitor its financial position closely, with regular engagement between service managers and finance officers to address emerging risks and ensure delivery of strategic priorities.

### 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 half of the financial year (April – September 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 2 including delivery of the savings targets and fees and charges income 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.
  - The spending as of Q2 of Ward Budget Funds.
  - The updated procurement pipeline of Council projects to be delivered over the next 12 months in order to properly resource plans 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 2, the projected revenue

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outturn position for the full 2025/26 financial year and explains key variances against budget.

- 4.2 The £15.3m full year revenue budget included in the table below is the budget that was approved by Council in February 2025.

Service Description	2025-26 Approved Budget	2025-26 Revised Budget	2025-26 Revised Q2 Budget	Q2 Adjusted Spend	Full Year Projected Forecast	Full Year Projected Variance Q1	Full Year Projected Variance Q2
Business Transformation and Organisational Development	2,197,136	2,052,948	954,380	952,766	2,010,663	30,996	-42,285
Community and Housing GF Services	1,471,273	1,398,392	672,398	601,340	1,547,078	217,223	148,686
Corporate Services	817,413	1,409,860	1,001,154	524,196	803,734	-616,735	-606,126
Environmental Services	4,266,050	4,266,050	2,133,025	2,178,082	4,626,495	175,970	360,445
Financial and Customer Services	2,387,557	2,338,838	1,218,481	1,241,829	2,656,001	192,996	317,163
Legal, Democratic and Elections Services	1,178,898	1,152,334	560,814	605,798	1,246,713	78,161	94,379
Planning and Leisure Services	1,250,320	1,107,643	482,483	527,136	1,156,462	90,723	48,819
Regeneration & Property	1,099,949	942,531	417,555	507,219	1,112,233	192,533	169,704
Regulatory Client	646,139	646,139	323,070	376,901	722,838	42,759	76,699
Starting Well	0	0	0	202	0	0	0
<b>Grand Total</b>	<b>15,314,735</b>	<b>15,314,735</b>	<b>7,763,360</b>	<b>7,515,469</b>	<b>15,882,217</b>	<b>404,626</b>	<b>567,484</b>
Service Description	2025-26 Approved Budget	2025-26 Revised Budget	2025-26 Revised Q2 Budget	Q2 Adjusted Spend	Full Year Projected Forecast	Full Year Projected Variance Q1	Full Year Projected Variance Q2
Corporate Financing	-15,314,735	-15,314,735	-7,657,368	-2,591,642	-15,546,000	-231,265	-231,265
<b>Grand Total</b>	<b>-15,314,735</b>	<b>-15,314,735</b>	<b>-7,657,368</b>	<b>-2,591,642</b>	<b>-15,546,000</b>	<b>-231,265</b>	<b>-231,265</b>
<b>TOTALS</b>	<b>0</b>	<b>0</b>	<b>105,992</b>	<b>4,923,827</b>	<b>336,217</b>	<b>173,361</b>	<b>336,219</b>
						<b>Change</b>	<b>162,858</b>

*Table 1 – Approved and working budget by service area*

### *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 £336k at Quarter 2 as explained in the Executive Summary. 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 £42k underspend**

- 4.4.1 Business Transformation & Organisational Development are forecasting an underspend of £42k due to increased street naming and numbering income of £53k and salary

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savings of £17k. This is offset by an overspend of £28k for Apprenticeship Levy due to increased Apprenticeship Levy requirements.

### **Community and Housing GF Services £149k overspend**

- 4.4.2 Community & Housing Services are forecasting a £149k overspend. There is £153k increased charges from BT which is an uncontrollable charge. There are additional charges relating to equipment in Lifeline Services of which at least £60k income will be offset in the next six months – a clearer picture will be available at Q3. There is also £50k in additional Bed & Breakfast costs in line with national trends offset by £27k underspend related to CCTV and other net variations of £27k.

### **Corporate Services £606k underspend**

- 4.4.3 Corporate Services is forecasting a £606k underspend due to £639k on vacancy management and savings efficiency targets across the whole council offset by 7k of communication costs relating to Local Government Reorganisation, by £21k additional Postage costs across the whole council other and net variations of £5k.

### **Environmental Services £360k overspend**

- 4.4.4 Environmental Services are forecasting a £360k overspend due to an overspend on Waste Management of £414k. There is £495k additional costs on maintenance of the aging fleet – these costs should reduce with the introduction of the new fleet. There are also agency costs of £156k, the cesspool service of £35k, a reduction in salary and other additional costs of generating extra income and other charges relating to staffing from Redditch of £339k in total. All of these costs were offset by increased income of £516k on various collection services and other net movements of £95k. Aside from waste management there were other net variations representing a £54k underspend.

### **Financial and Customer Services £317k overspend**

- 4.4.5 Finance & Customer Services are forecasting an overspend of £317k due to £90k on VAT support from Lavat Consulting on the VAT returns to HMRC, £50k to Bruton Knowles for Insurance Property valuations for the Statement of Accounts, £179k on Agency staff due to cover for vacancies and other net variations of £2k. A review of resourcing arrangements is taking place.

### **Legal, Democratic and Elections Services £94k overspend**

- 4.4.6 Legal, Democratic and Property Services are forecasting a £94k overspend due to £31k Landlord costs on the Artrix charged to Legal in error, £50k Ward Budget was included in Democratic Services in error which now changes recharges to Redditch Council,

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increased Civica license costs of £13k which are expected to be reimbursed. Adjusting the these, the actual uncontrollable overspend for the service is £1k.

### **Planning and Leisure Services £49k overspend**

- 4.4.7 Planning and Leisure Services are forecasting a £49k overspend due to £85k additional staffing costs as a result of increased costs of agency staff due to maternity cover. There has been £68k underachieved income in Development Control and Arts and Development as the income target is higher than can be achieved – this will be addressed as part of the 2026/27 budget setting process. There have also been additional salary costs of £23k in Building Control. This is offset by savings in salary on Parks and Events of £63k and Planning Policy of £67k due to a planned review on Leisure services. There are other net variations of £3k.

### **Regeneration & Property £170k overspend**

- 4.4.8 Regeneration and Property are forecasting a £170k overspend due to an overspend on the carpark service which analyses as a shortfall in car parking revenue of £82k as a result of the first half hour being free, £27k due to unforeseen rental costs, £27k of additional MiPermit charges, £43k overspend on recharges to Wychavon DC due to higher shared service costs, £3k overspend on enforcement and £4k on other minor expenses offset by a £9k underspend on multi-storey car parks. Other overspends include £20k on utility costs and overtime in Public Conveniences, additional fleet costs of £49k and other net variances of £7k. This has been offset by a reduction in establishment costs due to a number of posts being funded from the use of additional UK Shared Prosperity Fund Administration Grant income of £51k and savings within Property Services of £32k due to lower than anticipated staff costs.

### **Regulatory Client £77k overspend**

- 4.4.9 Regulatory Client are forecasting a £77k overspend due to £47k underachieved income in Taxi Licensing as a result of lower than anticipated licencing volumes and default works overspend of £27k. This is a re-occurring year on year pattern and will be addressed in the 2026/27 budget setting process. There have also been other net variations of £3k.

### **Corporate Financing £231k underspend**

- 4.4.10 Corporate Financing is showing additional income of £231k due to £170k Grant Income, £150k Investment Interest Income, £36k savings on Interest Payable offset by £125k in underachieved Fees & Charges Income.



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#### Savings Targets

4.4.11 The Council had £1.213m of savings targets in 2025/26. The Council has delivered £894k of these savings in Q2. A review is currently being undertaken of vacant posts. Savings against target are shown in the table below:

	2025/26 £m	Adjusted 2025/26 £m	Total 2025/26 £m	Savings identified as at Quarter 2 £m	
Service Reviews	(0.405)	0.405	0		Consolidated corporately
Finance Vacancies	(0.100)	0.100	0		Consolidated corporately
Environmental Services Partnership	(0.050)		(0.050)	0	Work ongoing
<b>2023/24 Items</b>	<b>(0.555)</b>	<b>0.555</b>	<b>(0.050)</b>	<b>0</b>	
In year corporate target		(0.913)	(0.913)	(0.668)	£0.343m from vacancy management and £0.055m from efficiencies. Expected to be met in full.
Directorate savings		(0.250)	(0.250)	(0.226)	There is an expected outturn of £226k in savings.
<b>2025/26 Items</b>	<b>0</b>	<b>(1.163)</b>	<b>(1.163)</b>	<b>(0.894)</b>	
<b>Total Savings</b>	<b>(0.555)</b>	<b>(1.163)</b>	<b>(1.213)</b>	<b>(0.894)</b>	

#### 4.5 Cash Management

##### Borrowing

- As of the 30<sup>th</sup> September 2025, there were no short-term borrowings. The Council has no long-term borrowings.

##### Investments

- On 30<sup>th</sup> September 2025 there were £7m short-term investments held.

#### Capital Monitoring

4.6 A capital programme of £17.352m 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. At this stage, additional grants of £3.916m had been received, resulting in a total capital budget of

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£21.268m. At Quarter 2, additional grants of £4.524m have been received in year revising the total capital budget for 2025/26 to £21.876m.

- 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	Revised Total	Council Funded	Grant Funded
2024/5	6,376,987	21,267,936	10,996,671	10,271,265
Carry Fwd	14,890,949			
2025/6	17,351,727		8,017,369	9,334,358
2026/7	3,222,841		2,422,841	800,000
2027/8	2,469,459		1,669,459	800,000
2028/9	2,310,531		1,510,531	800,000
2029/30	2,373,749		1,573,749	800,000

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

- The two Levelling Up schemes – Windsor Street (formerly project titled as ‘Old Fire Station’) and Nailers’ Yard (formerly known as ‘Market Hall’) which are funded via £14.5m of Government Funding, and the Council is funding £1.6m of works. A contribution of £2.425m has also been requested from the monies held in trust by Birmingham City Council on behalf of the former Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP)
- For the Nailers’ Yard Scheme:
  - Construction is progressing on site. Pavilion – Main roofing installation is now complete and rooflights are being installed with PV panels. Commercial building – Steel Frame System is now complete, roofing hot melt works complete with slab/gravel done to main roof. Cladding well underway to gable end and 3rd floor areas, windows and curtain wall being installed on 3 elevations and 1st fix dry lining plus M&E commenced on 2nd and 3rd floors.
  - The revised completion date is 6th May 2026 (previously 26th January 2026) due to culvert works. The cost of the scheme has increased as a result of this. An urgent decision was made on 21<sup>st</sup> August 2025 whereby BDC committed a further £500k to the Levelling Up Programme.
  - GJS Dillon have received several enquiries for office space and two enquiries for the GF food and beverage unit. They have prepared the service charge schedules for the commercial building. Heads of terms are due to be issued to an incoming tenant that wishes to let one and a half floors. The

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next stage will be to instruct Bruton Knowles to undertake the property management role of the commercial building.

- For the Windsor Street Scheme
  - Brownfield Solutions have completed phase one ground water monitoring on site. There are six wells in total, with monthly testing taking place. The results have been submitted to the Environment Agency. They will advise the Council if the presence of PFAS/PFOS chemicals (per and polyfluorinated alkyl substances) across the site within the soils and groundwater are at an acceptable level and the site can be redeveloped. If they are not, a further six-month remediation strategy will be undertaken through to May 2026.
  - The project is slightly delayed due to waiting for feedback from the Environment Agency. By May 2026, the Council will have a clean site that is ready to be redeveloped.
  - Cabinet will agree the delivery option for residential use on the site in November. Following this, the regeneration team will progress this option whilst phase 2 remediation is ongoing.

- Public Realm work is now fully completed, and the underspend is approximately £925k

The Council can claim up to £2.425m from the monies held in trust by Birmingham City Council (BCC) on behalf of the former Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) and an application has now been submitted to BCC. Birmingham City Council have informed all Councils wanting to access money from GBSLEP fund in 2025/26 that funds will not be available until the 2026/2027 financial year. Therefore, BDC may have to use short-term borrowing until the funding is available.

- UK Shared Prosperity Schemes total £917,878 (although it should be noted that these grants funded schemes are a mix of capital - £286,083 and revenue - £631,795) need to be completely spend by the end of the 2025/26 financial year.

- 4.9 The outturn spend is £4.872m against the revised capital budget totals £21.876m and is detailed in **Appendix A**. It should be noted that as per the budget decision carry forwards of £14.891m will be rolled forward from 2024/25 into 2025/26 to take account of slippage from 2024/25.

### Earmarked Reserves

- 4.10 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 for their requirement and additional reserves set up as per that report. At the 30<sup>th</sup> September 2025, based on the present MTFP that was approved by Council on the 19<sup>th</sup> February, the Council holds £11.266 million of General Fund Reserves.

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### Ward Budgets

- 4.11 This report is the half year 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 30<sup>th</sup> September there have been applications from 18 Members approved totalling £15,968.80. There are still 13 Members who have not allocated any funding and overall, £46,031.20 is still to be allocated. This year's funding allocations must be spent by the 31<sup>st</sup> March. Full detail is set out in **Appendix C**.

### Balance Sheet Monitoring Position

- 4.12 There has been the request from Audit Committee that the Council include Balance Sheet Monitoring as part of this report.
- 4.13 This initial balance sheet reporting is set out as the Q2 Treasury Report which is attached as **Appendix D**. This report sets out the Councils debt and borrowing position for Q2 2025/26. Included in this is how the Council is using its working capital as well as measurement of the Councils Prudential Indicators, this appendix will need to be noted and approved that Council note the position.

### Procurement Pipeline

- 4.14 The Procurement pipeline is shown in **Appendix E**. The Council's Procurement Pipeline includes details of contracts expected to be repocured 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 10 contracts that are over the key decision threshold of £200k
- There are 5 contracts procured by Redditch Borough Council on behalf of Bromsgrove District Council.

### Collection Fund

- 4.15 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 11% 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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- 4.16 The Council aims to collect 98.5% of Council Tax receipts (national average is 95.8%) which equates to a total sum of £87.505 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	28.89	28.80	25.605
Quarter 2	57.78	56.58	50.261
Quarter 3			
Quarter 4	98.5		

- 4.17 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).

- 4.18 The Council aims to collect 98.0% of business rate receipts (national average is 95.8%) which equates to a total sum of £31.132m.. 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	25.84	28.34	9.082
Quarter 2	51.68	56.82	18.051
Quarter 3			
Quarter 4	98.0		

### Benefits

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

New claims	Qtr 1	Qtr 2		Qtr 1	Qtr 2
Average processing time	20 days	16 days	Number processed this quarter	95	83

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<b>Changes to claims</b>					
Average processing time	10 days	9 days	Number processed this quarter	1215	1095

- 4.20 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**

- 4.21 Corporate Performance Indicators are included as Appendix F to this report.

### **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.

### **Climate Change Implications**

- 7.2 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.

### **8. Other Implications**

#### **Customer / Equalities and Diversity Implications**

- 8.1 None as a direct result of this report.

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### **Operational Implications**

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

### **9. RISK MANAGEMENT**

- 9.1 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

### **10. APPENDENCES**

Appendix A – Capital Outturn  
Appendix B – Reserves Position  
Appendix C – Ward Budget Position  
Appendix D – Treasury Management Position  
Appendix E – Procurement Pipeline  
Appendix F – Quarter 2 Corporate Performance Indicators

### **AUTHOR OF REPORT**

Name: Debra Goodall – Assistant Director of Finance and Customer Services  
E Mail: [Debra.Goodall@bromsgroveandredditchbc.gov.uk](mailto:Debra.Goodall@bromsgroveandredditchbc.gov.uk)

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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 £
	<b>Large Schemes</b>			
	<b>Levelling Up Fund</b>			
200072	- Market Hall	9,228,000	11,555,322	3,782,273
200073	- Ex-Fire Station/Windsor Street	0	-54,247	113,508
	<b>UK Shared Prosperity Fund</b>			
200086	(UKSPF Funding BDC 2024/2025)	918,000	938,000	0
200082	CCTV Digital Upgrade (UKSPF)	0	33,668	0
200084	Shop Frontage Improvement & Empty Shop Grants (UKSPF)	0	-53,605	0
200026	Rubery Redvelopment Works	0	-1,504	0
	<b>Other Schemes</b>			
200006	Burcot Lane	0	-927,642	0
200008	Funding for DFGs	1,285,847	1,442,899	631,200
200009	Home Repairs Assistance	50,000	215,602	0
200010	Energy Efficiency Installation	0	212,190	0
200019	Fleet Replacement new line	1,265,000	3,173,318	114,356
200022	Replacement Parking Machines	100,000	94,134	5,000
200030	Wheelie Bin Purchase	120,000	-48,671	108,403
200033	Bus Shelters	18,000	34,345	0
200045	Greener Homes	0	-6,125	0
200069	Cisco Network Update	34,877	34,877	0
200070	Server Replacement	18,500	188,049	67,038
200071	Laptop Refresh	5,000	36,249	20,263
200075	Sanders Park	0	-103,763	24,727
200102	Fleet Replacement cost	15,000	24,400	0
200103	Wheelie Bin Increases	0	85,000	0
200076	Play Area, POS and Sport improvements at Lickey End Recreation Ground in accordance with	0	30,582	0
200079	Footpaths	75,000	32,020	3,274
200104	Buildings	100,000	262,426	2,945
	Updated Pay Audit Requirements	166,242	166,242	0
200105	Initial Play Audit Requirements	0	451,000	0
200106	New ongoing Cyber security budget	25,000	50,000	0
200107	Artrix - Landlord Obligations	20,000	22,414	0
200101	Wild Flower Machinery	0	62,000	0
200001	Barnt Green Millenium Park - Toilet	0	0	0
<b>Project codes are being set up</b>	Replacement Wheeled Bins	2,200,000	2,200,000	0
	Parkside - Requirement for a firewall	902,511	902,511	0
	Laptops for new Starters	9,750	9,750	0
	Laptops for new Starters	25,000	25,000	0
	Salary Capitalisation	750,000	750,000	0
200016	New Finance Enterprise system	20,000	40,000	0
		<b>17,351,727</b>	<b>21,876,441</b>	<b>4,872,987</b>



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### Appendix B - Earmarked Reserves

		Transfers In	Transfers Out		Transfers In	Transfers Out	
	Balance as at 31 March 2023 £000	2023/24 £000	2023/24 £000	Balance as at 31 March 2024 £000	2024/25 £000	2024/25 £000	Balance as at 31 March 2025 £000
<b>General Fund:</b>							
Building Control Other	7	0	0	7	0	0	7
Building Control Partnerships	82	0	0	82	0	0	82
Commercialism	0	0	0	0	0	0	0
Community Services	321	0	(125)	196	0	0	196
Economic Regeneration	1,348	50	0	1,398	0	0	1,398
Election Services	85	0	0	85	0	0	85
Environmental Services	27	0	0	27	0	0	27
Financial Services	4,705	430	(500)	4,635	89	0	4,724
Housing Schemes	864	0	0	864	0	0	864
ICT/Systems	197	0	0	197	0	0	197
Leisure/Community Safety	115	0	0	115	0	0	115
Local Neighbourhood Partnerships	16	0	0	16	0	0	16
Other	67	0	0	67	14	0	81
Planning & Regeneration	463	0	0	463	136	0	599
Regulatory Services (Partner Share)	85	0	0	85	1	0	86
Shared Services (Severance Costs)	311	0	0	311	0	0	311
Covid-19 (General Covid Grant)	766	0	0	766	0	0	766
Covid-19 (Collection Fund)	1,604	0	0	1,604	0	0	1,604
Shopmobility Donations	0	0	0	0	0	0	0
Council Tax Hardship Fund	79	0	0	79	0	0	79
Artrix Holding Trust	17	0	0	17	12	0	29
<b>Total General Fund</b>	<b>11,159</b>	<b>480</b>	<b>(625)</b>	<b>11,014</b>	<b>252</b>	<b>0</b>	<b>11,266</b>

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### **Appendix C - Ward Budget Spending Q2 - Funds Allocated to 30 September**

#### Councillor Ward Fund Balances – 25/26

<b>Activity</b>	<b>Spend</b>	<b>Balance £2,000</b>
Cllr Alan Bailes	300.00	1,700.00
Cllr Ruth Lambert	1,978.80	21.20
Cllr Sam Ammar	1,300.00	700.00
Cllr Ester Gray	800.00	1,200.00
Cllr Peter McDonald	1,450.00	550.00
Cllr Harrison Rone-Clarke	0	2,000.00
Cllr Anita Dale	0	2,000.00
Cllr Webb	2,000.00	0
Cllr Hunter	0	2,000.00
Cllr Rachel Bailes	0	2,000.00
Cllr Sue Baxter	500.00	1,500.00
Cllr J Clarke	0	2,000.00
Cllr Stephen Colella	0	2,000.00
Cllr J Elledge	0	2,000.00
Cllr Derek Forsythe	500.00	1,500.00
Cllr D Hopkins	683.00	1,317.00
Cllr Charlie Hotham	750.00	1,250.00
Cllr Helen Jones	0	2,000.00
Cllr B Kumar	1,200.00	800.00
Cllr M Marshall	1,000.00	1,000.00
Cllr Karen May	657.00	1,343.00
Cllr Bernard McEldowney	1,350.00	650.00

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Activity	Spend	Balance £2,000
Cllr D Nicholl	250.00	1,750.00
Cllr Simon Nock	250.00	1,750.00
Cllr S Peters	500.00	1,500.00
Cllr J Robinson	0	2,000.00
Cllr S Robinson	0	2,000.00
Cllr J Stanley	500.00	1,500.00
Cllr Kit Taylor	0	2,000.00
Cllr Peter Whittaker	0	2,000.00
Cllr S Evans	0	2,000.00
<b>Overall Totals</b>	<b>15,968.80</b>	<b>46,031.20</b>

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### Appendix D - Q2 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 Q2 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 first quarter was dominated by the fallout from the US trade tariffs and their impact on equity and bond markets. The second quarter, still rife with uncertainty, saw equity markets making gains and a divergence in US and UK government bond yields, which had been moving relatively closely together.
- 3.4 From late June, amid a UK backdrop of economic uncertainty, concerns around the government's fiscal position and speculation around the autumn Budget, yields on medium and longer-term gilts pushed higher, including the 30-year which hit its highest level for almost 30 years.
- 3.5 UK headline annual consumer price inflation (CPI) increased over the period, rising from 2.6% in March to 3.8% in August, still well above the Bank of England's 2% target. Core inflation also rose, from 3.4% to 3.6% over the same period, albeit the August reading was down % from 3.8% the previous month. Services inflation also fell from July to August, to 4.7% from 5.0%.

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- 3.6 The UK economy expanded by 0.7% in the first quarter of the calendar year and by 0.3% in the second quarter. In the final version of the Q2 2025 GDP report, annual growth was revised upwards to 1.4% y/y. However, monthly figures showed zero growth in July, in line with expectations, indicating a sluggish start to Q3.
- 3.7 Labour market data continued to soften throughout the period, with the unemployment rate rising and earnings growth easing, but probably not to an extent that would make the more hawkish MPC members comfortable with further rate cuts. In addition, the employment rate rose while the economic inactivity rate and number of vacancies fell.
- 3.8 The BoE's Monetary Policy Committee (MPC) cut Bank Rate from 4.5% to 4.25% in May and to 4.0% in August after an unprecedented second round of voting. The final 5-4 vote was for a 25bps cut, with the minority wanting no change. In September, seven MPC members voted to hold rates while two preferred a 25bps cut. The Committee's views still differ on whether the upside risks from inflation expectations and wage setting outweigh downside risks from weaker demand and growth.
- 3.9 The August BoE Monetary Policy Report highlighted that after peaking in Q3 2025, inflation is projected to fall back to target by mid-2027, helped by increasing spare capacity in the economy and the ongoing effects from past tighter policy rates. GDP is expected to remain weak in the near-term while over the medium-term outlook will be influenced by domestic and global developments.
- 3.10 Arlingclose, the authority's treasury adviser, maintained its central view that Bank Rate would be cut further as the BoE focused on weak GDP growth more than higher inflation. One more cut is currently expected during 2025/26, taking Bank Rate to 3.75%. The risks to the forecast are balanced in the near-term but weighted to the downside further out as weak consumer sentiment and business confidence and investment continue to constrain growth. There is also considerable uncertainty around the autumn Budget and the impact this will have on the outlook.
- 3.11 Against a backdrop of uncertain US trade policy and pressure from President Trump, the US Federal Reserve held interest rates steady for most of the period, before cutting the Fed Funds Rate to 4.00%-4.25% in September. Fed policymakers also published their new economic projections at the same time. These pointed to a 0.50% lower Fed Funds Rate by the end of 2025 and 0.25% lower in 2026, alongside GDP growth of 1.6% in 2025, inflation of 3%, and an unemployment rate of 4.5%.
- 3.12 The European Central Bank cut rates in June, reducing its main refinancing rate from 2.25% to 2.0%, before keeping it on hold through to the end of the period. New ECB projections predicted inflation averaging 2.1% in 2025, before falling below target in 2026, alongside improving GDP growth, for which the risks are deemed more balanced and the disinflationary process over.

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- 3.13 **Financial markets:** After the sharp declines seen early in the period, sentiment in financial markets improved, but risky assets have generally remained volatile. Early in the period bond yields fell, but ongoing uncertainty, particularly in the UK, has seen medium and longer yields rise with bond investors requiring an increasingly higher return against the perceived elevated risk of UK plc. Since the sell-off in April, equity markets have gained back the previous declines, with investors continuing to remain bullish in the face of ongoing uncertainty.
- 3.14 Over the period, the 10-year UK benchmark gilt yield started at 4.65% and ended at 4.70%. However, these six months saw significant volatility with the 10-year yield hitting a low of 4.45% and a high of 4.82%. It was a broadly similar picture for the 20-year gilt which started at 5.18% and ended at 5.39% with a low and high of 5.10% and 5.55% respectively. The Sterling Overnight Rate (SONIA) averaged 4.19% over the six months to 30th September.
- 3.15 **Credit review:** Arlingclose maintained its 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 Early in the period, Fitch upgraded NatWest Group and related entities to AA- from A+ and placed Clydesdale Bank's long-term A- rating on Rating Watch Positive. While 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.
- 3.17 Then in the second quarter, Fitch upgraded Clydesdale Bank and also HSBC, downgraded Lancashire CC and Close Brothers while Moody's upgraded Transport for London, Allied Irish Banks, Bank of Ireland and Toronto-Dominion Bank.
- 3.18 After spiking in early April following the US trade tariff announcements, UK credit default swap prices have since generally trended downwards and ended the period 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 has followed a fairly similar pattern to the UK, as have Singaporean and Australian lenders while Canadian bank CDS prices remain modestly elevated compared to earlier in 2025 and in 2024.
- 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

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institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review.

### Local Context

- 3.22 On 30<sup>th</sup> June 2025, the Authority had £16.89m 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

	<b>31.6.25</b>	<b>31.9.26</b>
	<b>Actual</b>	<b>Actual</b>
	<b>£m</b>	<b>£m</b>
General Fund CFR	31.26	31.26
<b>Total CFR</b>	<b>31.26</b>	<b>31.26</b>
Less: External borrowing**	0	0
<b>Internal borrowing</b>	<b>31.26</b>	<b>31.26</b>
<b>Less: Usable reserves</b>	<b>-11.27</b>	<b>-11.27</b>
Less: Working capital	-3.10	-3.10
<b>Net borrowing</b>	<b>16.89</b>	<b>16.89</b>

\* 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 30<sup>th</sup> June and the change over the quarter is shown in Table 2 below.

Table 2: Treasury Management Summary

	30.6.25 Balance £m	Movement £m	30.9.25 Balance £m	30.9.25 Rate %
Long-term borrowing				
Short-term borrowing	0	0	0	
<b>Total borrowing</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Short-term investments				
Cash and cash equivalents	3.5	3.5	7.0	
<b>Total investments</b>	<b>3.5</b>	<b>3.5</b>	<b>7.0</b>	
<b>Net investments</b>	<b>3.5</b>	<b>3.5</b>	<b>7.0</b>	

### 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 5.10% at the beginning of the period and 4.80% at the end. The lowest available 10-year maturity rate was 4.70% and the highest was 5.10%. Rates for 20-year maturity loans ranged from 5.30% to 5.50% during the period, and 50-year maturity loans from 5.10% to 5.30%. 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:** At 30<sup>th</sup> June the Authority held no loans, with no movement from 30<sup>th</sup> June 2025 as per table 3 below, as part of its strategy for funding previous and current years' capital programmes.

Table 3: Borrowing Position

	31.6.25 Balance £m	Net Movement £m	30.9.25 Balance £m
Public Works Loan Board			
Banks (LOBO)			
Banks (fixed term)			
Local authorities (long-term)			
Local authorities (short-term)	0	0	0
<b>Total borrowing</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 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 £3.5 and £11.5 million due to timing differences between income and expenditure. The investment position is shown in table 4 below.

Table 4: Treasury Investment Position

	31.6.25 Balance £m	Net Movement £m	31.9.25 Balance £m	31.9.25 Income Return %	31.9.25 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	3.5	3.5	7.0	2.9%	30
	<b>3.5</b>	<b>3.5</b>	<b>7.0</b>		

- 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 services.
- 3.33 Bank Rate was reduced to 4.00% in August 2025 and remained at that level through the

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rest of the quarter. Short-term interest rates largely followed this trend, staying close to the Bank Rate. 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	Actual %	Benchmark %	Over/ under
<b>Total borrowing</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>			
PFI and Finance leases	0.0	0.0	0.0			
<b>Total debt</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>			
<b>Total treasury investments</b>	<b>7.0</b>	<b>0.0</b>	<b>7.0</b>			
				n/a	n/a	n/a

### **MRP Regulations**

- 3.37 On 10<sup>th</sup> 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 7<sup>th</sup> 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.

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- 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	30.9.25 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	7.0m		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.

Table 7: Debt and the Authorised Limit and Operational Boundary

	Q1 2025/26 Maximum	30.9.25 Actual	2025/26 Operational Boundary	2025/26 Authorised Limit	Complied? Yes/No
Borrowing	0m	0m	55,000	60,000	Yes
PFI and Finance Leases	Nil	Nil	1,000	1,000	Yes
<b>Total debt</b>	<b>0m</b>	<b>0m</b>	<b>56,000</b>	<b>61,000</b>	

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- 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

	<b>31.3.25</b>	<b>31.3.26</b>	<b>31.3.27</b>	<b>31.3.28</b>
	<b>Actual</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
Loans CFR	31.26	34.54	36.26	38.12
Less: Usable Reserves	-11.27	-11.14	-10.42	-9.86
Less: Working Capital	-3.10	-3.10	-3.10	-3.10
<b>Net loans requirement</b>	<b>16.89</b>	<b>20.30</b>	<b>22.74</b>	<b>25.16</b>
Plus: Liquidity allowance	0.20	0.20	0.20	0.20
<b>Liability benchmark</b>	<b>17.09</b>	<b>20.50</b>	<b>22.94</b>	<b>25.36</b>
<b>Existing borrowing</b>	<b>0</b>	<b>6.20</b>	<b>11.10</b>	<b>12.95</b>

- 3.44 Following on from the medium-term forecast above, the long-term liability benchmark assumes capital expenditure funded by borrowing of £12.95m, 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

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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	30.9.25 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

- 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.

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### 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	30.9.25 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	30.9.25 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>30/06/25</u>	<u>30/09/25</u>
Bank Rate	4.25%	4.00%
1-year PWLB certainty rate, maturity loans	4.50%	4.58%
5-year PWLB certainty rate, maturity loans	4.70%	4.95%
10-year PWLB certainty rate, maturity loans	5.27%	5.53%
20-year PWLB certainty rate, maturity loans	5.88%	6.14%
50-year PWLB certainty rate, maturity loans	5.71%	5.98%

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**



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- 5.1 There is always significant risk in relation to treasury transactions, this is why Councils appoint Treasury advisors, which in the case of Bromsgrove 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.

**6. APPENDICES**

None

**7. BACKGROUND PAPERS**

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

### **AUTHOR OF REPORT**

Name: Debra Goodall – Head of Finance and Customer Services (Deputy S151)  
E Mail: [Debra.Goodall@bromsgroveandredditchbc.gov.uk](mailto:Debra.Goodall@bromsgroveandredditchbc.gov.uk)

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### **Appendix E - Procurement Pipeline**

<b>Title</b>	<b>Council</b>	<b>Contract Value £</b>
Fleet Replacement	Bromsgrove	2,846,000
Wheeled Bin Purchase, Delivery and Collection for Recycling of Existing V	Bromsgrove	2,200,000
Refuse and Recycling Products	Bromsgrove	700,000
Replacement Parking Machines	Bromsgrove	517,000
Microsoft Licenses	Bromsgrove	483,000
PROVIDE Kennelling of Dogs	Bromsgrove	450,000
Planning/GIS/Gazeteer	Bromsgrove	400,000
Supply of HVO Fuel	Bromsgrove	300,000
Air Quality Analysers	Bromsgrove	250,000
Data Access Services	Bromsgrove	200,000
Domestic Food Waste Collection Contract	Joint	23,000,000
Hybrid Mail Solution - Sending Letters	Joint	2,500,000
Corporate Building Electrical Contract	Joint	2,500,000
Food Caddy Purchase and Delivery	Joint	1,300,000
Public Space CCTV Maintenance	Joint	400,000
Lifeline Call Handling	Joint	200,000
eFinancials RTU Extension	Joint	208,598

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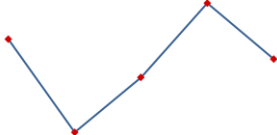
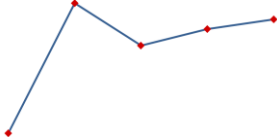
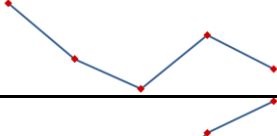
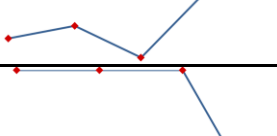
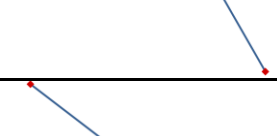
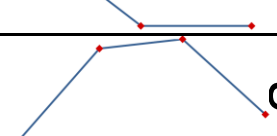
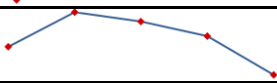

Economic Development

Measure name	Type	Q2 24/25	Q3 24/25	Q4 24/25	Q1 25/26	Q2 25/26	Target	Average	Aim	Trend
Business grant funding awarded	£	£86,574.86	£92,420.66	£175,836.56	£0.00	£2,599.39			⬆️	
Business grant funding- % spent	%	32.20%	37%	70.30%	0%	2.20%			⬆️	
There were no grants awarded during Q1; this is common at the start of funding periods as new programmes are launched. At Q2, 28% of the total grant pot has been committed. A new grant will be launched in Q3 (Innovation Lighthouse) which accounts for 33.5% of the total funding.										

Environment

Measure name	Type	Q2 24/25	Q3 24/25	Q4 24/25	Q1 25/26	Q2 25/26	Target	Average	Aim	Trend
% household waste recycled or composted	%	45.83	41.34	36.79	53.36	44.79%		44%	⬆️	
# of flytips	#	545	484	568	635	668			⬇️	
Continued issues with Birmingham bin strikes increasing fly tips on northern borders										
Average time taken to remove fly-tipping reported	# days	3	5.7	4	3	3	5		⬇️	
No. of households supported by energy advice service (AoE)	#	291	320	240	377	382			⬆️	

Housing

Measure name	Type	Q2 24/25	Q3 24/25	Q4 24/25	Q1 25/26	Q2 25/26	Target	Average	Aim	Trend
% of major planning applications determined within 13 weeks (or agreed extension)	%	88.8	78.5	84.6	92.8	86.6	60%		⬆️	
% of minor planning applications determined within 8 weeks (or agreed extension)	%	84.5	88.5	87.2	87.7	88	70%		⬆️	
No. of planning enforcement actions taken- cases opened	#	57	29	14	41	24				
No. of planning enforcement actions taken- cases closed	#	25	31	16	48	63				
% of Building Control applications determined within 5 weeks (or 8 weeks on agreement)	%		100	100	100	97	85		⬆️	
Number of threatened with homelessness preventions	#	9	8	8	12	7				
No. of households in temporary accommodation- snapshot	#		23	33	34	26			⬇️	
Cost of B & B placements	£	£22,468.14	£50,241.62	£42,711.24	£31,132.64	Not available			⬇️	

Infrastructure

Measure name	Type	Q2 24/25	Q3 24/25	Q4 24/25	Q1 25/26	Q2 25/26	Target	Average	Aim	Trend
% of green flags awarded	%		50	50	50	50	75		⬆️	

Community Safety

Measure name	Type	Q2 24/25	Q3 24/25	Q4 24/25	Q1 25/26	Q2 25/26	Target	Average	Aim	Trend
# crimes recorded (excluding ASB)	#	1346	1329	1275	1396	Not available*			⬇️	
ASB	#	342	208	238	301	Not available*			⬇️	

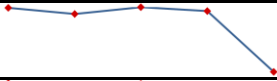
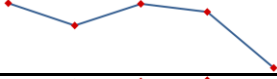
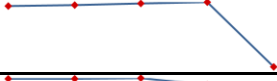
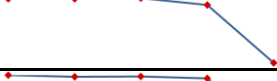

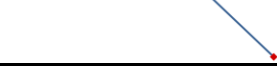

\*there is a lag with this date as it is obtained using verified figures from Police.uk and they are not currently available.

Organisational Priorities

Measure name	Type	Q2 24/25	Q3 24/25	Q4 24/25	Q1 25/26	Q2 25/26	Target	Average	Aim	Trend
% of media enquiries responded to within agreed timescales	#		100	100	100	100	100		⬆️	
Council Tax Collection Rate	%	56.65%	84.14%	98.12%	28.80%	56.58%	56.63%		⬆️	
Business Rates Collection Rate	%	53.13%	81.06%	98.18%	28.34%	56.82%	55.32%		⬆️	
Housing Benefit: Speed of processing new claims	# days	18.3	17	11.7	19.7	12		20	⬇️	
Housing Benefit: Speed of processing change of circumstances	# days	10.7	9.3	4.7	9.7	8.3		8	⬇️	
Housing Benefit: Local Authority error rate	%	0.32	0.31	0.26	0.48	0.16	0.48		⬇️	
# complaints received	#	12	11	17	11	33				
Average working days to respond to complaints	# days	6.25	6.6	16.6	18.2	4.7	10			
% complaints answered within 10 days	%	83.3	72.7	68.8	75	96.8	95%		⬆️	
Staff turnover rates	%	9.40%	8.50%	9.80%	10.20%	9.10%		13.40%	⬇️	
Sickness absence- long term	# days per FTE	3.24	5.03	6.4	2.88	3.19		7.8	⬇️	



SLM Leisure Data

Measure name	Type	Q2 24/25	Q3 24/25	Q4 24/25	Q1 25/26	Q2 25/26	Target	Average	Aim	Trend
Total no. of visits including EA cards and non-card holders	#	101,511	92,060	102,739	96,589	Not available			⬆️	
EA cards added this period	#	1,970	1,292	1,951	1,709	Not available			⬆️	
Total EA cards to date	#	76,661	77,953	79,904	81,613	Not available			⬆️	
No. gym members	#	2,723	2,716	2,749	2,460	Not available			⬆️	
Swimming lessons - children enrolled on scheme	#	1,270	1,236	1,242	1,206	Not available			⬆️	
Swim lesson occupancy	%	74	74	73	72	Not available			⬆️	
RIDDOR reportable events	#	0	0	0	0	Not available			⬇️	

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