

# BROMSGROVE DISTRICT COUNCIL

Cabinet

20<sup>th</sup> April 2026

## Quarter 3 Finance and Performance Report 2025/26

Relevant Portfolio Holder	Councillor Nock – Portfolio Holder for Finance and Governance
Portfolio Holder Consulted	Yes
Relevant Head of Service	Debra Goodall
Report Authors	Debra Goodall – Assistant Director of Finance and Customer Services <a href="mailto:debra.goodall@bromsgroveandredditch.gov.uk">debra.goodall@bromsgroveandredditch.gov.uk</a>
Wards Affected	All Wards
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	All
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

### SUMMARY

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

### 1. RECOMMENDATIONS

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

- 1) The current Revenue position of **£314k** adverse variance.
- 2) The current Capital spending of **£13.593m** against a revised budget of **£21.876m** as set out in **Appendix A**.
- 3) The current savings delivery is **£1.457m** against an annual target of **£1.213m** for 2025/26. This is included in the above Revenue position
- 4) The Earmarked Reserves balances of **£11.266m** as set out in Appendix B.
- 5) The Ward Budget allocation position to date is 22 approved allocations at £23,433.59, leaving a balance of £38,556.41 to be allocated before year end as set out in Appendix C.
- 6) There is an updated procurements position set out in appendix D, with any new items over £200,000 to be included on the forward plan.
- 7) The position on Council Tax and Business Rates be noted.
- 8) The position on benefits processing be noted.
- 9) The Q3 position on Corporate Performance Indicators be noted.

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

- 10) That the Balance Sheet Monitoring Position for Q3 is noted – which is the Treasury Monitoring Report and required to be reported to Council.
- 11) That £120k capital funding is approved work on the fixing potholes on the Aston Road roundabout and the road leading to the depot.

## 2. EXECUTIVE SUMMARY

- 2.1 This Quarter 3 Financial and Performance Monitoring Report provides a comprehensive overview of Bromsgrove District Council's finance and performance for the period April to December 2025. It outlines the Council's revenue and capital positions, savings delivery, procurement pipeline, and progress on key strategic projects, along with performance against key indicators.
- 2.2 As of the end of Q3, the Council is forecasting a **£314k revenue overspend** for the full financial year. This compares to a £336k revenue overspend forecast in 2024/25 at Quarter 2. The £514k is primarily driven by costs relating to Waste Management due to the aging fleet and associated agency costs, offset by increased income in waste services and additional costs within Finance relating to agency cover for vacancies and consultancy costs for Section 151 Officer and VAT support. These costs have been offset by vacancy management and underspends in Corporate Financing together with the recognition of £200k of Revenue Grants Received in Advance in 2024/25.
- 2.3 There has been a positive movement of £22k relating to increased street naming and numbering income (Business Transformation and Organisational Development) of £76k and increased UKSPF grant funding of £23k offset by an increase in fleet costs (Environmental Services) of £77k. These movements are explained within the body of the main report.
- 2.4 The Council has delivered **£1.457m of its £1.213m savings target**, exceeding the full-year target by £0.224m as at Quarter 3. Capital expenditure to date stands at **£13.593m** against a revised budget of **£21.876m** proposed to support ongoing commitments. This budget includes £14.891m of carry forwards from 2024/25.
- 2.5 Key capital projects include the **Levelling Up-funded Windsor Street and Nailers Yard schemes**. The Windsor Street scheme has completed phase one remediation works and discussions are being held with the Environment Agency regarding any required remediation works under phase two. The Nailers' Yard scheme construction stage is now progressing with a revised completion date of 6<sup>th</sup> May 2026.

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- 2.6 The Council's **collection rates** for Council Tax and Business Rates remain strong, with Q3 performance close to or exceeding national averages. Benefits processing times are within expected parameters, despite increased complexity in cases retained by the Council.
- 2.7 The report also includes updates on **ward budget allocations, earmarked reserves, and treasury management performance**, with no new borrowing undertaken and **£6m in short-term investments** held at quarter-end.
- 2.8 The Council continues to monitor its financial position closely, with regular engagement between service managers and finance officers to address emerging risks and ensure delivery of strategic priorities.

## **3. BACKGROUND**

- 3.1 The purpose of this report is to set out the Council's draft Revenue and Capital Outturn position for the first 9 months of the financial year (April – December 2025) and associated performance data. This report presents:
- The Council's forecast yearly outturn revenue monitoring position for 2025/26 based on data to the end of Quarter 3 including delivery of the savings targets and fees and charges income as set out in the 2025 MTFP.
  - The position in respect of balance sheet monitoring as requested by the Audit, Governance and Standards Committee including the Treasury Management Report.
  - The spending as at Q3 of Ward Budget Funds.
  - The updated procurement pipeline of Council projects to be delivered over the next 12 months in order to properly resource plans for the delivery of these projects.
  - The Council's performance against the strategic priorities outlined in the Council Plan Addendum, including operational measures to demonstrate how the council is delivering its services to customers is the subject of separate report elsewhere on the agenda.

## **4. DETAILED PERFORMANCE**

### **Financial Performance**

- 4.1 As part of the monitoring process, a detailed review has been undertaken to ensure that issues are considered, and significant savings and cost pressures are addressed. This report sets out, based on the position at the end of Quarter 3, the projected revenue outturn position for the full 2025/26 financial year and explains key variances against budget.

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

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Service Description	Service Lead	2025-26 Approved Budget	2025-26 Revised Budget	2025-26 Revised Q3 Budget	Q3 Adjusted Spend	Full Year Projected Forecast	Full Year Projected Variance Q2	Movement in Projected Variance Q2 to Q3	Full Year Projected Variance Q3
Business Transformation and Organisational Development	Assistant Director Transformation & Corporate Services	2,197,136	2,002,731	1,453,447	1,456,157	1,979,217	-42,285	18,771	-23,514
Community and Housing GF Services	Assistant Director of Communities	1,471,273	1,368,117	975,121	1,118,412	1,653,900	148,686	137,097	285,783
Corporate Services	Chief Executive	817,413	1,976,228	1,559,634	827,792	1,112,077	-606,126	-258,025	-864,151
Environmental Services	Assistant Director Environment	4,266,050	4,073,736	3,007,223	3,476,349	4,957,528	360,445	523,347	883,792
Financial and Customer Services	Assistant Director Finance & Customer Services	2,387,557	2,318,978	1,871,061	2,296,143	2,993,129	317,163	356,988	674,151
Legal, Democratic and Elections Services	Assistant Director Legal Democratic & Procurement	1,178,898	1,182,406	880,181	870,034	1,240,726	94,379	-36,059	58,320
Planning and Leisure Services	Assistant Director Planning	1,248,863	1,024,576	711,997	644,845	1,017,237	48,819	-56,158	-7,339
Regeneration & Property	Assistant Director Regeneration & Property	1,101,406	784,445	667,543	788,291	961,277	169,704	7,128	176,832
Regulatory Client - Commissioning Role	Head of Regulatory Services	646,139	646,139	484,604	561,835	745,498	76,699	22,660	99,359
<b>Grand Total</b>		<b>15,314,735</b>	<b>15,377,356</b>	<b>11,610,811</b>	<b>12,039,858</b>	<b>16,660,589</b>	<b>567,484</b>	<b>715,749</b>	<b>1,283,233</b>
Service Description		2025-26 Approved Budget	2025-26 Revised Budget	2025-26 Revised Q3 Budget	Q3 Adjusted Spend	Full Year Projected Forecast	Full Year Projected Variance Q2	Movement in Projected Variance Q2 to Q3	Full Year Projected Variance Q3
Corporate Financing	Interim Director of Finance	-15,314,735	-15,377,356	-11,489,095	3,266,196	-16,346,906	-231,265	-738,285	-969,550
<b>Grand Total</b>		<b>-15,314,735</b>	<b>-15,377,356</b>	<b>-11,489,095</b>	<b>3,266,196</b>	<b>-16,346,906</b>	<b>-231,265</b>	<b>-738,285</b>	<b>-969,550</b>
<b>TOTALS</b>		<b>0</b>	<b>0</b>	<b>121,716</b>	<b>15,306,054</b>	<b>313,683</b>	<b>336,219</b>	<b>-22,536</b>	<b>313,683</b>

\* Note on Corporate Financing included in body of the report

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## *Budget Variances*

- 4.3 The draft position is set out in the above table.
- 4.4 Overall, the Council is currently forecasting a full year revenue overspend of £314k at Quarter 3 as explained in the Executive Summary. This position will continue to be reviewed particularly given the impact of the increasing costs linked to inflation and further updates will be provided to Councillors throughout 2025/26. This includes service projections as follows:

### **Business Transformation £24k underspend**

- 4.4.1 Business Transformation & Organisational Development are forecasting an underspend of £24k due to increased street naming and numbering income of £10k and Training savings of £45k offset by additional costs of Apprenticeship Levy of £31k.

### **Community and Housing GF Services £286k overspend**

- 4.4.2 Community & Housing Services are forecasting a £286k overspend.

There are £98k increased charges from BT which is an uncontrollable charge. There is also £178k in additional bed and breakfast costs which have been offset by a reduction in other net variations of £27k.

There are additional charges of £37k relating to increased utility bills.

### **Corporate Services £864k underspend**

- 4.4.3 Corporate Services is forecasting an £864k underspend

There has been an £886k net underspend due to over achievement on vacancy management, corporate efficiencies other savings in inflation and utility budgets across the whole Council offset by £7k communication costs relating to Local Government Reorganisation, £21k additional postage costs across the whole council and other costs of £16k. Additionally, there was an extra cost due to a Local Government Reorganisation appraisal report of £59k, which was partially offset by grant income of £37k.

There are other net underspends of £44k.

### **Environmental Services £884k overspend**

- 4.4.4 Environmental Services are forecasting a £884k above budget.

This variance above budget is due to an overspend on Waste Management of £919k

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additional costs on maintenance of the aging fleet and hire costs of vehicles to maintain service– these costs will reduce with the introduction of the new fleet as previously reported.

There are also agency costs of £416k to cover vacant posts and a mixture of long and short term sickness. This has been offset by a £193k contribution to the current vacant post salary savings to corporate.

Additional disposal costs of £238k arose from additional business on Commercial Services that is linked to additional income of £654k, for which a business case to formally expand the service and adjust budget lines for 2026/27 has now been approved.

Aside from Waste Management there is a £64k pressure for Wyre Forest Contract - North Worcestershire Water Management Group in Land Drainage.

There has also been additional costs of £94k in Stores and Depot for their Building Maintenance and Property Costs (To reflect the age of the buildings and increase cost a Capital bid has been submitted to address the issue)

## **Financial and Customer Services £674k overspend**

- 4.4.5 Finance & Customer Services are forecasting an overspend of £674k due to £90k on VAT support from PS Tax on the VAT returns to HMRC, £50k to Bruton Knowles for Insurance Property valuations for the Statement of Accounts, £225k on Agency staff due to cover for vacancies, and a housing subsidy budget re-alignment of £402k and other net variations of £6k. All of the above is offset by a VAT receipt of £99k.

A review of resourcing arrangements is ongoing.

## **Legal, Democratic and Elections Services £58k overspend**

- 4.4.6 Legal, Democratic and Property Services are forecasting a £58k overspend due to miscoding of £9k Landlord costs on the Artrix charged to Legal in error and £41k Ward Budget miscoded to Democratic Services. This will be corrected as part of the budget setting process. There are also increased Civica license costs of £8k which are expected to be reimbursed..

## **Planning and Leisure Services £7k underspend**

- 4.4.7 Planning and Leisure Services are forecasting a net £7k underspend

This is due to £85k additional staffing costs as a result of increased costs of agency staff due to maternity cover. At Quarter 3 there was £58k underachieved income in Building Control and Arts and Development.

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There have been savings in salaries on Parks and Events of £63k and Planning and Policy of £67k due to a planned review of Leisure services. There are other additional net variations of £6k.

Final projected outturn figure has changed from £1.15m to £1.01m. This is mainly due to the fact that planning income is now achieving budgeted target income figure due to the unusually high value transactions in Dec. The overall forecast is showing a forecasted underspend of roughly £7k. The change in outturn is mainly to do with development management planning income target now being achieved.

## **Regeneration & Property £177k overspend**

4.4.8 Regeneration and Property are forecasting a £177k overspend due to an overspend on the carpark service which analyses as a shortfall in car parking revenue of £72k as a result of the first half hour being free, £27k due to unforeseen rental costs, £27k of additional MiPermit charges, £43k overspend on recharges to Wychavon DC due to higher shared service costs, £27k additional rent on St John's car park, £13k road surfacing costs and £7k enforcement overspend. This has been offset by a £16k underspend on Multistorey Car Park due to site being unoccupied.

Within Economic Development, there are £46k savings from UKSPF staffing vacancy offset by £20k shared service recharges.

This has been offset by additional income at Parkside of £34k offset by one-off costs for Road Maintenance of £32k and £5k additional bus shelter costs.

## **Regulatory Client £99k overspend**

4.4.9 Regulatory Services are forecasting an overspend of £99k due to £48k underachieved income in Taxi Licencing as a result of lower than anticipated licencing volumes and default works of £39k. This is a re-occurring year on year pattern and will be addressed in the 2026/27 budget setting process. There are minor net overspends of £5k

There are also budgeted efficiency savings of £7k which due to the nature of the service will not be met.

## **Corporate Financing £970k underspend**

4.4.10 Corporate Financing is showing additional income of £970k due to £427k Grant Income, £187k Investment Interest Income, £281k savings on Interest Payable and £200k of Revenue Grants Received in 24/25 now recognised in 25/26 offset by £125k in underachieved Fees & Charges Income which will be addressed in the budget setting process.

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## Savings Targets

4.4.11 The Council had £1.213m of savings targets in 2025/26. The Council has delivered £1.457m of these savings in Q3, therefore the target has been exceeded by £0.244m. A review is currently being undertaken of vacant posts. Savings against target are shown in the table below:

	2025/26 £m	Adjusted 2025/26 £m	Total 2025/26 £m	Savings identified as at Quarter 3 £m	
Service Reviews	(0.405)	0.405	0		Consolidated corporately
Finance Vacancies	(0.100)	0.100	0		Consolidated corporately
Environmental Services Partnership	(0.050)		(0.050)	0	Work ongoing
<b>2023/24 Items</b>	<b>(0.555)</b>	<b>0.505</b>	<b>(0.050)</b>	<b>0</b>	
In year corporate target		(0.913)	(0.913)	(1.231)	£1.147m from vacancy management and £0.084m from efficiencies. Expected to be met in full.
Directorate savings		(0.250)	(0.250)	(0.226)	There is an expected outturn of £226k in savings.
<b>2025/26 Items</b>	<b>0</b>	<b>(1.163)</b>	<b>(1.163)</b>	<b>(1.457)</b>	
<b>Total Savings</b>	<b>(0.555)</b>	<b>(0.658)</b>	<b>(1.213)</b>	<b>(1.457)</b>	

## 4.5 Cash Management

### Borrowing

- As of the 31st December 2025, there were no short-term borrowings. The Council has no long-term borrowings.

### Investments

- On 31st December 2025 there were £6m short-term investments held.

## Capital Monitoring

4.6 A capital programme of £17.352m was approved in the Budget for 2025/26 in February 2025. This has been fully reviewed as part of the MTFP using actual data as at the end of December 2024. The table below and detail in **Appendix A** set out the Capital Programme schemes that are approved for the MTFP time horizon. At this stage, additional grants of £3.916m had been received, resulting in a total capital budget of

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£21.268m. At Quarter 3, additional grants of £4.524m have been received in year revising the total capital budget for 2025/26 to £21.876m.

- 4.7 Many of these schemes are already in partial delivery in the 2025/26 financial year. By approving this list, the Council also agreed sums not spent in 2024/25 (and 2023/24 by default if schemes originated earlier than 2024/25 as sums have been carried forward through to the 2024/25 MTFS Report) to be carried forward into 2025/26. The table also splits amounts by funding source, Council or third party.

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

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

- The two Levelling Up schemes – Windsor Street (formerly project titled as ‘Old Fire Station’) and Nailers’ Yard (formerly known as ‘Market Hall’) are funding via £14.5m of Levelling Up funding, UKSPF funding, £2,425m of monies held in trust by Birmingham City Council on behalf of the former Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) and up to £2.1m funded by the Council.
- For the Nailers’ Yard Scheme:
  - Construction is progressing on site. The revised completion date is 6th May 2026 (previously 26th January 2026) due to culvert works. The cost of the scheme has increased as a result of this.
  - GJS Dillon have received several enquiries for office space and GF food and beverage unit. They have prepared the service charge schedules for the commercial building. Bruton Knowles are instructed as property management agents for the commercial building. The operator of the Pavilion building will be appointed by April 2026.
- For the Windsor Street Scheme:
  - Brownfield Solutions have completed phase one ground water monitoring on site. Phase two is due to commence in March 2026 which will involve barrier injection works to reduce the levels of PFAS and PFOS further. This will take five weeks to install followed by 12 months of monitoring. By April 2026, the Council will have a clean site that is ready to be redeveloped.
  - Cabinet agreed the delivery option for residential use on the site in November 2025. The regeneration team are undertaking soft market testing with RSLs to gauge interest in the site.

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

The final business case for GBS LEP funding was signed off by Birmingham City Council on 20th January 2026. The grant funding agreement for £2.425m will now be put in place from April 2026. Therefore, BDC may have to use short-term borrowing or reserves until the funding is available.

- In December 2025, the Government announced that the UK Shared Prosperity Fund (UKSPF) would be extended by 6 months. No additional funding has been provided but the 2025/26 allocation of £917,878, made up of a mix of capital (£286,083) and revenue (£631,795), now needs to be spent by 30/09/2026. The funds are being spent in line with the approved UKSPF Investment Plan with £540,215 defrayed to the end of Q3.

- 4.9 The outturn spend is £13.593m against the revised capital budget totals £21.876m and is detailed in **Appendix A**. It should be noted that as per the budget decision carry forwards of £14.891m will be rolled forward from 2024/25 into 2025/26 to take account of slippage from 2024/25.

## **Earmarked Reserves**

- 4.10 The updated position, taking account of the now submitted draft accounts for 2024/25, are set out in **Appendix B**. As part of the MTFP all reserves were thoroughly reviewed for their requirement and additional reserves set up as per that report. At the 31st December 2025, based on the present MTFP that was approved by Council on the 25 February, the Council holds £11.266 million of Earmarked Reserves and is forecasting to hold £12.245m by 31 March 2026.

## **Ward Budgets**

- 4.11 This report is for the first nine months showing what has been spent to date on Ward budgets. Each Ward Member has £2,000 to spend on Ward Initiatives subject to the rules of the Scheme which were approved by Council. As of the 31<sup>st</sup> December there have been applications from 22 Members approved totalling £23,443.59. There are still 9 Members who have not allocated any funding and overall, £38,556.41 is still to be allocated. This year's funding allocations must be spent by the 31<sup>st</sup> March. Full detail is set out in **Appendix C**.

## **Balance Sheet Monitoring Position**

- 4.12 There has been the request from Audit Committee that the Council include Balance Sheet Monitoring as part of this report.

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4.13 This initial balance sheet reporting is set out as the Q3 Treasury Report which is attached as **Appendix D**. This report sets out the Councils debt and borrowing position for Q3 2025/26. Included in this is how the Council is using its working capital as well as measurement of the Councils Prudential Indicators, this appendix will need to be noted and approved that Council note the position.

### Procurement Pipeline

4.14 The Procurement pipeline is shown in **Appendix E**. The Council's Procurement Pipeline includes details of contracts expected to be reprocured and new procurement projects expected to be undertaken in the future. Those happening in the next 12 months and over £200k will need to be put on the Forward Plan. The pipeline is refreshed quarterly.

- There are 11 contracts that are over the key decision threshold of £200k
- There are 9 contracts procured by Redditch Borough Council on behalf of Bromsgrove District Council.

### Collection Fund

4.15 The Council acts as collecting authority for itself, other major preceptors and the parishes for Council Tax. The Council also collects business rates on behalf of central government, the County Council and for itself. The Council's own precept accounts for about 11% of monies collected from Council tax and about 40% of business rates collected after paying government levies, additional tariff to central government and 10% across to Worcestershire County Council.

4.16 The Council aims to collect 98.5% of Council Tax receipts (national average is 95.8%) which equates to a total sum of £87.505 million. Performance against this target for this financial year is shown in the table below:

	Target %age (cumulative)	Actual %age (cumulative)	Amount collected (cumulative) £ millions
Quarter 1	28.95	28.80	25.605
Quarter 2	56.74	56.58	50.261
Quarter 3	84.63	84.95	75.495
Quarter 4	98.5		

4.17 Due to the use of ten monthly collections the percentage for each quarter is not a simple 25%. Government reforms are proposing enforcing a move to monthly collections (in twelfths).

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- 4.18 The Council aims to collect 98.0% of business rate receipts (national average is 95.8%) which equates to a total sum of £31.132m. Performance against this target for this financial year is shown in the table below:

	Target %age (cumulative)	Actual %age (cumulative)	Amount collected (cumulative) £ millions
Quarter 1	26.00	28.34	9.082
Quarter 2	55.66	56.82	18.051
Quarter 3	80.73	79.65	25.838
Quarter 4	98.0		

### Benefits

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

<b>New claims</b>	Qtr 1	Qtr 2	Qtr 3		Qtr 1	Qtr 2	Qtr 3
Average processing time	20 days	16 days	11 days	Number processed this quarter	95	83	614*
<b>Changes to claims</b>							
Average processing time	10 days	9 days	5 days	Number processed this quarter	1215	1095	1862*

\* These figures have been temporarily inflated due to rent frequency changes by Bromsgrove District Housing Trust.

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

### Performance

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

## 5. Financial Implications

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

## 6. Legal Implications

- 6.1 No Legal implications have been identified.

**7. Strategic Purpose Implications**

**Relevant Strategic Purpose**

- 7.1 The Strategic purposes are included in the Council's corporate plan and guides the Council's approach to budget making ensuring we focus on the issues and what are most important for the borough and our communities. Our Financial monitoring and strategies are integrated within all of our Strategic Purposes.

**Climate Change Implications**

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

**8. Other Implications**

**Customer / Equalities and Diversity Implications**

- 8.1 None as a direct result of this report.

**Operational Implications**

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

**9. RISK MANAGEMENT**

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

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

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## **10. APPENDICES**

- Appendix A – Capital Outturn
- Appendix B – Reserves Position
- Appendix C – Ward Budget Position
- Appendix D – Treasury Management Position
- Appendix E – Procurement Pipeline
- Appendix F – Quarter 3 Corporate Performance Indicators

## **AUTHOR OF REPORT**

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## Appendix A - Capital Outturn

Capital Project	Description	2025/26 Total (Original) £	2025/26 Total (Incl C/F's) £	25/26 Spend £
	<b>Large Schemes</b>			
	<b>Levelling Up Fund</b>			
200072	- Market Hall	9,228,000	11,555,322	8,879,315
200073	- Ex-Fire Station/Windsor Street	0	-54,247	113,508
	<b>UK Shared Prosperity Fund</b>			
200086	(UKSPF Funding BDC 2024/2025)	918,000	938,000	
200082	CCTV Digital Upgrade (UKSPF)	0	33,668	
200083	Centres Public Realm Improvement Programme (UKSPF)			
	<b>Other Schemes</b>			
200008	Funding for DFGs	1,285,847	1,442,899	838,651
200009	Home Repairs Assistance	50,000	215,602	
200010	Energy Efficiency Installation	0	212,190	
200019	Fleet Replacemnet new line	1,265,000	3,173,318	2,030,833
200022	Replacement Parking Machines	100,000	94,134	5,000
200030	Wheelie Bin Purchase	120,000	-48,671	1,401,234
200033	Bus Shelters	18,000	34,345	
200045	Greener Homes	0	-6,125	
200069	Cisco Network Update	34,877	34,877	32,185
200070	Server Replacement	18,500	188,049	67,038
200071	Laptop Refresh	5,000	36,249	20,263
200075	Sanders Park	0	-103,763	24,727
200102	Fleet Replacement cost	15,000	24,400	
200103	Wheely Bin Increases		85,000	
200076	Play Area, POS and Sport improvements at Lickey End Recreation Ground in accordance with the S106 Agreement	0	30,582	104,455
200079	Footpaths	75,000	32,020	75,811
200104	Buildings	100,000	262,426	
200105	Initial Play Audit Requirements	0	451,000	
	Updated Play Audit Requirements (Dec 24)	166,242	166,242	
200106	New ongoing Cyber security budget	25,000	50,000	
200107	Artrix - Landlord Obligations	20,000	22,414	
	Wild Flower Machinery	0	62,000	
	Food Waste Collection - fund for Vechicles and containers	902,511	902,511	
	Replacement Wheeled Bins	2,200,000	2,200,000	
	Parkside - Requirement for a firewall	9,750	9,750	
	Laptops for new Starters	25,000	25,000	
	Salary Capitalisation	750,000	750,000	
200016	New Finance Enterprise system	20,000	40,000	
		<b>17,351,727</b>	<b>21,876,441</b>	<b>13,593,020</b>

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## Appendix B - Earmarked Reserves

	Balance at 31/3/25	Transfers in 2025/26	Transfers out 2025/26	Balance at 31/3/26	Transfers to general fund at 31/03/2026	Transfers from general fund at 31/03/2026	Balance at 31/3/26
<b>General Fund Reserve</b>	<b>13,381</b>	(2,216)	145	<b>11,310</b>	5,944	(4,852)	<b>12,402</b>
<b>General Fund Earmarked Reserves:</b>							
Building Control Other	7			7	(7)		0
Building Control Partnerships	82			82			82
Community Services - Climate Change	196	65		261	(20)		241
Local Plan Enquiry	487			487			487
Economic Growth Development	911			911			911
Election Services	85			85			85
Environmental Vehicles	27			27			27
Financial Services - Business Rate Retention	3,476			3,476	(2,476)		1,000
Pension Reserve	200			200			200
Finance Contingency	330	70		400			400
Finance Revenues Reserve	0			0			0
Community Services - CAB	181			181			181
Localising Council Tax	107			107			107
ELF funding	138			138			138
DWP Grant (Benefits)	128			128			128
Universal Credit / Benefits System / Grants	164			164	(164)		0
Housing Schemes	455		(67)	388	(388)		0
DCLG Homeless Grant	267			267			267
Housing Welfare Reform	112			112			112
Disabled Facilities Grant	30			30			30
ICT Refresh Reserve	81			81			81
ERP Systems	116			116			116
Leisure/Community Safety	115			115	(55)		60
Local Neighbourhood Partnerships	16			16			16
Other	81			81	(81)		0
Planning & Regeneration	599			599	(68)		531
Regulatory Services (Partner Share)	86			86	(4)		82
Shared Services (Severance Costs)	311			311	(311)		0
Ward Budget Initiative	0	234	(78)	156			156
Council Tax Hardship Fund	79			79			79
Artrix Holding Trust	29			29			29
EPR Funding Allocation	0	1,004		1,004			1,004
Covid-19 (General Covid Grant)	766			766	(766)		0
Covid-19 (Collection Fund)	1,604			1,604	(1,604)		0
Ukrainian Support	0	785		785			785
Social Prescribing	0	57		57			57
Shopmobility Donations	0	1		1			1
<b><u>New Reserves - MTFP 2026</u></b>							
Risk and Resilience Reserve						2,500	2,500
LGR Reserve						1,000	1,000
Community Investment Fund						1,250	1,250
Particulate Monitoring						102	102
<b>Total General Fund</b>	<b>11,266</b>	<b>2,216</b>	<b>(145)</b>	<b>13,337</b>	<b>(5,944)</b>	<b>4,852</b>	<b>12,245</b>

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## **Appendix C - Ward Budget Spending Q3 - Funds Allocated to 31 December**

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

<b>Activity</b>	<b>Spend</b>	<b>Balance £2,000</b>
Cllr Alan Bailes	300.00	1,700.00
Cllr Ruth Lambert	1,978.80	21.20
Cllr Sam Ammar	2,000.00	0
Cllr Ester Gray	1,700.00	300.00
Cllr Peter McDonald	1,850.00	150.00
Cllr Harrison Rone-Clarke	0	2,000.00
Cllr Anita Dale	1,500.00	500.00
Cllr Webb	2,000.00	0
Cllr Hunter	524.79	1,476.21
Cllr Rachel Bailes	2,000.00	0
Cllr Sue Baxter	500.00	1,500.00
Cllr J Clarke	250	1,750.00
Cllr Stephen Colella	0	2,000.00
Cllr J Elledge	0	2,000.00
Cllr Derek Forsythe	500.00	1,500.00
Cllr D Hopkins	683.00	1,317.00
Cllr Charlie Hotham	750.00	1,250.00
Cllr Helen Jones	0	2,000.00
Cllr B Kumar	1,900.00	100.00
Cllr M Marshall	1,000.00	1,000.00
Cllr Karen May	907.00	1,093.00
Cllr Bernard McEldowney	1,350.00	650.00

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<b>Activity</b>	<b>Spend</b>	<b>Balance</b> <b>£2,000</b>
Cllr D Nicholl	250.00	1,750.00
Cllr Simon Nock	500.00	1,500.00
Cllr S Peters	500.00	1,500.00
Cllr J Robinson	0	2,000.00
Cllr S Robinson	0	2,000.00
Cllr J Stanley	500.00	1,500.00
Cllr Kit Taylor	0	2,000.00
Cllr Peter Whittaker	0	2,000.00
Cllr S Evans	0	2,000.00
<b>Overall Totals</b>	<b>23,443.59</b>	<b>38,556.41</b>

**Appendix D - Q3 Treasury Management Position**

**1. SUMMARY**

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

**2. RECOMMENDATIONS**

**Cabinet are asked to:**

- **Note the Council's Treasury performance for Q3 of the financial year 25/26.**
- **Note the position in relation to the Council's Prudential indicators.**

**3. BACKGROUND**

**Introduction**

3.1 The Authority has adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Authority to approve, as a minimum, treasury management semi-annual and annual outturn reports.

3.2 This quarterly report provides an additional update and includes the requirement in the 2021 Code of quarterly reporting of the treasury management prudential indicators. The non-treasury prudential indicators are incorporated in the Authority's normal quarterly revenue report.

**External Context**

3.3 **Economic background:** Early in the first quarter was dominated by US trade tariffs and the negative impact on equity and bond markets. While this was reversed somewhat in the second quarter with equity markets making gains, it also saw a divergence in US and UK government bond yields. UK yields persisted at higher levels as investors demanded higher returns in the form of term premia due to the more uncertain UK fiscal and economic position.

3.4 The latter part of the period included the government's November autumn Budget. Despite much speculation and drip-feeding of potential policies in the weeks leading up to the event, what was ultimately announced was generally deemed more muted than had been anticipated, helping ease investors' fears of significantly higher government borrowing.

3.5 UK consumer price inflation (CPI) inflation was 3.2% in November 2025, down from 3.6% in the previous month and lower than the 3.5% expected, but still well above the Bank of

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- England (BoE) target. Core CPI eased to 3.2% from 3.4%, against forecasts of it staying at 3.6%.
- 3.6 According to the Office for National Statistics (ONS), the UK economy expanded by 0.7% in the first quarter of the calendar year, by 0.3% in Q2 and by 0.1% in Q3. Of the subsequent monthly figures, the ONS estimated that GDP fell by 0.1% In October.
- 3.7 The labour market continued to ease over the period as unemployment rose, vacancies fell and inactivity remained flat. In the three months to October 2025, the unemployment rate rose to 5.1%, higher than the level previously expected by the BoE, while the employment rate slipped to 74.9%.
- 3.8 The Bank of England's Monetary Policy Committee (MPC) voted 5-4 to cut Bank Rate to 3.75% in December 2025, as was expected. Policymakers wanting a cut judged that disinflation was established while those preferring to hold Bank Rate at 4% argued that inflation risks remained sufficiently material to leave it untouched at this stage.
- 3.9 The November BoE Monetary Policy Report projected GDP would expand by a modest 0.2% in calendar Q4 2025. Estimates of inflation in the report were quickly out of date when CPI fell quicker than expected in November. Predictions of a modestly growing economy were echoed by the Office for Budget Responsibility in its Economic and Fiscal Outlook published with the Autumn Statement which revised down its estimate of annual GDP to around 1.5% between 2025 and 2030.
- 3.10 Arlingclose, the authority's treasury adviser, held a central view that Bank Rate would be cut further in 2025/26 with most BoE policymakers remaining more worried about weak GDP growth than higher inflation. In line with Arlingclose's central forecast, Bank Rate was reduced to 3.75% in December. Further cuts are expected in 2026, with the central forecast being that Bank Rate will be eased to around 3.25%.
- 3.11 The US Federal Reserve continued cutting rates, reducing Fed Funds Rate target range by 0.25% at its December meeting to 3.50%-3.75%. The meeting minutes noted that most policymakers judged that further rate cuts would be likely in 2026 if inflation continues to ease, however they were still divided in their assessment of the risks between inflation and unemployment.
- 3.12 The European Central Bank (ECB) held its key interest rates in December for a fourth consecutive meeting, maintaining the deposit rate at 2.0% and the main refinancing rate at 2.15%. The ECB maintained that future policy decisions will remain data-dependent, that inflation is close to its 2% target and that the euro area economy continues to

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expand despite a challenging global environment, including heightened geopolitical risks and trade tensions.

- 3.13 **Financial Markets:** After declining sharply early in the period, sentiment in financial markets has been mostly buoyant, but risky assets remained volatile. Bond yields initially declined early in the period, but increasing uncertainty around the UK's economic and fiscal outlook caused medium and longer yields to rise. Yields remained elevated until the third quarter when the potential negative impact of the UK Budget were deemed less than expected and yields eased modestly.
- 3.14 Equity markets gained the previous declines seen in the April sell-off and have continued to rise, even in the face of ongoing uncertainty around the existence of an AI-related 'bubble' and concentration in US and global stock markets.
- 3.15 Over the period, the 10-year UK benchmark gilt yield started at 4.65% and ended at 4.48%. However, these nine months saw significant volatility with the 10-year yield hitting a low of 4.39% and a high of 4.82%. It was a similar picture for the 20-year gilt which started at 5.18% and ended at 5.11% with a low and high of 5.05% and 5.55% respectively. The Sterling Overnight Rate (SONIA) averaged 4.10% over the nine months to 31<sup>st</sup> December.
- 3.16 **Credit review:** Arlingclose maintained its recommended maximum unsecured duration limit on most of the banks on its counterparty list at 6 months. The other banks remain on 100 days.
- 3.17 Earlier in the period, Fitch upgraded NatWest Group and related entities to AA- from A+ and placed Clydesdale Bank's long-term A- rating on Rating Watch Positive. Fitch later upgraded Clydesdale Bank and HSBC, but downgraded Lancashire CC and Close Brothers.
- 3.18 In May, Moody's downgraded the United States sovereign long-term rating to Aa1 and affirmed OP Corporate's rating at Aa3. Moody's later upgraded Transport for London, Allied Irish Banks, Bank of Ireland, Toronto-Dominion Bank, DZ Bank, Nordea and HSBC and downgraded Close Brothers.
- 3.19 S&P upgraded Clydesdale Bank, Allied Irish Banks and Bank of Ireland, and assigned Warrington Council a BBB+ rating.
- 3.20 After spiking in April following the US trade tariff announcements, UK credit default swap (CDS) prices trended down before picking up modestly in October and November. They

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declined again in December and ended the year in line with levels seen in the first half of the year and most of 2024.

- 3.21 European banks' CDS prices have generally been flatter and lower compared to the UK, as have Singaporean and Australian lenders while some Canadian bank CDS prices have remained elevated since the beginning of the period in part due to ongoing trade tensions with the US.
- 3.22 At the end of the period CDS prices for all banks on Arlingclose's counterparty list remained within limits deemed satisfactory for maintaining credit advice at current durations.
- 3.23 Financial market volatility is expected to remain, and CDS levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review.

### **Local Context**

- 3.24 On 31st December 2025, the Authority had £16.89m net borrowing arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	<b>31.9.25</b>	<b>31.12.25</b>
	<b>Actual</b>	<b>Actual</b>
	<b>£m</b>	<b>£m</b>
General Fund CFR	31.26	31.26
<b>Total CFR</b>	<b>31.26</b>	<b>31.26</b>
Less: External borrowing**	0	0
<b>Internal borrowing</b>	<b>31.26</b>	<b>31.26</b>
<b>Less: Usable reserves</b>	<b>-11.27</b>	<b>-11.27</b>
Less: Working capital	-3.10	-3.10
<b>Net borrowing</b>	<b>16.89</b>	<b>16.89</b>

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

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

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3.25 The treasury management position at 31<sup>st</sup> December and the change over the quarter is shown in Table 2 below.

Table 2: Treasury Management Summary

	<b>30.9.25 Balance £m</b>	<b>Movement £m</b>	<b>31.12.25 Balance £m</b>	<b>31.12.25 Rate %</b>
Long-term borrowing				
Short-term borrowing	0	0	0	
<b>Total borrowing</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Short-term investments				
Cash and cash equivalents	7.0	-1.0	6.0	
<b>Total investments</b>	<b>7.0</b>	<b>-1.0</b>	<b>6.0</b>	
<b>Net investments</b>	<b>7.0</b>	<b>-1.0</b>	<b>6.0</b>	

## **Borrowing Strategy and Activity**

3.26 As outlined in the treasury strategy, the Authority's chief objective when borrowing has been to strike an appropriately risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective. The Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. At the present time short term interest rates are higher than long term interest rates.

3.27 Policy interest rates have risen substantially since 2021 although they have largely plateaued over the last year. Over the last quarter gilt yields have risen slightly overall, having had a number of peaks and troughs. There has been downward pressure from lower inflation figures, but also upward pressure from unexpectantly positive economic data. Data from the US continues to impact global markets including UK gilt yields.

3.28 The PWLB certainty rate for 10-year maturity loans was 5.38% at the beginning of the period and 5.34% at the end. The lowest available 10-year maturity certainty rate was 5.17% and the highest was 5.62%. Rates for 20-year maturity loans ranged from 5.71% to 6.30% during the period, and 50-year maturity loans from 5.46% to 6.14%. The cost of

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

3.29 CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes. The Authority has no new plans to borrow to invest primarily for financial return.

3.30 **Loans Portfolio:** At 31st December the Authority held no loans, with no movement from 30<sup>th</sup> September 2025 as per table 3 below, as part of its strategy for funding previous and current years' capital programmes.

Table 3: Borrowing Position

	31.9.25 Balance £m	Net Movement £m	31.12.25 Balance £m
Public Works Loan Board			
Banks (LOBO)			
Banks (fixed term)			
Local authorities (long-term)			
Local authorities (short-term)	0	0	0
<b>Total borrowing</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Treasury Investment Activity

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

3.32 The Authority does not hold any invested funds, representing income received in advance of expenditure plus balances and reserves held. During the period, the Authority's

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

Table 4: Treasury Investment Position

	<b>30.9.25</b>	<b>Net</b>	<b>31.12.25</b>	<b>31.12.25</b>	<b>31.12.25</b>
	<b>Balance</b>	<b>Movement</b>	<b>Balance</b>	<b>Income</b>	<b>Weighted</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>Return</b>	<b>Average</b>
				<b>%</b>	<b>Maturity</b>
					<b>days</b>
Banks & building societies (unsecured)					
Banks & building societies (secured deposits)					
Covered bonds (secured)					
Government	0.0	0.0	0.0	0.0	0.0
Local authorities and other govt entities					
Corporate bonds and loans					
Money Market Funds	7.0	-1.0	6.0	2.8%	30
	<b>7.0</b>	<b>0.0</b>	<b>6.0</b>		

- 3.33 Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority’s objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 3.34 As demonstrated by the liability benchmark in this report, the Authority expects to be a long-term investor and treasury investments therefore include both short-term low risk instruments to manage day-to-day cash flows and longer-term instruments where limited additional risk is accepted in return for higher investment income to support local public services.
- 3.35 Bank Rate was reduced to 3.75% in December 2025 and remained at that level through the rest of the quarter. Short-term interest rates largely followed this trend, staying close

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to the Bank Rate. The rates on DMADF deposits have been constant at 3.95%.

## **Non-Treasury Investments**

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

## **Treasury Performance**

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

Table 5: Performance

	<b>Actual</b> <b>£m</b>	<b>Budget</b> <b>£m</b>	<b>Over/ under</b>	<b>Actual</b> <b>%</b>	<b>Benchmark</b> <b>%</b>	<b>Over/ Under</b>
<b>Total borrowing</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>			
PFI and Finance leases	0.0	0.0	0.0			
<b>Total debt</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>			
<b>Total treasury investments</b>	<b>6.0</b>	<b>0.0</b>	<b>6.0</b>			
				n/a	n/a	n/a

## **MRP Regulations**

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

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be used to directly replace, in whole or part, the prudent charge to revenue for MRP (there are specific exceptions for capital loans and leased assets).

## Compliance

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

Table 6: Investment Limits

	2025/26 Maximum	31.12.25 Actual	2025/26 Limit	Complied? Yes/No
Any single organisation, except the UK Government	£4m each			
UK Central Government	Unlimited			
Unsecured investments with banks and building societies	£2.5m in total			
Loans to unrated corporates	£1m in total			
Money Market Funds	£20m in total	6.0m		Yes
Foreign countries	£5m per country			
Real Estate Investment Trusts	£2.5m in total			

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

Table 7: Debt and the Authorised Limit and Operational Boundary

	Q3 2025/26 Maximum	31.12.25 Actual	2025/26 Operational Boundary	2025/26 Authorised Limit	Complied? Yes/No
Borrowing	0m	0m	55,000	60,000	Yes
PFI and Finance Leases	Nil	Nil	1,000	1,000	Yes
<b>Total debt</b>	<b>0m</b>	<b>0m</b>	<b>56,000</b>	<b>61,000</b>	

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

#### Treasury Management Prudential Indicators

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

#### Liability Benchmark

- 3.45 This indicator compares the Authority's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £2m required to manage day-to-day cash flow

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

- 3.46 Following on from the medium-term forecast above, the long-term liability benchmark assumes capital expenditure funded by borrowing of £12.95m, minimum revenue provision on new capital expenditure based on a 40-year asset life and income, expenditure and reserves all increasing by inflation of 2.0% p.a. This is shown in the chart below together with the maturity profile of the Authority's existing borrowing. Presently borrowing has been delivered through the use of internal resources and the Council has no long-term borrowing.

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### Maturity Structure of Borrowing

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

	Upper Limit	Lower Limit	31.12.25 Actual	Complied?
Under 12 months	50%	0%	0%	Yes
12 months and within 24 months	50%	0%	0%	Yes
24 months and within 5 years	50%	0%	0%	Yes
5 years and within 10 years	50%	0%	0%	Yes
10 years and above	100%	0%	0%	Yes

3.48 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

### Long-term Treasury Management Investments

3.49 The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management limits are:

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

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

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## Additional indicators

### Security:

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

	2025/26 Target	31.12.25 Actual	Complied?
Portfolio average credit rating	A	UK Govt	Yes

### Liquidity:

- 3.52 The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

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

### Interest Rate Exposures:

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

Interest rate risk indicator	2025/26 Target	31.12.25 Actual	Complied?
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	500,000	0	Yes
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	500,000	0	Yes

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

	<u>30/09/25</u>	<u>31/12/25</u>
Bank Rate	4.00%	3.75%
1-year PWLB certainty rate, maturity loans	4.58%	4.37%
5-year PWLB certainty rate, maturity loans	4.95%	4.78%
10-year PWLB certainty rate, maturity loans	5.53%	5.34%
20-year PWLB certainty rate, maturity loans	6.14%	5.88%
50-year PWLB certainty rate, maturity loans	5.98%	5.71%

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

## **4. IMPLICATIONS**

### **Legal Implications**

4.1 A number of statutes governing the provision of services covered by this report contain express powers or duties to charge for services. Where an express power to charge does not exist, the Council has the power under Section 111 of the Local Government Act 1972 to charge where the activity is incidental or conducive to or calculated to facilitate the Councils statutory function.

### **Service / Operational Implications**

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

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

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

## **5. RISK MANAGEMENT**

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

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**6. APPENDICES**

None

**7. BACKGROUND PAPERS**

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

**AUTHOR OF REPORT**

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## **Appendix E - Procurement Pipeline to 31 December 2025**

<b>Title</b>	<b>Council</b>	<b>Contract Value £</b>
Fleet Replacement	Bromsgrove	2,846,000
Wheeled Bin Purchase, Delivery and Collection for Recycling of Existing V	Bromsgrove	2,200,000
Refuse and Recycling Products	Bromsgrove	700,000
Replacement Parking Machines	Bromsgrove	517,000
Microsoft Licenses	Bromsgrove	483,000
PROVIDE Kennelling of Dogs	Bromsgrove	450,000
Planning/GIS/Gazeteer	Bromsgrove	400,000
Supply of HVO Fuel	Bromsgrove	300,000
Air Quality Analysers	Bromsgrove	250,000
Data Access Services	Bromsgrove	200,000
Supply of Fuel	Bromsgrove	820,000
Software for Lifeline Site	Joint	257,300
Property Asset Management System	Joint	250,000
Domestic Food Waste Collection Contract	Joint	23,000,000
Hybrid Mail Solution - Sending Letters	Joint	2,500,000
Corporate Building Electrical Contract	Joint	2,500,000
Food Caddy Purchase and Delivery	Joint	1,300,000
Public Space CCTV Maintenance	Joint	400,000
Lifeline Call Handling	Joint	200,000
eFinancials RTU Extension	Joint	208,598

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