



BROMSGROVE DISTRICT COUNCIL

MEETING OF THE CABINET

WEDNESDAY 23RD FEBRUARY 2022
AT 3.00 P.M.

PARKSIDE SUITE - PARKSIDE

MEMBERS: Councillors K.J. May (Leader), G. N. Denaro (Deputy Leader),
M. A. Sherrey, P.L. Thomas, M. Thompson and S. A. Webb

AGENDA

1. **To receive apologies for absence**
2. **Declarations of Interest**

To invite Councillors to declare any Disclosable Pecuniary Interests or Other Disclosable Interests they may have in items on the agenda, and to confirm the nature of those interests.
3. **To confirm the accuracy of the minutes of the meeting of the Cabinet held on 16th February 2022 (to follow)**
4. **Consideration of any Recommendations arising from the meeting of the Overview and Scrutiny Board held on 15th February 2022 (to follow)**
5. **Pay Policy 2022 - 2023 (Pages 1 - 12)**
6. **2022/23 Budget and Medium Term Financial Plan (including Capital Programme) (Pages 13 - 42)**

7. **Council Tax Resolutions 2022/23 (Report to Follow)**
8. **To consider any urgent business, details of which have been notified to the Head of Legal, Democratic and Property Services prior to the commencement of the meeting and which the Chairman, by reason of special circumstances, considers to be of so urgent a nature that it cannot wait until the next meeting.**

Parkside
Market Street
BROMSGROVE
Worcestershire
B61 8DA

15th February 2022

K. DICKS
Chief Executive

**If you have any queries on this Agenda please contact
Jess Bayley-Hill and Jo Gresham**

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GUIDANCE ON FACE-TO-FACE MEETINGS

Due to the current Covid-19 pandemic Bromsgrove District Council will be holding this meeting in accordance with the relevant social distancing arrangements for holding face-to-face meetings at a local authority.

Please note that this is a public meeting.

If you have any questions regarding the agenda or attached papers, please do not hesitate to contact the officer named above.

GUIDANCE FOR ELECTED MEMBERS ATTENDING MEETINGS IN PERSON

In advance of the Cabinet meeting, Members are strongly encouraged to take a lateral flow test on the day of the meeting, which can be obtained for free from the NHS website. Should the test be positive for Covid-19 then the Member must not attend the Cabinet meeting, should provide their apologies to the Democratic Services team and must self-isolate in accordance with national rules.

Members and officers must wear face masks during the Cabinet meeting, unless exempt. Face masks should only be removed temporarily if the Councillor/ officer requires a sip of water and should be reapplied as soon as possible. Refreshments will not be provided by the venue, therefore Members and officers are encouraged to bring your own supply of water.

Hand sanitiser will be provided for Members to use throughout the meeting.

The meeting venue will be fully ventilated and Members and officers should consider wearing appropriate clothing in order to remain comfortable during proceedings.

PUBLIC ATTENDANCE

Members of the public can access the meeting of the Cabinet in person if they wish to do so. However, due to social distancing requirements to ensure the safety of participants during the Covid-19 pandemic there will be limited capacity and members of the public will be allowed access on a first come, first served basis. Members of the public in attendance are strongly encouraged to wear face-masks, to use the hand sanitiser that will be provided and will be required to sit in a socially distance manner at the meetings. It should be noted that members of the public who choose to attend in person do so at their own risk.

In line with Government guidelines, any member of the public who has received a positive result in a Covid-19 test on the day of a meeting should not attend in person and should self-isolate in accordance with the national rules.

Notes:

Although this is a public meeting, there are circumstances when Cabinet might have to move into closed session to consider exempt or confidential information. For agenda items that are exempt, the public are excluded.



INFORMATION FOR THE PUBLIC

Access to Information

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- You can inspect agenda and public reports at least five days before the date of the meeting.
- You can inspect minutes of the Council, Cabinet and its Committees/Boards for up to six years following a meeting.
- You can have access, upon request, to the background papers on which reports are based for a period of up to six years from the date of the meeting. These are listed at the end of each report.
- An electronic register stating the names and addresses and electoral areas of all Councillors with details of the membership of all Committees etc. is available on our website.
- A reasonable number of copies of agendas and reports relating to items to be considered in public will be made available to the public attending meetings of the Council, Cabinet and its Committees/Boards.
- You have access to a list specifying those powers which the Council has delegated to its Officers indicating also the titles of the Officers concerned, as detailed in the Council's Constitution, Scheme of Delegation.

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- Meeting Agendas
- Meeting Minutes
- The Council's Constitution

at www.bromsgrove.gov.uk

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Pay Policy

Relevant Portfolio Holder		Councillor Denaro
Portfolio Holder Consulted		Yes / No
Relevant Head of Service		Deb Poole, Head of Transformation and Organisational Development
Report Author	Job Title: B Talbot Contact email:becky.talbot@bromsgroveandredditch.gov.uk Contact Tel: 01527 64252	
Wards Affected		Na
Ward Councillor(s) consulted		Na
Relevant Strategic Purpose(s)		An Effective and Sustainable Council
Non-Key Decision		
If you have any questions about this report, please contact the report author in advance of the meeting.		

1. RECOMMENDATIONS

The Cabinet RECOMMEND that:-

- 1) Recommendation 1;
the Pay Policy as detailed in Appendix 1 to the report be approved.**

2. BACKGROUND

The Localism Act requires English and Welsh local authorities to produce a Pay Policy statement ('the statement'). The Act requires the statement to be approved by Full Council and to be adopted by 31st March each year for the subsequent financial year. The Pay Policy Statement for the Council is included at Appendix 1.

The Statement must set out policies relating to-

- (a) The remuneration of its chief officers,
- (b) The remuneration of its lowest-paid employees, and
- (c) The relationship between-
 - (i) The remuneration of its chief officers, and
 - (ii) The remuneration of its employees who are not chief officers.

The provisions within the Localism Act bring together the strands of increasing accountability, transparency and fairness in the setting of local pay.

3. FINANCIAL IMPLICATIONS

- 3.1 All financial implications have already been included as part of the budget setting process and posts are fully budgeted for.

The information provided is based on the current pay structure and is subject to any national pay award for 2021/22 being agreed

4. LEGAL IMPLICATIONS

5. STRATEGIC PURPOSES - IMPLICATIONS

Relevant Strategic Purpose

- 5.1 An Effective and Sustainable Council

Climate Change Implications

- 5.2 There are no implications in relation to this report

6. OTHER IMPLICATIONS

Equalities and Diversity Implications

- 6.1. There are no implications in relation to this report

Operational Implications

- 6.2 There are no implications in relation to this report

7. RISK MANAGEMENT

- 7.1 There are no implications in relation to this report

8. APPENDICES and BACKGROUND PAPERS

Appendix 1

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9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Councillor Denaro	02/02/2022
Lead Director / Head of Service	Deb Poole	02/02/2022
Financial Services	James Howse	02/02/2022

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BROMSGROVE DISTRICT COUNCIL PAY POLICY STATEMENT

Introduction and Purpose

1. Under section 112 of the Local Government Act 1972, the Council has the “power to appoint officers on such reasonable terms and conditions as authority thinks fit”. This pay policy statement sets out the Council’s approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011. It shall apply for the financial year 2021/22 and each subsequent financial year, until amended. The information provided is based on a proposed model that is still subject to approval and consultation.
2. The purpose of the statement is to provide transparency with regard to the Council’s approach to setting the pay of its employees by identifying;
 - a. the methods by which salaries of all employees are determined;
 - b. the detail and level of remuneration of its most senior staff i.e. ‘chief officers’, as defined by the relevant legislation;
 - c. the Committee(s) responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and for recommending any amendments to the full Council
3. Once approved by the full Council, this policy statement will come into immediate effect and will be subject to review on a minimum of an annual basis, in accordance with the relevant legislation prevailing at that time.

Legislative Framework

4. In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, The Agency Workers Regulations 2010 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations. With regard to the equal pay requirements contained within the Equality Act, the Council ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of equality proofed Job Evaluation mechanisms. These directly relate salaries to the requirements, demands and responsibilities of the role.

Pay Structure

5. The Council’s pay and grading structure comprises grades 1 – 11. These are followed by grades for Managers 1 - 2, Head of Service 1, Head of Service 2, Head of Service 3, Executive Director, Deputy Chief Executive and then Chief Executive; all of which arose following the introduction of shared services with Redditch Borough Council.
6. Within each grade there are a number of salary / pay points. Up to and including grade 11 scale, at spinal column point 43, the Council uses the nationally negotiated pay spine. Salary points above this are locally determined. The Council’s Pay structure is set out below.

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Grade	Spinal Column Points		Nationally determined rates	
			Minimum £	Maximum £
1	1	2	17,842	18,198
2	2	5	18,198	19,312
3	5	9	19,312	20,903
4	9	14	20,903	23,080
5	14	19	23,080	25,481
6	19	24	25,481	28,672
7	25	30	29,577	33,782
8	30	34	33,782	37,890
9	34	37	37,890	40,876
10	37	40	40,876	43,857
11	40	43	43,857	46,845
Manager 1	Hay evaluated	43%	57,284	59,618
Manager 2	Hay evaluated	45%	59,597	62,066
Head of Service 1	Hay evaluated	51%	68,128	70,910
Head of Service 2	Hay evaluated	61%	81,754	85,091
Head Of Service 3	Hay evaluated	68%	91,208	94,546
Executive Director	Hay evaluated	74%	98,994	102,888
Deputy Chief Executive	Hay evaluated	80%	N/A	111,230
Chief Executive	Hay evaluated	100%	N/A	139,038

7. All Council posts are allocated to a grade within this pay structure, based on the application of a Job Evaluation process. Posts at Managers and above are evaluated by an external assessor using the Hay Job Evaluation scheme. Where posts are introduced as part of a shared service, and where these posts are identified as being potentially too 'large' and 'complex' for this majority scheme, they will be double tested under the Hay scheme, and where appropriate, will be taken into the Hay scheme to identify levels of pay. This scheme identifies the salary for these posts based on a percentage of Chief Executive Salary (for ease of presentation these are shown to the nearest whole % in the table above). Posts below this level (which are the majority of employees) are evaluated under the "Gauge" Job Evaluation process..
8. In common with the majority of authorities the Council is committed to the Local Government Employers national pay bargaining framework in respect of the national pay spine and annual cost of living increases negotiated with the trade unions.
9. All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and/or as determined by Council policy. In determining its grading structure and setting remuneration levels for all posts, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community; delivered effectively and efficiently and at all times those services are required.
10. New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate. From time to time it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources available from within and outside the local government sector.
11. For staff not on the highest point within the salary scale there is a system of annual progression to the next point on the band.

Senior Management Remuneration

12. For the purposes of this statement, senior management means 'chief officers' as defined within S43 of the Localism Act. The posts falling within the statutory definition are set out below, with details of their basic salary as at 1st April 2021 (assuming no inflationary increase for these posts).
13. Bromsgrove District Council is managed by a senior management team who manage shared services across both Redditch Borough and Bromsgrove District Councils. All of the posts listed below have been job evaluated on this basis, with the salary costs for these posts split equally between both Councils.

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Title	% of Chief executive salary	Pay range (minimum) £	Pay range (maximum) £	Incremental points	Cost to Redditch Borough Council
Chief Executive	100%	133,586	139,038	3	50%
Deputy Chief Executive	80%	109,017	111,230	3	50%
Executive Director of Finance and Resources. (Also S151 Officer)	74%	98,994	102,888	3	50%
Head of Worcestershire Regulatory Services	68%	91,208	94,546.69	3	<i>This is a shared post across 6 district Authorities</i>
Head of Finance and Customer Support	61%	81,754	85,091	3	50%
Head of Planning, Regeneration and Leisure Services	61%	81,754	85,091	3	50%
Head of Transformation, Organisational Development and Digital Services	61%	81,754	85,091	3	50%
Head of Legal, Democratic and Property Services	61%	81,754	85,091	3	50%
Head of Environmental	61%	81,754	85,091	3	50%

and Housing Property Services					
Head of Community and Housing Services	61%	81,754	85,091	3	50%

Recruitment of Chief Officers

14. The Council's policy and procedures with regard to recruitment of chief officers is set out within the Officer Employment Procedure Rules as set out in the Council's Constitution. When recruiting to all posts the Council will take full and proper account of its own equal opportunities, recruitment and redeployment Policies. The determination of the remuneration to be offered to any newly appointed chief officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment. Where the Council is unable to recruit to a post at the designated grade, it will consider the use of temporary market forces supplements in accordance with its relevant policies.
15. Where the Council remains unable to recruit chief officers under a contract of service, or there is a need for interim support to provide cover for a vacant substantive chief officer post, the Council will, where necessary, consider and utilise engaging individuals under 'contracts for service'. These will be sourced through a relevant procurement process ensuring the council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service. The Council does not currently have any Chief Officers under such arrangements.

Performance-Related Pay and Bonuses – Chief Officers

16. The Council does not apply any bonuses or performance related pay to its chief officers. Any progression through the incremental scale of the relevant grade is subject to satisfactory performance which is assessed on an annual basis.

Additions to Salary of Chief Officers (applicable to all staff)

17. In addition to the basic salary for the post, all staff may be eligible for other payments under the Council's existing policies. Some of these payments are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfilment of duties. The list below shows some of the kinds of payments made.
 - a. reimbursement of mileage. At the time of preparation of this statement, the Council pays an allowance of 45p per mile for all staff, with additional or alternative payments for carrying passengers or using a bicycle;
 - b. professional fees. The Council pays for or reimburses the cost of one practicing certificate fee or membership of a professional organisation provided it is relevant to the post that an employee occupies within the Council.
 - c. long service awards. The Council pays staff an additional amount if they have completed 25 years of service.

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- d. honoraria, in accordance with the Council's policy on salary and grading. Generally, these may be paid only where a member of staff has performed a role at a higher grade;
- e. fees for returning officer and other electoral duties, such as acting as a presiding officer of a polling station. These are fees which are identified and paid separately for local government elections, elections to the UK Parliament and EU Parliament and other electoral processes such as referenda;
- f. pay protection – where a member of staff is placed in a new post and the grade is below that of their previous post, for example as a result of a restructuring, pay protection at the level of their previous post is paid for the first 12 months. In exceptional circumstance pay protection can be applied for greater than 12 months with the prior approval of the Chief Executive.
- g. market forces supplements in addition to basic salary where identified and paid separately;
- h. salary supplements or additional payments for undertaking additional responsibilities such as shared service provision with another local authority or in respect of joint bodies, where identified and paid separately;
- i. attendance allowances.

Payments on Termination

18. The Council's approach to discretionary payments on termination of employment of chief officers prior to reaching normal retirement age is set out within its policy statement in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and Regulations 12 and 13 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007.
19. Any other payments falling outside the provisions or the relevant periods of contractual notice shall be subject to a formal decision made by the full Council or relevant elected members, committee or panel of elected members with delegated authority to approve such payments.
20. Redundancy payments are based upon an employee's actual weekly salary and, in accordance with the Employee Relations Act 1996, will be up to 30 weeks, depending upon length of service and age.

Publication

21. Upon approval by the full Council, this statement will be published on the Council's website. In addition, for posts where the full time equivalent salary is at least £50,000, the Council's Annual Statement of Accounts will include a note on Officers Remuneration setting out the total amount of:
 - a. Salary, fees or allowances paid to or receivable by the person in the current and previous year;
 - b. Any bonuses so paid or receivable by the person in the current and previous year;
 - c. Any sums payable by way of expenses allowance that are chargeable to UK income tax;
 - d. Any compensation for loss of employment and any other payments connected with termination;

- e. Any benefits received that do not fall within the above.

Lowest Paid Employees

- 22. The Council's definition of lowest paid employees is persons employed under a contract of employment with the Council on full time (37 hours) equivalent salaries in accordance with the minimum spinal column point currently in use within the Council's grading structure. As at 1st April 2020 this is £17,842 per annum.
- 23. The Council also employs apprentices (or other such categories of workers) who are not included within the definition of 'lowest paid employees' (as they are employed under a special form of employment contract; which is a contract for training rather than actual employment).
- 24. The relationship between the rate of pay for the lowest paid and chief officers is determined by the processes used for determining pay and grading structures as set out earlier in this policy statement.
- 25. The statutory guidance under the Localism Act recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010). The Hutton report was asked by Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation. The report concluded that "it would not be fair or wise for the Government to impose a single maximum pay multiple across the public sector". The Council accepts the view that the relationship to median earnings is a more relevant measure and the Government's Code of Recommended Practice on Data Transparency recommends the publication of the ratio between highest paid salary and the median average salary of the whole of the authority's workforce.
- 26. As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the Council will use available benchmark information as appropriate.

Accountability and Decision Making

- 28. In accordance with the Constitution of the Council, the Council is responsible for setting the policy relating to the recruitment, pay, terms and conditions and severance arrangements for employees of the Council. Decisions about individual employees are delegated to the Chief Executive.
- 29. The Appointments Committee is responsible for recommending to Council matters relating to the appointment of the Head of Paid Service (Chief Executive), Monitoring Officer, Section 151 Officer and Chief Officers as defined in the Local Authorities (Standing Orders) Regulations 2001 (as amended);
- 30. For the Head of Paid Service, Monitoring Officer and the Chief Finance Officer, the Statutory Officers Disciplinary Action Panel considers and decides on matters relating to disciplinary action.

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THE COUNCIL'S 2022/23 BUDGET AND MEDIUM TERM FINANCIAL PLAN FOR 2022/23 TO 2024/25

Relevant Portfolio Holder	Councillor Geoff Denaro
Portfolio Holder Consulted	Yes
Relevant Head of Service	Chris Forrester
Report Author	Name: Chris Forrester Job Title: Head of Service email: chris.forrester@bromsgroveandredditch.gov.uk Contact Tel:
Wards Affected	N/A
Ward Councillor(s) consulted	N/A
Relevant Strategic Purpose(s)	All
Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	
This report contains exempt information as defined in Paragraph(s) of Part I of Schedule 12A to the Local Government Act 1972, as amended	

1. RECOMMENDATIONS

1.1 The Cabinet RECOMMEND that Full Council approve: -

1) the overall net general fund revenue budgets (as set out in Section 4.9) of:

2022/23: £12.069m
2023/24: £11.947m
2024/25: £12.076m

2) the unavoidable costs as attached at Appendix 1:

2022/23: £0.250m
2023/24: £0.016m
2024/25: £0.016m

3) the Revenue Bids as attached at Appendix 2:

2022/23: £0.148m
2023/24: £0.107m
2024/25: £0.086m

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4) the Identified Savings as attached at Appendix 3:

2022/23:	£0.176m
2023/24:	£0.176m
2024/25:	£0.176m

5) an increase of the Council Tax per Band D equivalent of £5 for 2022/23.

6) the transfer from General Fund Balances of £0.411m for 2022/23.

7) the planned reallocation of £0.382m from Earmarked reserves to General Fund Balances as set out at Appendix 5.

8) the General Fund capital programme as at Appendix 4 of:

2022/23:	£2.410m
2023/24:	£1.390m
2024/25:	£1.946m

1.2 And that the Cabinet ask the Council to note

1) the 2020/21 Capital Outturn as reported at Appendix 7.

2) The Chief Financial Officer (CFO) Opinion on Estimates and Reserve Levels as reported in Appendix 6.

2. BACKGROUND

Purpose

2.1 The purpose of this report is to set the Council's (General Fund) Revenue and Capital Budget for 2022/23, as well as the Medium-Term Financial Plan (MTFP) for the period 2022/23 to 2024/25.

2.2 The Council's Medium Term Financial Plan (MTFP) provides the framework within which the revenue and capital spending decisions can be made.

2.3 The Strategic Purposes that drive the financial considerations are:

- Run and grow successful business
- Work & financial independence
- Living independent, active & healthy lives
- Affordable & sustainable homes

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- Communities which are safe, well maintained & green

2.4 This report includes recommendations to Council to enable a balanced budget to be set for 2022/23 and the proposed Council Tax for 2022/23. The recommendations will then be presented to Council on 23rd February 2022 together with the resolutions once we have received all the precepting bodies Council Tax calculations.

Financial Context

2.5 The Council faces a challenging financial context having:

- i) identified (but still needs to deliver) significant savings over the medium term;
- ii) reserve balances which are currently adequate (but no more) and above minimum levels – but which are forecast to reduce without further action; and
- iv) high levels of planning uncertainty with regards to the levels of available funding in coming years and with regard to the impact of Covid-19 on key income streams such as car parking and Leisure.

2.6 The Council therefore needs to continue to carefully consider how it prioritises resources and balances budgets in a sustainable and affordable way, as part of this (and future) budget round(s).

2.7 Members and officers have therefore reviewed the services provided by the Council over the last 6 months to consider the levels of funding available to the Council and identified where potential savings can be made or additional income generated.

2.8 The Finance and Budget Working Group established by the Overview and Scrutiny Board has met on a regular basis to review budget related issues (including reports on underlying risks, pressures and uncertainties as well as income matters and fees and charges opportunities).

Unprecedented Levels of Uncertainty

2.9 It should be noted that the future of the system of local government finance remains uncertain. The government has committed to re-assess the baseline need for spend in each local authority (through its 'Fair Funding review'). This has been pushed back (again) to 2023/24 at the earliest - but is still expected to happen. This review will have a significant impact on the government's calculation of the Settlement Funding Assessment for (and therefore the amount of funding available to) this council - and remains therefore a significant risk.

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- 2.10 It also remains uncertain as to what the Government's plans are with regards to the system of business rates - including the share of business rates retained locally.
- 2.11 A one-year provisional Local Government Finance Settlement was announced on 16th December 2021 and has been incorporated into this report. It remains unclear as to when Government will announce more funding certainty through a multi-year financial settlement for Local Government.
- 2.12 Furthermore, the short, medium and long term impact of the Covid- 19 pandemic and UK's exit from the European Union (on residents, the economy and the state of national and local government finance) remains uncertain. Locally, the impact of Covid-19 on car parking and Leisure services income is particularly relevant given the importance of these income streams.
- 2.13 Taken together therefore (the outcome of the fair funding review, the future of business rates and the local government financial settlement, COVID-19, Brexit and the state of the local and national economy) represents a challenging context within which to set the budget and MTFP - one characterised by an unprecedented level of uncertainty.

3. FINANCIAL IMPLICATIONS

- 3.1 In order to clearly explain the basis of the Budget proposals this report (which sets out all financial implications) will be structured as follows:

4) General Fund Revenue

i. The Prior Year MTFP 2021/22 – 2023/24

This section which will summarise the previous Council approved MTFP as a reminder of the previously approved starting point.

ii. Updated Forecast Outturn Position for 2021/22

This section will update the starting revenue position for 21/22 and therefore update the opening balances for 22/23.

iii. The 22/23 Budget and (updated) MTFP for the period 22/23 – 24/25

This section will set out the updated Budget and MTFP forecast for approval.

iv. The Updated MTFP and General Fund Forecasts

This section will summarise the impact of the updated 22/23 Budget and MTFP forecast on the Council's General Fund balance position over the medium term.

v. Reconciling the current updated MTFP to the Feb 2021 Approved MTFP

This section will analyse and explain the movements from the previous approved Budget and MTFP to the updated 22/23 Budget and MTFP.

vi. Council Tax increase

vii. Reallocation of Earmarked Reserves to General Fund

This section sets out those reserves previously earmarked for specific purposes that can be release back to the General Fund Reserve.

viii. Covid General Grant

This section summarises the position on general Covid grant funding received by the Council.

5) Collection Fund and Precepts

6) Capital Programme

4. GENERAL FUND REVENUE

The Prior Year MTFP 2021/22 – 2023/24 (approved February 2021)

4.1 The Council's MTFP is updated annually and was previously approved for the three-year period 2021/22 to 2024/25 by full Council in February 2021.

4.2 The following table sets out what, at that point (Feb 2021) the MTFP forecast in terms of annual budget deficits and opening and closing general fund balances.

Table 1: The Prior Year MTFP and General Fund Balance Forecasts

	21/22	22/23	23/24
General Fund	£000's	£000's	£000's
Opening Balance	4,284	4,306	3,206
Annual (Deficit) / Surplus	22	(1,099)	(1,472)
Closing Balance	4,306	3,206	1,735

- 4.3 Table 1 shows that the previously (Feb 2021) approved MTFP predicted a surplus of £22k in 2021/22. The Council was expected to move to an in-year deficit position of £1.099 million in 2022/23 and £1.472 million in 2023/24.
- 4.4 Annual deficits require the Council to utilise its General Reserve balances. As at February 2021, the MTFP, based on the annual deficits forecast above, showed that the Council's General Fund Balances would reduce from £4.284 million a 1st April 2021 to £1.735 million at 31st March 2024.

Updated Forecast Outturn Position for 2021/22

- 4.5 The forecast outturn position for the General Fund balance at the end of this current year (2021/22) is currently £4.257m (after forecast 21/22 Outturn and technical adjustments but before any unplanned transfers from Earmarked Reserves).

The 22/23 Budget and (updated) MTFP for the period 22/23 – 24/25

- 4.6 The MTFP has been updated for the period 2022/23 to 2024/25 to model the impact of changes in assumptions, budgetary pressures, reductions in funding and savings.
- 4.7 The 22/23 Budget and updated MTFP is summarised (in terms of its annual revenue and general fund forecasts) for the period 2022/23 to 2024/25 in the table below:

Table 2: The Updated MTFP and Annual Revenue Budgets

- 4.8 The proposed budget is summarised in the table below:

	2022-23	2023-24	2024-25
	£000	£000	£000
Departmental base budget	11,673	11,682	11,890
Incremental Progression/Inflation on Utilities	174	318	260
Unavoidables Pressures	250	16	16
Revenue Bids & Revenue impact of capital bids	148	107	86
Savings and Additional income	-176	-176	-176
Changes in Specific Grant/Funding Movements	0	0	0
Net Revenue Budget Requirement	12,069	11,947	12,076
Financing			
Funding from reserves	-100	0	0
Lower Tier Services Grant	-700	0	0
Business Rates Net Position	-2,510	-2,510	-2,510
New Homes Bonus	-363	0	0
Collection Fund Deficit (Council Tax)	-175	0	0
Council Tax	-8,937	-9,243	-9,560
Investment Income	-0	-0	-0
Interest Payable	260	262	249
MRP (Principal)	1,081	1,172	1,078
Discount on advanced pension payment	-214	-40	-120
Funding Total	-11,658	-10,360	-10,864
General Balances	2022-23	2023-24	2024-25
	£000	£000	£000
Opening Balances 21/22 (projected)	4,257	3,846	2,259
Contribution (from) / to General Balances	-411	-1,588	-1,213
Closing Balances	3,846	2,259	1,046

Explanatory Notes

- 1) All Service Teams / Departments have a base budget which includes staff budgets.
- 2) Staff budgets are subject to incremental progression as staff become more experienced within graded posts.
- 3) A number of budget pressures that have been deemed “unavoidable” and are further analysed in this report.
- 4) Budget setting includes a ‘bidding process’ for additional resources – set out below.
- 5) Budget setting includes the identification of savings and income – set out below.
- 6) Specific grant funding, where confirmed, is set against services as appropriate.
- 7) Financing includes an element of planned reserve usage.
- 8) The Council receives a ‘Lower Tier’ grant from Central Government.
- 9) The Council retains an element of its business rates receipts to fund services.
- 10) The Council retains its own element of council tax bills (it collects for all precepting authorities). The budget includes an increase of £5 (band D) - the maximum allowable without a referendum.
- 11) An element of Collection Fund surplus / deficit impacts on the Council General Fund.
- 12) New Homes Bonus has been confirmed by Central Government.
- 13) The Council earns interest on investment balances.
- 14) Minimum Revenue Provision costs reflect capital borrowing / repayment costs.
- 15) Borrowing costs based on forecast interest rates.
- 16) The Council has benefitted financially from paying some of its Pension commitments calculated at the last Actuarial Review in one lump sum (to Worcestershire Local Government Pension Fund).

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4.9 The above table sets out how the Council's expenditure profile will be met by a combination of external funding and use of reserves over the period.

4.10 The table also shows that the General Reserve Balance is forecast to remain above minimum levels (currently set at £1.5m) until partway through the 24/25 financial year.

Analysis of key changes to the MTFP – Forecast General Fund Balances

4.11 The following table sets out how the draft MTFP (as summarised in Section 4.9) compares to the previous MTFP in terms of forecast closing general fund balances:

4.12 Table 3: The Updated (versus Previous) MTFP and General Fund Forecasts

General Fund Closing Balance	21/22	22/23	23/24	24/25
	£000's	£000's	£000's	£000's
Previous approved	4,306	3,206	1,735	N/A
Updated (per this report)	4,257	3,846	2,259	1,046

4.13 The table above shows that the 2021/22 General Fund closing position remains largely unchanged (£4.257 million as opposed to £4.306 million) than that forecast when the budget was approved in Feb 2021.

4.14 The table demonstrates that the updated MTFP forecasts a General Fund Balance of £3.846 million at the end of 2022/23 (compared to £3.206 million) which remains above minimum set levels of £1.5 million.

4.15 Table 4 shows that the General Fund balance is now forecast to total £2.259 million at the end of 2023/24 (compared to £1.735 million in the previous MTFP), and (without further action) reduce to £1.046m at the end of 24/25 which is below minimum set levels.

Reconciling the current updated MTFP to the Feb 2021 Approved MTFP

4.16 Changes need to be made to the Council's budget and MTFP to keep them up to date and robust. In order to make these changes as transparent as possible these changes have been summarised in Table 4 below.

4.17 Table 4: Reconciliation of Previous and Updated MTFP - Adjustments made to the Annual Budget Forecasts 22/23 and 23/24

	22/23	23/24
	£000s	£000s
Previous Forecast Deficit (Feb 21 Budget)	1,099	1,472
+ Corrections and Assumption changes	45	169
+ Pressures	250	16
+ Funding impact	-956	0
+ Resource Planning and Prioritisation (RPP)	-28	-69
= Updated Forecast Surplus / Deficit	411	1,588

4.18 The above summary shows that the annual budget deficits (before appropriation of General Fund Balances or General Covid Grant) are now forecast at £0.411m for 2022/23 (previously £1.099m), and £1.588m for 23/24 (previously £1.472m).

4.19 In order to better explain what is driving these changes in budget forecasts, this summary is further explained and analysed below:

Corrections and Assumption changes (net £45k in 22/23)

4.20 All budgets include estimates and assumptions. Eg. Inflation and interest rates. These are updated annually.

4.21 One of the outcomes of budgetary control, closedown and setting procedures is also the identification of inaccuracies. There are a large number of such amendments which are individually usually small. The larger factors to the overall changes here include:

- Inflation. One of the pressures to the budget is general inflation on utility costs along with additional costs in relation to pay. The costs relating to pay inflation are above that initially anticipated. The original budget included a 1% pay award however the best estimate is now 2% which adds an additional pressure of circa £80k pa. Other pressures have been contained within budgets where possible.
- MRP, interest costs and investment income budgets lines have all been reviewed and reduced compared to prior year forecasts. These changes are due to a review of the capital programme to reflect more accurately planned spend. This reduces significantly MRP and borrowing costs – but also investment income (which has also been revised to take account of the short-term focus on delivering the Levelling up Programme of work rather than alternative strategic investments). The overall net impact is a £129k saving in 22/23.
- This budget also includes the impact of recent decisions to amend the Council's policies with regards to Council Tax premiums and

discounts which aim to incentivise more empty homes being brought back into use from 2022/23.

Pressures

- 4.22 Expenditure (and income) budgets required to deliver previously approved strategies and plans are subject to a multitude of market forces, sector issues, demographics and other matters.
- **Unavoidable Costs/Bids (£250k 22/23).** When proposing the budget officers have also identified a number of budget pressures that have been deemed “unavoidable”. These unavoidable pressures include the ongoing effects of pressures identified during 2021/22 together with any issues that have been raised as fundamental to maintaining service provision as part of the budget process. In addition, income shortfalls that cannot be managed by improved marketing or price increases have been addressed during the budget planning. They are set out in full in Appendix 1.
 - Unavoidable pressures include a £200k estimated reduction on car park income which represents the best estimate of the impact of Covid-19 on usage in 22/23. As part of the RPP process, proposals to increase car park income through higher charges were put forward and discussed. In light of concerns about the impact of price increases on demand, and the knock-on impact on the High Street, these proposals were not progressed within this Budget. This budget area remains an area of risk for the Council which will require careful monitoring – particularly given the circa £1 million (pre Covid) annual budgeted income level. Fees will inevitably also need to be revisited in future budget rounds.
 - It should be noted that the Council’s Leisure budgets remain a risk area for the Council given the degree of uncertainty concerning Covid-19 and its impact on the leisure sector. The Council’s budget includes (Pre Covid agreed contracted) income levels of £0.557m for 2022/23. It is not proposed that this income budget is amended at this time. However, it is acknowledged that this is an area of very specific risk that must be considered in the context of the Council’s reserve balances (including Covid General Fund grant funding).
 - A new approach to budget setting was outlined in the S151 Officer’s Budget Framework to Cabinet in October 2021 and pre-scrutinised by the Overview and Scrutiny Board, which highlighted the Member engagement process for budget setting in 2022/23. As a result, the Finance and Budget Working Group considered a number of areas during the year. This included pre-scrutinising proposals to introduce Council Tax premiums in relation to empty homes, which was

originally raised in a Motion on Notice that was referred to the group. Council Tax empty homes discounts and premiums were subsequently agreed at Council on 26th January and the financial implications are reflected at paragraph 4.21 of the MTFP report. A Motion on Notice in respect of free parking for Blue Badge holders was also referred to the group for consideration In November 2021. The group was advised that it was estimated that this would cost circa £85,000 per annum and therefore would reduce the Council's General Fund Balance forecast by £85,000 in 2022/23, £170,000 in 2023/24 and £255,000 in 2024/25. Further information in respect of this matter can be found at paragraphs 4.8 and 4.12 of the MTFP report. This proposal, in light of the Council's declining reserves position and challenging financial situation set out in Section 2, has not been included within the recommendations of this budget report.

Resource Planning and Prioritisation (RPP):

4.23 RPP is the outcome of the steps taken to identify options to do things differently and more efficiently, to identify savings but also required areas of investment. It is the culmination of a 'check and challenge' process with regards to the Council's budgets, led by the Corporate Management Team and presented to Cabinet (and ultimately full Council). It is a critical element of the Council operating within available resources.

- **Bids (£148k 22/23).** In addition to the unavoidable pressure's revenue bids have been identified and included at Appendix 2. Bids relate to new funding requests made by officers to improve service delivery or to realise future efficiencies. Revenue 'bids' included in these budget proposals include developments relating to ICT (re maintaining core digital and cyber security related infrastructure) and supporting greater agile work. Work is also planned in relation to lower carbon emissions which requires investment. Additional capacity is also required for Business Improvement activity.
- **Identified Savings/additional income (£176k).** A number of savings have been identified which are set out in Appendix 3. These relate to a variety of areas and relate to delivering efficiencies (eg cutting paper and print costs and reduced insurance costs) and additional income (eg bulky waste, lifeline and recharge income).

Funding Impact (£0.956m in 22/23)

4.24 The main factors to the changes related to funding include:

- **Lower Tier Services Grant (£0.7m).** The finance settlement in December announced we are due to receive a Lower Tier Services

Grant for £0.7million in 2022/23 most of which was not previously budgeted for. This grant is intended to compensate those local authorities whose core spending power did not increase in the finance settlement.

- **New Homes Bonus (NHB) (£0.068m).** The amount of NHB for 2022/23 has been confirmed as £0.363 million which is £68k more than anticipated in the MTFP. This is due to the Government funding an additional year of New Homes Bonus.
- The Councils share of the Collection Fund surplus is £175k which was not budgeted for previously.

Council Tax Increase

- 4.25 As part of the Financial Settlement the Council can increase Council Tax by up to 2% or £5 whichever is higher without the need for a referendum. These budget proposals include £5 increase for 2022/23 (Band D). The Council Tax relating to the Councils services will rise for Band D from £233.00 to £238.00. This is unchanged from the previous approved MTFP.

Reallocation of Earmarked Reserves to General Fund

- 4.26 A review has been undertaken of reserves previously earmarked for specific purposes. This has identified £0.382 million that can provisionally be released back to the General Fund Reserve. See Appendix 5.
- 4.27 In addition as set out in Appendix 5, some reallocations have been made within Earmarked Reserves to reflect current priorities.

Covid General Grant

- 4.28 In recognition of this negative impact on the Council's resources (and particularly for councils reduced income levels achievable for car parks and Leisure), the Council was awarded £1.666 million of General Covid-19 Grant across a number of tranches received in 2020/21 and the early part of 2021/22.
- 4.29 After allocating this funds against Covid related pressures in 20/21 some £0.949 million of this grant was carried forward to the current financial year (ie 21/22). It is forecast that £397k of this General Covid Grant will be carried forward at 31/3/2022 (after funding the negative impact on 21/22 Budgets). This will be available (alongside General Fund balances) to mitigate pressures on budgets – at least in the short term – particularly in relation to prevalent risks associated with car park income and contracted income from the Council's Leisure services provider.

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- 4.30 It must however be emphasised that this funding is not expected to be a recurring income stream to the Council. Further work must therefore be done to reduce the gap between spend and income on a sustainable and ongoing basis.

5. COLLECTION FUND AND PRECEPTS

- 5.1 The anticipated collection fund surplus £1.431m, which will be distributed amongst the major preceptors using the prescribed formulae. The Council's share of the surplus payable as a one-off sum is £175k (prior year £36k).
- 5.2 The precepts from Worcestershire County Council, Hereford and Worcester Fire Authority and the West Mercia Police and Crime Commissioner are due to set their precepts in the week commencing 8th February. This will enable the Council to set the Council Tax on 23rd February 2022. The precepting bodies Council Tax requirements will be included in the formal resolutions which will be presented to Council on 23rd February.

6. CAPITAL PROGRAMME

- 6.1 The Capital Programme has also been updated including proposed new bids required to deliver services to the community. These are included in the proposed Capital Programme at Appendix 4. The borrowing costs have been factored into the revenue budget for the financial plan. It should be noted that a housekeeping review of the Capital Programme has been recently undertaken in order to challenge the deliverability (and timing) of some schemes which has resulted in some rationalisation.
- 6.2 It should also be noted that there are a number of capital related businesses cases in the pipeline that may require further consideration, and subject to those business cases, amendment to the budget in line with the Council's constitution.

7. LEGAL IMPLICATIONS

- 7.1 As part of the budget and the Council Tax approval process, the Council is required by the Local Government Finance Act 1992 to make specific calculations and decisions in approving a balanced budget for the following financial year and setting the Council Tax Level. These will be included in the resolutions and presented to Council on 23rd February 2022.
- 7.2 The Council has a legal obligation to set a balanced budget (s32 of the Local Government Finance Act 1992). The amount of the budget requirement must be sufficient to meet the Council's budget commitments

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and ensure a balanced budget. The 2022/23 budget requirement must leave the Council with adequate financial reserves.

7.3 A lawful Council Tax is required to be made on or before 11 March 2022.

7.4 Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (CFO) to report to the Council the robustness of estimates included in the budget and the adequacy of the reserves when it is making the statutory calculations required to determine its Council Tax or precept. See Appendix 7.

8. STRATEGIC PURPOSES - IMPLICATIONS

Relevant Strategic Purpose

8.1 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 district and our communities. Delivering against all our Strategic Purposes is therefore integrated within our MTFP.

Climate Change Implications

8.2 No direct implications identified.

9. OTHER IMPLICATIONS

9.1 No direct equalities and diversity implications identified.

Operational Implications

9.2 The MTFP will enable services to be maintained.

10. RISK MANAGEMENT

10.1 The risks posed by the challenging financial context and the unprecedented levels of uncertainty (re the outcome of the fair funding review, the future of business rates and the local government financial settlement, COVID-19, Brexit and the state of the local and national economy) with regard to the budget have been set out within Section 2 as background to this report.

10.2 Risks prevalent in this area also include:

- Reductions in government funding leading to a reduction in the level of services delivered to the public

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- Reductions in business rates income as a result of appeals or reduction in the rateable value leading to a lower level of income for the Council.
 - Identification of sufficient and ongoing revenue savings to deliver a balanced budget.
 - Allocation of sufficient resources to meet the needs of service delivery and the Councils priorities.
 - Maintain adequate revenue and capital balances as identified in the MTFP to ensure financial stability.
- 10.3 This budget (and the processes underpinning it including the check and challenge of the Resource Planning and Prioritisation and 'bidding' processes, revisiting all budget assumptions and the identification of income and savings) provides a framework for managing and mitigating this risk.
- 10.4 In addition, Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (CFO) to report to the Council the robustness of estimates included in the budget and the adequacy of the reserves when it is making the statutory calculations required to determine its Council Tax or precept. This is set out in full within Appendix 7.

11. **APPENDICES and BACKGROUND PAPERS**

- Appendix 1 - Unavoidable costs
- Appendix 2 - Revenue Bids
- Appendix 3 - Identified savings
- Appendix 4 - Proposed Capital programme
- Appendix 5 - Earmarked Reserves
- Appendix 6 - Chief Financial Officer (CFO) Opinion on the Estimate Process and Reserve Levels.
- Appendix 7 – Capital Outturn Position

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12. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Councillor Geoff Denaro	
Lead Director / Head of Service	James Howse, Exec Director of Resources (S151 Officer)	
Financial Services	Chris Forrester, Head of Finance and Customer Services	
Legal Services		
Policy Team (if equalities implications apply)		
Climate Change Officer (if climate change implications apply)		

UNAVOIDABLE PRESSURES - BDC

Appendix 1

Department	Strategic Purpose	Description of Pressure	2022-23 £'000	2023-24 £'000	2024-25 £'000
Building Control	Communities which are safe well maintained and green	New dangerous structures budget line	3	3	3
Building Control	Communities which are safe well maintained and green	Shared service recharge to RBC	-1	-1	-1
Development Control	Communities which are safe well maintained and green	Underacheived planning application income	22	0	0
Development Control	Communities which are safe well maintained and green	Overspend on advertising and publicity	3	0	0
Development Control	Communities which are safe well maintained and green	Overspend on advertising and publicity	-1	0	0
ICT	Enabling the Authority	Idox Uniform Application (Extension of contract)	7	7	7
ICT	Enabling the Authority	Idox Uniform Application (Extension of contract) - Shared service recharge to RBC	-4	-4	-4
ICT	Enabling the Authority	Orb Intranet Upgrade and migrate to Hyrbid Cloud	10	0	0
ICT	Enabling the Authority	Orb Intranet Upgrade and migrate to Hyrbid Cloud - Shared service recharge to RBC	-5	0	0
ICT	Enabling the Authority	Power Bi - his is to provide additional licenses required for the Corporate Dashboard	5	0	0
ICT	Enabling the Authority	Power Bi - his is to provide additional licenses required for the Corporate Dashboard - shared services recharge to RBC	-5	0	0
Reg Client	Communities which are safe, well maintained and green	Additional WRS Hosting Charges	5	5	5
Democratic Services	Enabling the Authority	Member Remuneration - recommendation from Independent Remuneration Panel	5	5	5
Environmental Services	Communities which are Safe, Well Maintained and Green	Agency budget due to Covid & Other Sickness affecting front line staff	5	0	0
Environmental Services	Run and Grow a Successful Business	Due to the effects of Covid we have seen a rapid decline in car park usage which is stedely returning. However we are not seeing a return to usage and income levels pre-covid	200	0	0
TOTAL			250	16	16

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NEW REVENUE BIDS - BDC

Appendix 2

Department	Strategic Purpose	Description of revenue bid	2022-23 £'000	2023-24 £'000	2024-25 £'000
Business Transformation	Enabling the Authority	Addition of one Business Improvement Advisor - shared with RBC	40	40	40
Business Transformation	Enabling the Authority	Addition of one Business Improvement Advisor - shared with RBC - recharge	-20	-20	-20
ICT	Enabling the Authority	Internet & Customer Portal	117	59	59
ICT	Enabling the Authority	Internet & Customer Portal	-59	-29	-29
ICT	Enabling the Authority	Members 2nd ICT Support Person	42	42	0
ICT	Enabling the Authority	Members 2nd ICT Support Person -shared service recharge to RBC	-21	-21	0
ICT	Enabling the Authority	Cyber Security Post	42	42	42
ICT	Enabling the Authority	Cyber Security Post - shared service recharge to RBC	-21	-21	-21
Policy	Enabling the Authority	Youth Council Support	5	5	5
Environmental Services	Communities which are Safe, Well Maintained and Green	We are currently looking to procure the services of a consultant who could offer us the detailed advice needed to gradually change our fleet to Low Carbon emmision vehicles.	12	0	0
Environmental Services	Communities which are Safe, Well Maintained and Green	Increase to promotional budget to support increased income generation.	10	10	10
TOTAL			148	107	86

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SAVINGS & ADDITIONAL INCOME - BDC

Appendix 3

Department	Strategic Purpose	Description of saving	2022-23 £'000	2023-24 £'000	2024-25 £'000
Corporate Administration / Central Post Opening	Enabling of the Authority	Non recruitment to vacancy post - Shared Service Rchg Reduction	-19	-19	-20
Reg Client	Communities which are safe, well maintained and green	Additional WRS Hosting Charge	-10	-10	-10
Environmental Services	Communities which are Safe, Well Maintained and Green	Increase to promotional budget to support increased income generation.	-10	-10	-10
Environmental Services	Communities which are Safe, Well Maintained and Green	Bromgrove District Council Place teams review	-30	-30	-30
Environmental Services	Communities which are Safe, Well Maintained and Green	Bulky waste income	-10	-10	-10
Environmental Services	Communities which are Safe, Well Maintained and Green	Savings from vacant post not required	-52	-51	-50
Environmental Services	Communities which are Safe, Well Maintained and Green	Savings from vacant post not required - shared service recharge	27	26	26
Lifeline	Living independent, active & healthy lives	Future income generation options	-20	-20	-20
Financial services	Enabling of the Authority	Life insurance scheme saving	-35	-35	-35
Corporate Administration / Central Post Opening	Enabling of the Authority	Reduction in consumables eg paper and reduction of MFDs in print contract	-14	-14	-14
Democratic Services	Enabling the Authority	Services restructure	-3	-3	-3
TOTAL			-176	-175	-175

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Description	Department	Strategic purposes	2022/23 Total £	2023/24 Total £	2024/25 Total £
Cisco Network Update	Business transformation & Organisational Development	Enabling the Authority	5,717	11,574	0
Server Replacement Est(Exact known Q2 2022)	Business transformation & Organisational Development	Enabling the Authority	83,250	2,000	177,500
Laptop Refresh	Business transformation & Organisational Development	Enabling the Authority	5,000	25,000	150,000
Home Repairs Assistance	Community & Housing GF Services	Living independent, active & healthy lives	50,000	50,000	50,000
Energy Efficiency Installation	Community & Housing GF Services	Living independent, active & healthy lives	110,000	0	0
Funding for DFGs	Community & Housing GF Services	Living independent, active & healthy lives	913,000	913,000	913,000
New Digital Service	Community & Housing GF Services	Communities which are safe, well maintained and green	33,668	33,668	0
Bus Shelters	Environmental Services	Communities which are safe, well maintained and green	18,000	0	0
Cemetery extension infrastructure at at North Bromsgrove Cemetery Phase Two	Environmental Services	Communities which are safe, well maintained and green	6,500	0	0
Fleet Replacement	Environmental Services	Communities which are safe, well maintained and green	600,000	204,000	175,000
Wheelie Bin Purchase	Environmental Services	Communities which are safe, well maintained and green	144,000	55,000	60,000
Cashless Parking Scheme	Environmental Services	Communities which are safe, well maintained and green	253,000	96,000	421,000
Install Solar panel and Upgrade lighting	Legal, Democratic and property services	Enabling the Authority	150,000	0	0
Play Area, POS and Sport improvements at Lickey End Recreation Ground in accordance with the S106 Agreement	Planning, Regeneration & Leisure Services	Communities which are safe, well maintained and green	37,956	0	0
			2,410,091	1,390,242	1,946,500

Note:

* The Council has previously approved a Regeneration Fund of £20 million. Levelling Up Grant funding has now been secured (subject to an approved programme business case) in order to drive regeneration. The capital programme therefore excludes any Regeneration Fund activity and will therefore be updated, in line with the Council's constitution, following any business case approval.

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FINANCIAL RESERVES STATEMENT 2020/21

Appendix 5

Please note these figures have been rounded

Description	Balance b/fwd 1/4/2020	C/fwd 31/3/2020	Planned use for 2021/22 Budget	Estimated closing balance 2021/22	Proposed release/addition of reserves from RPP exercise	Planned use for 2022/23 Budget	Comment
	£'000	£'000	£'000	£'000	£'000	£'000	
Building Control	(7)	(7)	0	(7)	7	0	To Fund the mobile working project
Building Control Partnership	(69)	(83)	0	(83)	0	0	Partnership income has to be reinvested back in to the service.
Commercialism	(10)	0	0	0	0	0	To help fund costs in relation to commercialism projects
Community Services	(43)	(274)	0	(274)	0	0	To help towards a district network feasibility study and unauthorised trespass prevention.
Economic Growth Development	(1,342)	(1,347)	350	(997)	75	0	To fund the Economic Development opportunities across the District. There is provision within this reserve to take into account the potential impact of Covid 19 on service delivery in particular Leisure Services.
Election Services	(96)	(51)	0	(51)	25	0	To support the delivery of individual electoral registration and to set aside a reserve for potential refunds to government
Environmental Services	0	(47)	0	(47)	0	0	To support the costs of the Environmental Services Vehicles
Financial Services	(479)	(1,422)	0	(1,422)	(50)	0	A number of reserves / grants have been set aside to support residents through the changes to welfare reform along with a reserve to support our Business continuity plans. This also includes funds to support the new enterprise system and the balance of the Covid general grant received in 20-21. The proposed addition is in recognition of the need to strengthen the finance team and short term capacity issue risk
Corporate Financing	(2,784)	(3,906)	100	(3,806)	100	100	The reserve has been created to offset the loss on Business rates collection and appeals in 2019/20.
Housing Schemes	(475)	(487)	142	(345)	0	0	To support the feasibility and implementation of housing schemes across the district
ICT/Systems	(87)	(80)	0	(80)	80	0	To provide replacement ICT and systems across the authority.
Leisure/Community Safety	(291)	(329)	0	(329)	0	0	Grant received and reserves set aside to support a number of leisure and well being schemes across the District
Local Neighbourhood Partnerships	(16)	(16)	0	(16)	0	0	Grant received in relation to liveability schemes
Other	(115)	(107)	44	(63)	(75)	0	General reserves including - support for apprentices, set up costs and Brexit reserve. Funds to create an Invest to save reserve to increase efficiencies within the organisation
Planning	(108)	(133)	0	(133)	20	0	Reserves in relation to a custom build grant to provide support to the council towards expenditure lawfully incurred in relation to the provision and maintenance of a self-build register, along with reserves to help towards future planning appeals.
Regulatory Services (Partner Share)	(35)	(47)	0	(47)	0	0	BDC Share of WRS grant related reserves
Shared Services Agenda	(311)	(311)	0	(311)	200	0	To fund potential redundancy and other shared costs
Grand Total	(6,268)	(8,648)	638	(8,011)	382	100	

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Appendix 6: Section 25: Report of the CFO - Robustness of the Estimates

In line with Section 25 of the Local Government Act 2003, this report of the Chief Financial Officer (CFO) sets out the robustness of estimates included in the budget and the adequacy of the Council's reserves.

The Chief Financial Officer's opinion is that the estimates are robust.

Relevant budget holders are responsible for individual budgets and their preparation. All estimates are then scrutinised by Financial Services staff and the Corporate Management Team prior to submission to Members.

All budget assumptions have been reviewed and reconsidered – including those related to inflation, business rate growth and interest rates.

The Council's revenue and capital budgets are 'joined up', both for next year's budget and for the longer term. This means that the full cost of the proposed Capital Programme is reflected in the revenue estimates. Both revenue and capital budgets include the funding needs of the Council.

There are however a number of risks and uncertainties as set out below.

The main risks in the 2021/22 budget relate to:

- General levels of uncertainty regarding the outcome of the fair funding review, the future of business rates and the local government financial settlement, COVID-19, Brexit and the state of the local and national economy. This has been mitigated by prudent business rate growth assumptions and by close monitoring of the Covid Grant account.
- The delivery of income and managing the impact of savings proposed. Mitigating actions are in place within departmental to ensure managers are aware of budgeted savings.
- Business Rate Income – whilst this is essentially part of Central Government funding, the actual income received will vary depending on actual Business Rates growth. It is difficult to precisely predict this growth. It is also difficult to predict the level of appeals by ratepayers against their rating assessments. That said, prudent assumptions in this area have been applied.
- Central Government Funding – the MTFP shows income from NHB continuing in 2022/23, however the longer term future of this income stream remains unclear.

- Costs associated with the delivery of the Council's Levelling Up Fund programme. The Council holds some risk on this programme – including the cost of overruns. As the Accountable Body close monitoring will take place to manage effective delivery (to time and to budgeted cost).
- General inflationary pressures – particularly in relation to pay costs and utility bills. This budget therefore includes significant additional pressures for these matters.
- The impact of Covid and Leisure Services. The Council's Leisure budgets could be further impacted by Covid-19. Significant levels of income are assumed within this budget report in 2022/23 – in line with the Council's contract with its Leisure provider. The risks in this area will continue to be mitigated through working closely with our Leisure services contractor to oversee its progress, operations and cost, and through appropriate contractual and legal advice concerning that contract.
- The impact of Covid on the capacity of management to deliver change, efficiencies and associated savings. This continued to be a watching brief. Budget proposals include an investment in Business Improvement capacity and an 'Invest to Save' Earmarked Reserve.

Adequacy of Reserves

Budget and MFTP proposals forecast the level of General Fund balances to remain above minimum set levels of £1.5m until 2024/25.

The reserves position, alongside the General Covid Grant account, will allow the Council to be robust and make coordinated plans to address the deficit position.

Taking account of the above, and the level of risk within the budget, the Chief Finance Officer judges that reserves are at an appropriate level throughout the period of the MTFP. This will be subject to ongoing review.

That said, further work must be undertaken to ensure that expenditure levels are sustainable and matched by income over the medium to long term. Plans are therefore in place to continue to review budgets and identify further savings opportunities.

The Chief Financial Officer's opinion is that the estimates are robust.

Report by: James Howse, Executive Director of Resources (Chief Financial Officer / Section 151 Officer)

BDC Capital Programme 2020-21 Outturn

Appendix 7

Description	Department	NEW Strategic Purpose	Revised Budget April - Outturn 21 £	Actual spend 2020-21 £	Variance 2020-21 £	Previously approved slippage to 2021/22	Revised & additional slippage into 21-22 £
Funding for DFGs	Community & Housing GF Services	Living independent, active & healthy lives	600,000	595,930	-4,070	503,101	507,171
OLEV ULEV Taxi infrastructure scheme	Community & Housing GF Services	Communities which are safe, well maintained and green	200,000	0	-200,000	200,000	200,000
New Digital Service	Community & Housing GF Services	Communities which are safe, well maintained and green	57,400	22,281	-35,119	0	35,119
Affordable homes (BDHT)	Community & Housing GF Services	Living independent, active & healthy lives	150,000	150,000	0	0	0
Home Repairs Assistance	Community & Housing GF Services	Living independent, active & healthy lives	30,000	0	-30,000	61,221	91,221
Energy Efficiency	Community & Housing GF Services	Work and financial independence	0	0	0	5,000	5,000
CCTV	Community & Housing GF Services	Living independent, active & healthy lives	100,000	129,726	29,726	67,376	37,650
Energy Efficiency Installation	Community & Housing GF Services	Living independent, active & healthy lives	30,000	19,182	-10,818	65,988	76,806
Greener Homes	community & Housing GF Services	Living independent, active & healthy lives	180,000	0	-180,000	0	180,000
Burcot Hostel	community & Housing GF Services	Living independent, active & healthy lives	35,000	35,384	384	0	0
Bus Shelters	Environmental Services	Communities which are safe, well maintained and green	0	0	0	18,000	18,000
Boundary Security at Depot	Environmental Services	Communities which are safe, well maintained and green	20,000	12,908	-7,092	0	7,092
Fleet Management Computer System	Environmental Services	Enabling the Authority	0	0	0	16,600	16,600
Environmental Services Computer System	Environmental Services	Enabling the Authority	0	0	0	157,200	157,200
Cemetery Extension infrastructure at at North Bromsgrove Cemetery Phase Two	Environmental Services	Communities which are safe, well maintained and green	4,000	9,884	5,884	4,000	0
Fleet Replacement	Environmental Services	Communities which are safe, well maintained and green	1,441,253	834,976	-606,277	95,000	701,277
Wheelie Bin Purchase	Environmental Services	Communities which are safe, well maintained and green	94,000	181,051	87,051	0	0
Replacement lighting at the Depot	Environmental Services	Communities which are safe, well maintained and green	3,642	3,642	0	19,358	19,358
Infrastructure Works Bdc Depot	Environmental Services	Communities which are safe, well maintained and green	0	0	0	252,000	252,000
Replacement Parking machines	Environmental Services	Communities which are safe, well maintained and green	12,000	0	-12,000	108,000	120,000
BDC Combined F/Path & Cycl	Environmental Services	Communities which are safe, well maintained and green	71,357	0	-71,357	0	71,357
New Finance Enterprise system	Financial & Customer Services	Enabling the Authority	218,108	380,562	162,454	0	0
Burcot Lane	Financial & Customer Services	Communities which are safe, well maintained and green	830,000	24,592	-805,408	0	805,408
Regeneration Fund	Financial & Customer Services	Communities which are safe, well maintained and green	0	0	0	4,350,000	4,350,000
Salix project	Legal, Democratic and property services	Enabling the Authority	615,000	0	-615,000	0	615,000
Re-landscaping of Recreation Ground	Planning, Regeneration & Leisure Services	Communities which are safe, well maintained and green	0	0	0	211,000	211,000
Sanders Park Play Area - Replacement for Tripod Swing (Health and Safety)	Planning, Regeneration & Leisure Services	Living independent, active & healthy lives	0	0	0	35,000	35,000
BDC Christmas lights	Planning, Regeneration & Leisure Services	Communities which are safe, well maintained and green	13,000	5,490	-7,510	0	7,510
Bittell road recreation ground	Planning, Regeneration & Leisure Services	Communities which are safe, well maintained and green	44,000	43,603	-397	18,000	18,000

New Leisure Centre	Planning, Regeneration & Leisure Services	Communities which are safe, well maintained and green	0	712,816	712,816	0	0
Rubery Redevelopment Works	Planning, Regeneration & Leisure Services	Communities which are safe, well maintained and green	0	-3,262	-3,262	32,738	32,738
Sanders Park dda play provision	Planning, Regeneration & Leisure Services	Communities which are safe, well maintained and green	3,550	0	-3,550	0	3,550
Wythall Park POS Improvement	Planning, Regeneration & Leisure Services	Communities which are safe, well maintained and green	15,000	15,547	547	0	0
Birdbox	Planning, Regeneration & Leisure Services	Communities which are safe, well maintained and green	210,180	209,522	-658	0	0
			4,977,490	3,383,832	-1,593,658	6,219,582	8,574,057

Notes:

* The new enterprise system had an increase in budget over that presented above funded from the flexible use of capital receipts. This was approved as part of the treasury strategy and so the difference is funded from this approval.

* The expenditure on Scheme New Leisure centre is due to funds not yet being settled with external contractors. Should these monies come in the subsequent year they will be added back into the capital programme.