

BROMSGROVE DISTRICT COUNCIL

CABINET

7th January 2025

MEDIUM TERM FINANCIAL PLAN 2025/6 TO 2027/8 – Tranche 1

Relevant Portfolio Holder	Cllr. Steve Colella, Finance Portfolio Holder
Portfolio Holder Consulted	Yes
Relevant Head of Service	Debra Goodall
Report Author	Job Title: Head of Finance & Customer Services email:debra.goodall@bromsgroveandredditch.gov.uk Contact Tel:
Wards Affected	N/A
Ward Councillor(s) consulted	N/A
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.	

1. SUMMARY OF PROPOSALS

- 1.1 The Council will set its budget in two Tranches this year as it did in the 2023/4 and 2024/5 Medium Term Financial Plan (MTFP) processes. The initial Tranche will be published in the Autumn with approval of options sought at Council in January, with a second Tranche to be considered in January once final settlement figures are known with final budget approval sought in February.
- 1.2 Cabinet received the Tranche 1 budget proposals at its meeting on the 10th December to go out to consultation.
- 1.3 Consultation has now taken place, with the results contained within this report.

2. RECOMMENDATIONS

Cabinet are asked to Recommend to Council that following consultation:

- 1 Members endorse the inputs into the Council’s Medium Term Financial Plan as at the middle of October, and the associated risks and opportunities.**
- 2 An initial Tranche of savings proposals and pressures, as set out in Section 3.03 to 3.14, including the fees and charges increases (non commercial), after consideration of feedback from the consultation exercise which closed on the 2nd January, is approved at Council.**

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3. Background

Introduction

3.1 The Council sets a 3-year Medium Term Financial Plan every year, with the final Council Tax Resolution being approved by Council in February. Having a second Tranche after the Christmas break, for which approval will be sought in February, that takes account of the Local Government Settlement whose final detail will not be known until early January.

3.2 On the 10th December 2024 the Tranche 1 budget was presented for consultation. That budget proposed the following:

The Council's Base Assumptions including Inflation and Grants

3.3 Tax Base and Corporate Financing underlying assumptions are as follows:

- Council Tax – Figures assume the full 1.99% allowable increase over all years of the 3 year MTFP. The Local plan has housing increases of 457 and 338 in the first two years of the MTFP. For prudence, at the moment it is assumed that increases of 200 and 150 over these years.
- Business Rates Increases – business rates assume growth based on Pooling with the other Districts and the County Council.
- New Homes Bonus – It is assumed to be none in 25/6 onwards.
- Services Grant - It is assumed that Central Government Grants are at similar levels to previous years (as was the case in 2023/4 and 2024/5)

3.4 Grant support assumptions are as follows (Revenue and Capital). It should be noted that these are budgeted figures and final grant figures will not be confirmed until the time of the final Local Government Settlement.

- The main Revenue Grants are:
 - S31 Grant - £1.126m
 - Housing Benefit Administration Grant - £0.148m
 - Housing Benefit Grant - £11.0m
 - Revenue Cost of Collection Grant - £0.119m
- The Council has £14.492m of Levelling Up Grant to be spent by April 2025, with Market Hall spending extended to September 2025, which is match funded by £1.610m of Council funding.

3.5 There are significant pressures mounting on the Council. At Q2 the overall revenue financial position is a £344k overspend position. This position is set out in detail in an additional report to this Committee today. The significant area of overspend is the maintenance costs of the fleet and clarity on its purchase date, and how far it impacts 2025/26, is required before it is added to this analysis. The remainder of salary based issues are part of the Corporate Adjustment section.

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3.6 Corporate Changes include for Tranche 1 2025/26 are:

- The Pay Award is increased from 2% to 3% for 25/6. This would be an additional £154k cost. In her Statement on the 30th July, the Chancellor did say that Government would accept acceptance the recommendations of the independent Pay Review Bodies for public sector workers' pay. If a 3% pay award is agreed then it would follow that the Council should receive £450k of funding for that award. However, until this is agreed, nothing will be assumed for associated funding. The Chancellors Statement on the 30th October spoke of a 3.2% increase of core spending power, but we need to see the detail to be sure.
- Pension Fund Actuarial Triennial Revaluation. The Council did very well in the revaluation which came into effect for the 2023/4 financial year and which finishes in the 2025/6 financial year. Overall the Council had circa £1m of savings on the payments for each year. Although the fund continues to perform well we are concerned on the reducing numbers of live members in the scheme and so have included an amount from 2026/7 of £200k as a potential risk.
- Fees and Charges assumed an increase of 2%. However, given 50% of fees and charges costs link to staff costs and these possibly will increase at 5% for the 2024/5 financial year. Therefore, to keep pace this this increase of costs it is proposed that 3%, 4% and 5% increases are looked at. These amounts to additional income of the following for each scenario:
 - 3% Increase - £100k
 - 4% Increase - £200k
 - 5% Increase - £300k

It should be noted that at the recent WRS Board, other Board Members were looking to increase Fees and Charges tariffs by at least 3%. WRS numbers are not included pending discussions across members of the level of increases.

- Until more information is understood in the detailed Local Government Settlement in December, it is assumed that Grant levels will remain at present levels.
- The largest change however will link to upcoming Waste Requirements. The Council is required to implement these proposals from April 2026, which the Council challenging present Government Funding allocations. The impact on Council budgets is significant in terms of both Revenue and Capital:
 - There is the requirement for additional Capital Investment, over and above any Grant, of £540k. It assumes that this is required to be spent in 2025/6 and costs apportioned accordingly.

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- At present PWLB rates of 5.00% for 8 years debt this would be a yearly interest charge of £27k a year from 2025/6.
 - For MRP purposes this would be an additional cost of £68k a year from 2026/7.
 - At the present time, additional revenue costs are estimated to be circa £950k a year.
 - There is also programme implementation costs of circa £200k which is expected to be split across both Councils at £100k each.
- Bromsgrove School loses its Business Rates reliefs as part of the Budget. Presently, circa £600k of business rates are charged against the school to which it receives 80% relief. This relief of circa £500k would become part of the collection fund calculation with for planning purposes circa 50% coming to the Council and 50% going back to the Government.
- Additional Artrix Costs. The Council are responsible for the Health and Safety of the buildings and there is funding of £20k capital a year. If the Artrix was to be empty, the Council would be responsible for the buildings including the Empty Business rates which amount to £31k (Therefore it is proposed that this would be the limit of any Council funding which is included in the proposals).
- Additional inflation of 5% on contract is included at 5% which is £90k. It should be noted that 5% has also been included in the 24/5 year and this will be allocated in this financial year as and when it is required.
- A review has been undertaken of Corporate Budgets (Council Tax/Business Rate, Investment Income and Debt) against expected numbers and due to a number of factors there is a positive position.
- The Council had 4% in to cover staff inflation in 2024/5. This pay award is now circa 5% and so this adjustment has also been made in the corporate budgets.
- As set out in the Chancellor's Statement on the 30th September there will be significant additional grant funding. The allocation of these grants will not be known until December and the Provisional Local Government Finance settlement.
- The Capital Programme at the moment has limited change but does include the changes that have been made to the Fleet as per the 24/5 Monitoring Reports.
- Adjustments, following the establishment review will need to be made across both Councils to account for the £1m in-balance between pay budgets and recharges across both Councils.

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- Accounts have been closed up to the 22/23 financial year with disclaimer opinions.
- Analysis will be undertaken on Benchmarking data as well – as this will inform areas where further savings, if required, will be initially looked at.

3.7 Corporate pressures are summarised in the following table and amount to a surplus of £329k in 2025/6 changing to an ongoing deficit of £851k in 2026/7 and £637k from 2027/8.

Year	2025/6 £000	2026/7 £000	2027/8 £000
Opening Position	8	7	7
Changes			
Increase Pay Award to 3%	154	154	154
Pension Revaluation (addn costs)		200	200
Increase Fees and Charges to 4%	-200	-200	-200
Increased Waste Interest costs	27	27	27
Increased Waste MRP costs		68	68
Waste Project costs (capitalised)		20	20
Increased Waste Revenue costs		950	950
School Business Rates	-250	-250	-250
Artrix Maximum Costs	31	31	31
Contract Inflation	90	90	90
Improvements in Corporate Budgets	-343	-393	-607
1% Additional 24/5 Payoll cost over Budget	154	154	154
Net additional Costs	-337	851	637
Updated Position	-329	858	644

3.8 Departmental pressures were requested to be returned by the 24th October. These were part of the December Cabinet papers. These departmental changes result in an overall £1.387m revenue pressure in the 2025/6 financial year and then £938k by 2027/8. This is summarised in the following table:

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Year	2025/6 £000	2026/7 £000	2027/8 £000
Position after Corporate Items	-329	858	644
Departmental Items	1,387	976	938
Position after Departmental Items	1,058	1,834	1,582

- 3.9 This results in an ongoing pressure of circa £1m rising to £1.5m. It should be noted that if the Council gets the full 3.2% Core Spending Power increase set out in the 2024 Chancellors budget, then this will result in circa £490k of additional funding, reducing the gap to circa £500k in 2025/26 and £1m by 2027/8. It should be noted that there will also be political pressures as well.

Fees and Charges update

- 3.10 The section, looks at the impact of proposed Fees and Charges increases for the 2025/26 Financial year. These increases are shown in detail by service in the Fees and Charges Report which is shown as **Appendix A**. The table below highlights the possible increase of income if a 3% to a 5% increase was applied across the board. The 4% has been applied to Contributions and Fees and Charges (not parking) budgets and not on SLA Income or lifeline, where charges are set statutorily, and charges across more than one area. WRS increases will be agreed at the WRS Board Meeting in early November.

	2025/26	2026/27
Existing Budget	-3,791,000	-3,791,000
3% Increase 25/6	-100,000	-100,000
4% Increase 25/6	-200,000	-200,000
5% Increase 26/7	-300,000	-300,000

- 3.11 As has been noted in previous budgets, almost 50% of costs relate to staffing costs at the Council. Staffing budgets went up in 23/4 by on average by 5% and the settlement for this year 2024/5 is over 4%. The increases in fees and charges link to the previous year pay award and so just to keep pace with the increases in costs a level of 4% would be a minimum requirement.
- 3.12 The Transformation Team have looked at Income and fees/charges levels for:
- Its deliverability in 2023/4 and 24/5
 - Views on if additional % increases will be deliverable
 - Bereavement costs have been updated to ensure they are rounded to pounds as per legislation.
- 3.13 The outcome of that high level analysis was that:

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- A blanket % increase on all controllable fees and charges and budgets would not be advisable, as this will just increase the rolling year variances in specific areas. Those budgets need adjusting to the correct base (both up and down).
- Car parking, given the changes in 2024/5 should not be increased and allowed to stabilize at the new rates and take account of the full VAT implications.
- Knowledge of the full extent of what is or is not Vatable in income lines also needs to be clarified – so the right budgets are set.
- Garden and trade waste and cesspools are all areas where above inflation increases could be variable with previous years and current forecasting showing promise.

3.14 Fees and Charges now include both Planning and Parking at higher levels than in the past although in 2025/6 parking fees will not be increased (due to the changes in rates delivered in 2024/5).

Budget Consultation

- 3.15 Tranche 1 of the Medium Term Financial Plan was put out for consultation at the meeting of Cabinet on the 10th December 2024.
- 3.16 In the intermediate period however, there has been a consultation running on Tranche 1 of the budget. This supplemental paper updates Cabinet on the results of that consultation.

Tranche 1 Consultation

- 3.17 The Council has consulted on its Tranche 1 budget. This budget consultation opened on Thu 5 December 2024. An email invite was sent to the Bromsgrove Community Panel. The survey was also promoted on a variety of social media channels.
- 3.18 The survey closed at 12noon on Thursday 2 January 2025. The response rate for the community panel was 48%. There were a total of 278 valid responses received.
- 3.19 Question 2 gives a split of the consultation responses by location with the highest percentage of returns coming from Aston Fields, Belbroughton and Romsley, and Bromsgrove Centre.
- 3.20 Question 16 gives the splits of Age Ranges of the people who filled out the questionnaire. The vast majority were over 50.
- 3.21 The survey asked respondents to rank the three most important services they felt the Council should invest in. These were:
- Local Economic Development and Employment (47.1% of respondents).
 - Community Safety (44.6.% of respondents).

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- Maintenance of the Landscape and Environment (43.8.% of respondents)
- 3.22 Each question had the following Questions asked had the following possible responses.
- Strongly Agree
 - Agree
 - Neither Agree or Disagree
 - Disagree
 - Strongly Disagree
- 3.23 In those questions, 6 had responses well over 50% agreeing or strongly agreeing, and only two had responses lower than 50% - these being
- Do you agree that the Council should invest more in our front-line services to cover increases in fuel at a 49.6% approval rate.
 - Do you support fees and charges (this excludes parking) rising by 4% to keep them in line with inflation and rising staffing costs at a 40.2% approval rate.
- 3.24 The highest approval rating, at 86.2% was the question - Do you agree that the Council should invest in economic development in order to support local businesses, start-ups, the town and local centres and to prioritise local skills.
- 3.25 Two further questions were asked on what level of increase to Bromsgrove District Council's proportion of Council Tax do you support?
- 61.5% agreed of strongly agreed with a 1.99% increase.
 - This dropped to 45.8% at 2.99%.
- 3.26 There were 2 free test questions:
- Please let us know your suggestions for investing in the district to increase prosperity and enhance appeal for residents and businesses alike?
 - There were 178 responses to this question.
 - Responses to this question provided many suggestions and comments regarding the district. The top three themes were Bromsgrove Town Centre, supporting businesses and the importance of infrastructure, from roads to public transport. These themes had many cross overs, from the impact of traffic, encouraging a diverse range of businesses into the town and reducing costs to visitors and businesses alike.
 - Suggestions included:
 - Reducing business rates / relief
 - Reducing parking costs
 - Supporting independent retailers
 - Bringing in key major retailers
 - Understanding offer on High Street- too may charity shops, cafes, hair & vaping businesses

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- Utilise empty shops- for small businesses, new start-ups, housing, community use
- Improve the market- quality, offer, number of days
- Make the town vibrant, attractive & distinctive- develop attractions, encourage visitors
- Improve the appearance & maintenance of the high street
- Improved public transport
- Support active travel
- Access grants wherever possible
- Ensure a district-wide view
-
- Please let us know any other comments on the budget or ideas for reducing costs or increasing income to ensure Council services remain sustainable?
 - There were 118 responses to this questions.
 - Of the responses to this question, the largest category fell into the theme of efficiency and value for money. Other themes included infrastructure, focusing on those in need, ensuring transparency and accountability asset utilisation, and the town centre.
 - Suggestions included:
 - Reviewing salaries
 - Ensuring right skills within the council
 - Outsource some functions
 - Explore alternative methods of delivery e.g. co-operatives, partnerships
 - Reduce use of consultants
 - Review fees & charges
 - Commercial opportunities e.g. logs, compost or specific services
 - Turn off lights / utilise smart sensors
 - Reduce events
 - Promote events better to increase revenue
 - Community use of buildings
 - Energy generation e.g. solar panels in car parks
 - Convert buildings into housing e.g. multi-storey by Asda
 - Increase enforcement fines e.g. fly tipping & littering
 - Support the voluntary sector
 - Reducing business rates / relief
 - Review council tax
 - Better coordination around highways and roadworks

The consultation spreadsheet sets out the overall summary and a breakdown by question is shown as **Appendix B**.

4. IMPLICATIONS

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Financial Implications

- 4.1 Financial implications are set out in section 3.

Legal Implications

- 4.2 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 Council's statutory function.

Service / Operational Implications

- 4.3 Monitoring will be undertaken to ensure that income targets are achieved.

Customer / Equalities and Diversity Implications

- 4.4 The implementation of the revised fees and charges will be notified in advance to the customer to ensure that all users are aware of the new charges and any concessions available to them.
- 4.5 Initial Equalities Impact Assessments will be taken where required.

5. RISK MANAGEMENT

- 5.1 There is a risk that if fees and charges are not increased that income levels will not be achieved, and the cost of services will increase. This is mitigated by managers reviewing their fees and charges annually.

6. APPENDICES

Appendix A – Fees and Charges Increases
Appendix B – Consultation Responses

6. BACKGROUND PAPERS

2025/26 MTFP Tranche 1 Papers - Cabinet 10th December 2024