

NON-CONFIDENTIAL
BOROUGH OF TAMWORTH



CABINET

6 January 2016

A meeting of the CABINET will be held on Thursday, 14th January, 2016, 6.00 pm
in Committee Room 1 Marmion House, Lichfield Street, Tamworth

A G E N D A

NON CONFIDENTIAL

- 6 **Draft Budget & Medium Term Financial Strategy 2016/17** (Pages 1 - 52)
(The Report of the Leader of the Council)
- 8 **Business Rates Income Forecast 2016/17** (Pages 53 - 72)
(The Report of the Portfolio Holder for Operations and Assets)
- 9 **Agile Working Stage II** (Pages 73 - 92)
(The Report of the Portfolio Holder for Operations and Assets)

Yours faithfully

A handwritten signature in black ink, appearing to be 'A. G. ...', written over a circular stamp or mark.

Chief Executive

People who have a disability and who would like to attend the meeting should contact Democratic Services on 01827 709264 or e-mail committees@tamworth.gov.uk preferably 24 hours prior to the meeting. We can then endeavour to ensure that any particular requirements you may have are catered for.

To Councillors: D Cook, R Pritchard, S Claymore, S Doyle and M Thurgood.

CABINET

14th January 2016

JOINT SCRUTINY COMMITTEE (BUDGET)

26th January 2016

Report of the Leader of the Council

DRAFT BUDGET AND MEDIUM TERM FINANCIAL STRATEGY 2016/17 to 2020/21

Purpose

To approve the draft package of budget proposals (**attached at Appendix A**) to consult with the Joint Scrutiny Committee (Budget) on 26th January 2016 and receive their feedback on the:

- General Fund Revenue (GF) Budget and Council Tax for 2016/17;
- Housing Revenue Account (HRA) Budget for 2016/17;
- Capital Programme – General Fund & HRA;
- Medium Term Financial Strategy (MTFS).

This is a key decision as it affects two or more wards and involves expenditure over £100k.

Recommendations

That:

1. Cabinet approve the draft package of budget proposals including the proposed policy changes (as detailed at Appendix B); and
2. As required by the Constitution of the Council, the Joint Scrutiny Committee (Budget) on 26th January 2016 be requested to consider the budget proposals contained within this report.

Executive Summary

The budget setting process has faced significant constraints in Government funding in recent years - over 40% in real terms since 2010 - and the last 12 months have been as challenging as previous years if not more so. The recent announcements in the Summer Budget and Autumn Statement confirm that austerity measures are to continue and would suggest that the key challenges that the Council is currently addressing are likely to become greater.

It has previously been recognised by the Council's Executive Management Team (a non-decision making forum of Cabinet members and Chief Officers of the Corporate Management Team) that Members will need to focus on strategic decisions relating to high level financial issues. There also remains a high degree of uncertainty arising from the most significant changes in Local Government funding for a generation arising from the Business Rates Retention system, changes in Support for Council Tax and Technical Reforms to Council Tax - as well as other changes arising from the Government's Welfare Reform agenda.

The Council holds sufficient funds in reserves and balances to allow it to plan its approach to budget setting, and Cabinet, on 22nd August 2013, endorsed the document 'Planning for a Sustainable Future' as the overarching strategy for meeting the challenges forecast for the Council's Medium Term Financial Strategy (MTFS) and a series of workstreams designed to deliver savings and efficiencies designed to tackle the forecast deficit. This includes exploring new and innovative ideas and to be more commercial in our approach to business.

Last year's budget report also outlined a proactive approach to the other major challenge, that of ever increasing demand. By adopting the guiding principles, tools, techniques and transformational approaches, the Council can set about **managing demand** and thereby have greater control and the ability to align or target "supply" to managed "demand".

The focus shall remain upon a Single Corporate Vision. The Strategic Priorities **To Aspire & Prosper and To be Healthier & Safer** are shared by all districts and boroughs across the County and are encapsulated by the County Council too in their stated priorities: **Regeneration & Growth; Safer more Resilient Communities and Healthier more Active Communities.**

In summary, by adopting the model, supporting its implementation and measuring its progress, it will enable the Council to achieve its Vision and Priorities and fulfil its obligations.

- We will target resources upon those in most need and those most vulnerable.
- We will commission services that will both intervene/prevent future demand and reduce levels of vulnerability.
- We will, as a consequence, meet the Council's stated intention to ensure that the vulnerable are a priority (**Motion to Council on 26th November, 2014 refers**).

This approach will change the organisation and how it works; will require Members to take difficult decisions and adhere to them; will involve managed risks and will sustain **essential services critical in supporting the most vulnerable in our communities at a time when demand is increasing and resources reducing**. Whether to implement change, react to funding reductions or simply to ensure compliance with reforms, the adoption of a “problem solving” approach to accommodating change has enabled the Council to maintain high quality public services.

Based on the draft budget assumptions contained within the report, the headline figures for 2016/17 are:

- A General Services Net Cost of Services of £8,346,360 a reduction of 1.4% compared to 2015/16;
- A transfer of £1,598,263 from General Fund balances;
- A transfer of £360,500 from HRA balances;
- The Band D Council Tax would be set at £161.75, an increase of £3.15 (1.99% - £0.06 per week) on the level from 2015/16 of £158.60;
- A 1% reduction in average rent, as announced in the Summer Budget 2015, (1% on the 2015/16 average rent of £88.30) in line with the Government’s requirement to reduce rents by 1% p.a. for the next 4 years (based on a 48 week rent year);
- A General Fund Capital Programme of £8.8m for 5 years;
- A Housing Capital Programme of £52.6m (including c.£33.5m relating to the Regeneration Projects) for 5 years.

The Medium Term Financial Planning process is being challenged by the ongoing uncertain economic conditions. The attached forecast is based on a 5 year period, but does contain a number of uncertainties. The forecast grant reductions will put significant pressure on the ability of the Council to publish a balanced 5 year MTFs – it may have to be a 3 year MTFs, in compliance with the Prudential Code.

Currently projections identify:

1. General Fund balances of £1.5m over 3 years with a shortfall of £2.7m over 5 years, including the minimum approved level of £0.5m – assuming annual Council Tax increases of below 2% p.a. - in line with the 2% cap set by the Department for Communities & Local Government (DCLG) for 2016/17;
2. HRA balances of £0.8m over 3 years (£0.6m over 5 years) including the minimum recommended balances of £0.5m.

However this includes contributions to Capital Spend of £4.1m over 3 years (£6.9m over the next 5 years) and the Regeneration Reserve of £4.6m over 3 years (£5.4m over 5 years) - resulting in balances of £2.1m over 3 years (£2.5m over 5 years).

The key uncertainties which will inform further budget considerations before the final budget proposals are developed are:

- a) Potential changes to future New Homes bonus levels following receipt, in late December 2015, of a Government consultation paper on changes to the scheme. No effect of this has been included at this stage – the impact of the potential options (for 2017-18 onwards) will be modelled and fed into the final budget setting report;
- b) Finalisation of Revenue Support Grant levels for future years following the Chancellor's Summer Budget in July 2015 (which indicated further £18bn cuts to Public Service spending by 2019/20) and the outcome from the Comprehensive Spending Review published on 25th November 2015. Provisional figures were received in December 2015 and included within the projections within this report;
- c) The impact of Business Rate Reform from 1st April 2013 and the associated forecast business rates receivable in 2015/16 and future years – of which the Council's budget will receive 40% (subject to 20% levy reduction on 'excess' rates payable to the Greater Birmingham & Solihull Local Enterprise Partnership (GBSLEP) after deduction of the 50% central share, 9% County Council and 1% Fire & Rescue Authority share). Uncertainty remains over the planned revaluation in 2017 and recent Government consultation regarding proposals for Councils to keep 100% of the business rates collected by 2020;
- d) The calculation of the level of business rate appeal costs – of which the Council has to fund 40% from its own budgets – a provision of £3.8m was set aside in 2014/15 (40% of which relates to the Council);
- e) Future Pension contribution levels - following the triennial review carried out by the Actuaries employed by the Pension Fund - indicative *ongoing* annual increases in Employer's contributions of c.2% p.a. for the next 3 years have been included. This now includes an ongoing lump sum (with an annual increase) relating to past liabilities and a set rate for future employer contributions of 16.5% p.a.
- f) The impact of Pension Auto-Enrolment and the single tier pension from 2016/17 – no additional cost associated with auto enrolment has been included as salary budgets are prepared on a full cost basis (and then reduced by the 5% vacancy allowance);

An increase in Employer's National Insurance contributions of 3.4% p.a. has been included from 2016/17 when the single-tier pension starts as the State Second Pension scheme will close and contracting out will end;

- g) While the Government announced a pay cap for 2014/15 & 2015/16, a 2.2% increase (plus other changes) was agreed from 1st January 2015. As part of the Summer Budget announcements, a 1% pay cap for public sector workers for the next 4 years has been set. In addition, from April 2016, a new compulsory National Living Wage for the over 25s will be introduced to replace the National Minimum Wage, currently set at £6.50 per hour.

The National Living Wage will be set at £7.20 when it comes into effect in April 2016. It will then rise over the next four years to £9.00 per hour in 2020;

- h) Proposed changes set out in the Welfare Reform Act 2012 and the introduction of Universal Credit – impact on housing benefits staffing (as a result of the transfer of Universal Credit to the Department for Work & Pensions), the Housing Benefit administration grant and associated income receipts of the council (including Housing Rents and Council Tax);
- i) The impact of any further uncertainty over future interest rate levels and their impact on investment income / treasury management;
- j) Due to uncertainties around the Better Care Fund, a significant risk on the current grant funding for Disabled Facilities Grants (DFG) is highlighted after 2015/16. A grant of £224k p.a. has been assumed to be redistributed – in line with the funding notified for 2015/16;
- k) The effect of the reduction in Social Housing Rents announced in the Summer Budget 2015 – rents are to be reduced by 1% a year for four years from 2016/17, requiring local authorities and housing associations to make savings, and this will mean a reduction in HRA rent income of c.£600k p.a. each year for 4 years (cumulative) due to the 1% reduction and as the planned inflationary increases of c.3% p.a. will also not be made;
- l) The impact that Social Tenants with household incomes of at least £40k in London and at least £30k elsewhere, will have to pay a market or near market rent. Local Authorities will have to repay the rent subsidy that they recover from high income tenants to the Exchequer;
- m) Any impact from the sale of high value council housing scheme;
- n) Finalisation of the expected outcomes and impact on the Council's financial position from the programme of short-term and medium-term workstream reviews commissioned by Cabinet in August 2013 as part of the 'Planning for a Sustainable Future' overarching strategy to identify measures to help the Council cope with grant & income reductions in the coming years - potential savings arising from the Sustainability Plan workstreams have been included;
- o) Review and finalisation of the revised budgets/policy changes and feedback from the scrutiny process – including the Council Tax increase for 2016/17 following confirmation of the referendum threshold.

In light of these uncertainties and issues arising from the sensitivity analysis (attached at **Appendix K**), it is felt prudent to include within the budget a number of specific contingency budgets (aligned to the specific uncertainties, where appropriate) to ensure some stability in the financial planning process (as detailed at **Appendix L**).

Options Considered

As part of the budget setting process a number of options for the council tax and rent increase levels for 2016/17 and future years have been modelled / considered.

Council Tax	Option Modelled / Considered
Model 1	1.99% increase in Council tax in 2016/17 (followed by inflationary increases of c.1.99% p.a.)
Model 1a	0% increase in Council tax in 2016/17 (followed by increases of c.1.99% p.a.)
Model 2	2.5% increase in Council tax in 2016/17 (followed by increases of 2.5% thereafter)
Model 3	0% increase in Council tax in 2016/17 (followed by increases of 0% thereafter)
Model 4	1% increase in Council tax in 2016/17 (followed by increases of 1% thereafter)

Rent	Option Modelled / Considered
Option 1	CPI + 1%
Option 2	Reduction of 1% (in line with the Summer Budget announcement)

Resource Implications

A summary table of all the budget proposals is shown at the end of the report. The General Services summary revenue budget for 2016/17, appears at **Appendix D**. A summary of the resulting budgets over the five year period appears at **Appendix F**.

The draft Budget and Medium Term Financial Strategy is based on a council tax increase of 1.99% for 2016/17 (the maximum permitted under the Government set limits to avoid a referendum) followed by increases at c.1.99% p.a. thereafter & in line with statutory requirements. Surplus balances of £1m are reported for the General Fund budget position over 3 years with balances forecast at £1.5m. It should be noted that in order to ensure General Fund balances remain above the minimum approved level of £0.5m over 5 years further savings of c.£1.4m p.a. would need to be identified in 2019/20 and 2020/21 (the shortfall over 5 years is currently forecast at c.£2.7m).

The summary HRA Revenue Budget for 2016/17 appears at **Appendix C** (including a summary of the resulting budgets over the 5 year period). Closing balances over 3 years are estimated at £0.8m (£0.6m over 5 years) – in excess of the minimum approved level of £0.5m.

The proposed 5-year General Fund Capital Programme is included at **Appendix H** – the main changes, since the programme was provisionally approved in February 2015, included at this stage are detailed within the report.

The proposed 5-year Housing Capital Programme is included at **Appendix I** – the main changes, since the programme was provisionally approved in February 2015, included at this stage are detailed within the report.

Legal / Risk Implications

The Council's constitution requires Cabinet publish initial proposals for the budget, having first canvassed the views of local stakeholders as appropriate - budget proposals will be referred to the Joint Scrutiny Committee (Budget) for further advice and consideration. In line with the constitution a Leader's Budget Workshop for Scrutiny Committees was held on 3rd December 2015.

In order to allow Scrutiny Committees to respond to the Cabinet on the outcome of their deliberations, a meeting of the Scrutiny Committee (Budget) has been arranged for 26th January 2016.

Proposed amendments to the 2015/16 base budget, approved by Council on 24th February 2015, are detailed within the report.

Key Risks to Revenue and Capital Forecasts:

Risk	Control Measure
Major variances to the level of grant / subsidy from the Government (including specific grants e.g. Benefits administration, Business Rates Section 31 funding); (High)	Sensitivity modelling undertaken to assess the potential impact in the estimation of future grant levels; (Medium / High)
New Homes Bonus grant levels lower than estimated; Continuation of the scheme in its current form is uncertain – further changes are subject to consultation. (High/Medium)	Future levels included on a risk based approach in order to offset further grant reductions / uncertainty over additional property numbers; (Medium)
Potential 'capping' of council tax increases by the Government or local Council Tax veto / referendum; (Medium)	Current indications are that increases of 2% and above risk 'capping' (confirmed as 2% for 2015/16); (Low)
The achievement / delivery of substantial savings / efficiencies will be needed to ensure sufficient resources will be available to deliver the Council's objectives through years 4 to 5. Ongoing; (High)	A robust & critical review of savings proposals will be required / undertaken before inclusion within the forecast; A minimum General Fund capital balance of £0.5m is a requirement – this has been financed in the past by revenue contributions (held in a revenue reserve). (High/Medium)
Pay awards greater than forecast; (Medium)	Public sector pay cap announced as part of the Summer Budget 2015 - 1% increase p.a. for 4 years from 2016/17; (Medium / Low)

Risk	Control Measure
Pension costs higher than planned / adverse performance of pension fund; (Medium)	Regular update meetings with Actuary; Increases of c.2% p.a. with a new 'lump sum' element have been included with agreement made with Pension Fund following triennial review (during 2013 for 2014/15) for 3 years; (Medium)
Assessment of business rates collection levels to inform the forecast / budget (NNDR1) and estimates of appeals, mandatory & discretionary reliefs, cost of collection, bad debts and collection levels; New burdens (Section 31) grant funding for Central Government policy changes – including impact on levy calculation; Potential changes to the Business Rates Retention system by the DCLG in support of Town Centre Regeneration / equalisation of the scheme; (High)	Robust estimates included to arrive at collection target. Ongoing proactive management & monitoring will continue; Business Rates Collection Reserve - provision of reserve funding to mitigate impact of any changes in business rate income levels; Monitoring of the situation / regular reporting; (High / Medium)
Local Council Tax Reduction scheme implementation – potential yield changes and maintenance of collection levels; (High)	Robust estimates included. Ongoing proactive management & monitoring (including a quarterly healthcheck on the implications on the organisation – capacity / finance) will continue; (High / Medium)
Achievement of income streams in line with targets e.g. treasury management interest, car parking, planning, commercial & industrial rents etc.; (High / Medium)	Robust estimates using a zero based budgeting approach have been included; (Medium)
Delivery of the capital programme (GF / HRA – including Regeneration schemes) dependent on funding through capital receipts and grants (including DFG funding through the Better Care Fund); (High / Medium)	Robust monitoring and evaluation – should funds not be available then schemes would not progress; (Medium)
Dependency on partner organisation arrangements and contributions e.g. Waste Management (SCC/LDC). (High / Medium)	Memorandum of Understanding in place. (Medium)

Report Author

If Members would like further information or clarification prior to the meeting please contact Stefan Garner, Director of Finance Ext. 242.

Background Papers:-	Corporate Vision, Priorities Plan, Budget & Medium Term Financial Strategy 2015/16, Council 24th February 2015
	Budget and Medium Term Financial Planning Process, Cabinet 30th July 2015
	Joint Scrutiny Budget Workshop, 3rd December 2015
	Budget Consultation Report, Cabinet 22nd October 2015
	Draft Base Budget Forecasts 2016/17 to 2020/21, Cabinet 26th November 2015

Summary of Appendices

Description	Appendix
Detailed Considerations	A
Policy Changes Summary – GF & HRA	B
HRA Budget Summary 2016/17 – 2020/21	C
General Fund Summary Revenue Budget 2016/17	D
General Fund Technical Adjustments 2016/17 (before policy changes)	E1
HRA Technical Adjustments 2016/17 (before policy changes)	E2
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General Fund Capital Programme 2016/17 – 2020/21	H
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Detailed Considerations

The Council's approach to medium term planning aims to integrate the Council's Corporate and financial planning processes. In accordance with that approach this report contains firm proposals for 2016/17 and provisional proposals for the following years.

It is intended that all aspects of the budget should be agreed by Members and so this report details each amendment which is proposed to the 2015/16 budget to arrive at the starting point for 2016/17. The report deals in turn with each of the key elements and towards the end of each section is a summary table. Each of these tables is brought together in the summary and conclusions section at the end of the report.

The Council's medium term financial plan used as the basis for the 2016/17 budget, aimed both to deal with a challenging financial position and to find resources to address the Council's corporate priorities. The approved package was based upon:

- The need to compensate for reduced income levels arising from the unprecedented economic / world events which led to the economic downturn / austerity measures;
- Injecting additional resources into corporate priorities;
- Increasing income from council tax and fees and charges;
- Making other savings and efficiencies.

Financial Background

The medium term financial planning process is being challenged by the uncertain economic conditions. The attached forecast is based on a 5 year period, but does contain a number of uncertainties. The forecast grant reductions will put significant pressure on the ability of the Council to publish a balanced 5 year MTFS – at the present point in time, in order to achieve compliance with the Prudential Code (minimum balances of £0.5m) it may only be possible to prepare a 3 year MTFS.

There are a number of challenges affecting the Medium Term Financial Planning process for the period from 2016/17 to 2020/21 which add a high level of uncertainty to budget projections.

In light of these uncertainties and issues arising from the sensitivity analysis (attached at **Appendix K**), it is felt prudent to include within the budget a number of specific contingency budgets (aligned to the specific uncertainties, where appropriate) to ensure some stability in the financial planning process (as detailed at **Appendix L**).

Following review of the sensitivity of the factors within the forecasts, pay award & inflation, interest rate movements together with changes in Government Grant support could all significantly affect the forecast as follows:

Effect of x% movement:	% + / -	Impact over 1 year +/- £'000	Impact over 3 years +/- £'000	Impact over 5 years + / - £'000	Risk
Pay Award / National Insurance (GF)	0.5%	43	262	661	M/H
Pension Costs	0.0%	0	174	582	M/H
Council Tax	0.5%	33	154	244	L/M
Inflation / CPI	0.5%	46	283	723	M/H
Government Grant	1.0%	39	210	466	M/H
Investment Interest	0.5%	145	971	2552	H
Key Income Streams	0.5%	6	38	103	L
New Homes Bonus	10%	65	385	947	H
Business Rates	0.5%	67	402	1003	H

GENERAL FUND

Future Revenue Support Grant & Business Rate income

On 17 December 2015, the Secretary of State for the Department for Communities and Local Government, Greg Clark MP, made a statement to Parliament on the provisional local government finance settlement 2016/17.

For the period 2015/16 to 2019/20, there is a reduction to the England Settlement Funding Assessment (SFA) of 31.8% (based on the adjusted 2015/16 figure), as per the table below.

	2015-16 adjusted	2016-17	2017-18	2018-19	2019-20
	£m	£m	£m	£m	£m
SFA	21,250	18,601	16,622	15,536	14,500
Change %		(12.5)%	(10.6)%	(6.5)%	(6.7)%
Cumulative change %		(12.5)%	(21.8)%	(26.9)%	(31.8)%

In addition to SFA funding, starting in 2017/18, there will be additional funding through the "Improved Better Care Fund". By 2019/20, this will be worth £1.5bn per annum. This funding will go to authorities with Social Care responsibilities to complement the new 2% Social Care Council Tax precept, which was previously announced in Spending Review 2015. This funding will take into account the amount that each authority can raise locally through a 2% increase in Council Tax.

Rather than all local authorities receiving the same percentage reduction in Revenue Support Grant (RSG) funding, **the government now propose to take into account the amount that can be raised locally from Council Tax, thereby increasing the reduction in RSG funding for higher taxbase authorities (in terms of the ratio of taxbase income to SFA) and lowering the reduction for lower than average taxbase authorities.**

The government has also altered the split of funding between tier of government, which would appear to favour upper tier services and lead to higher funding reductions for district councils.

The provisional figures are expected to be confirmed in late January/early February 2016 (within the final settlement announcement).

The 2016/17 announcement includes local authority allocations for 4 years up to 2019/20 – with a caveat from the Government that in order to accept the offer of the 4 year certainty, evidence of value for money in order to achieve efficiencies has to be provided.

A new methodology for determining authorities' RSG allocations has been proposed within the provisional settlement. Rather than applying the same percentage cut to all authorities, **the new approach takes into account individual authorities' council tax raising ability and the type of services provided.** This would appear to favour upper tier authorities, with significantly larger funding reductions for district councils.

The methodology adds together authorities' SFA amount and their forecast council tax income for 2016/17 (based on individual authorities' actual council tax levels), before applying a percentage reduction. **This approach means that authorities with a lower than average council taxbase like Tamworth (relative to their SFA amount) have a lower reduction in grant (and those with a higher taxbase have a higher reduction in grant).**

The methodology therefore aims to take into account the amount that an authority can raise locally/the impact on overall funding of RSG reductions. It is a similar approach to the Resources block, with the previous four-block model (last used to set the Baseline Need amounts in 2013/14). **By using actual council tax levels, rather than an assumed level, this approach also favours authorities with below average Council Tax, and disadvantages those with above average Council Tax levels.**

Due to this approach reducing some authorities' RSG to £0 before 2019/20, it appears that the government plans to reduce top up/increase tariff amounts for these authorities, in order that the overall change in funding is consistent across all authorities.

Given the current economic climate and further anticipated reductions in Central Government Grant support together with the uncertainty around the impact of the Business Rate Retention scheme, detailed modelling has been carried out in order to prepare estimated Business Rates income levels.

For future years, in light of indications of further grant reductions, it had been assumed that there will be a reduction in Revenue Support Grant as detailed below.

BASE BUDGET	2016/17	2017/18	2018/19	2019/20
	£	£	£	£
Budgeted Funding:				
Revenue Support Grant	954,322	541,893	251,444	75,714
% RSG Reduction	(41)%	(43)%	(54)%	(70)%
Provisional Settlement Funding (December 2015):				
All District Councils	265,151,084	133,211,054	52,202,688	(38,287,152)
% RSG Reduction	(37)%	(50)%	(61)%	
Tamworth Borough Council	1,209,603	770,996	493,964	184,529
% RSG Reduction	(25)%	(36)%	(36)%	(63)%
Impact of change in methodology				
Total	255,281	229,103	242,520	108,815
				835,720

As identified above, the reduction experienced by the Council is lower than expected / budgeted. RSG is c.£255k better in 2016/17 at £1.21m (£954m within the current forecast) - £835k over 4 years. It represents a 24.8% reduction in RSG.

However, it should be noted that the budgeted reduction is highly comparable to the average reduction for all District Councils, highlighted in the table above.

Business Rates

The 2016/17 provisional finance settlement represents the fourth year in which the Business Rates Retention (BRR) scheme is the principal form of local government funding. As in the previous three years, the provisional settlement provides authorities with a combination of provisional grant allocations and their baseline figures within the BRR scheme.

Additional monthly monitoring has been implemented since the implementation of business rate retention from 2013/14 – following approval of the NNDR1 form (Business Rates estimates) by Cabinet in January each year.

The Council received additional business rates during 2013/14 (above forecast / baseline) and had to pay a levy of £386k to the Greater Birmingham & Solihull Local Enterprise Partnership (GBSLEP). No levy was payable for 2014/15 due to the significant increase in appeals during March 2015 – which meant an increase in the provision from £1m to almost £4m. The latest estimates indicate additional business rates receivable above the baseline in 2015/16 – of which the Council will receive 40% less the Government set tariff payment of c.£11m (and a 20% levy on any surplus over the baseline to the GBSLEP) - after deduction of the 50% Central Share, 9% County & 1% Fire & Rescue Authority shares).

However, the future position is less certain. A robust check & challenge approach has been taken of any increases on the base figure, including a risk assessed collection level.

New Burdens (Section 31) Grant is receivable for additional reliefs given by the Government relating to business rates from 1st April 2014 e.g. Small Business Rate Relief – of which 50% of any in excess of the baseline will be payable in levy to the GBSLEP. A prudent approach has been taken in respect of any new burdens funding – and, due to uncertainties & risk, the creation of an associated Business Rates Collection reserve to mitigate fluctuation in income. The forecast Section 31 Grants and levy payments included within the base budget forecasts are detailed below.

Section 31 Grants / Levy	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Section 31 Grant	429	390	408	427	446	465
Business Rates Levy	882	416	291	156	13	-

For future years, the Government assessed Business Rates Baseline is detailed below:

BASELINE	2016/17	2017/18	2018/19	2019/20
	£	£	£	£
Budgeted Funding:				
Retained Business Rates	£12,927,984	£13,199,472	£13,489,860	£13,800,127
Less: Tariff payable	(£10,763,060)	(£10,989,084)	(£11,230,844)	(£11,489,153)
Total	2,164,924	2,210,388	2,259,016	2,310,974
% Reduction	2.0%	2.1%	2.2%	2.3%
Provisional Settlement Funding (December 2015):				
Retained Business Rates	12,780,114	13,031,478	13,415,916	13,844,713
Less: Tariff payable	(10,639,952)	(10,849,222)	(11,169,283)	(11,526,273)
Total	2,140,162	2,182,256	2,246,633	2,318,440
% Reduction	0.8%	2.0%	3.0%	3.2%
Increase / (Decrease)	(24,762)	(28,132)	(12,383)	7,466

As identified above, the Business Rates Baseline is £25k lower than expected at £2.14m. However, due to the variable nature of the BRR element of local authority funding, the provisional settlement no longer provides the absolute funding level for authorities. Overall, Government External support (combined RSG/**Baseline** NNDR) is £230k higher than expected in 2016/17 – the overall reduction in Government Support is 10.2% (compared to our assumed reduction of 16.4%). The position over 5 years is better by £786k.

The government's Business Rates Baseline for the authority is only based on an adjusted average income figure, and therefore is not representative of the Business Rates Baseline. The business rates forecast income is subject to confirmation / finalisation over the next few weeks – the base budget estimates are detailed below:

BASE BUDGET	2016/17	2017/18	2018/19	2019/20
	£	£	£	£
Budgeted Funding:				
Retained Business Rates	13,370,980	13,372,552	13,374,753	13,380,497
Less: Tariff payable	(10,763,060)	(10,989,084)	(11,230,844)	(11,489,153)
Total	2,607,920	2,383,468	2,143,909	1,891,344
% Reduction	(1)%	(9)%	(10)%	(12)%
Provisional Settlement Funding (December 2015):				
Retained Business Rates	13,370,980	13,372,552	13,374,753	13,380,497
Less: Tariff payable	(10,639,952)	(10,849,222)	(11,169,283)	(11,526,273)
Total	2,731,028	2,523,330	2,205,470	1,854,224
% Increase / (Decrease)	4%	(8)%	(13)%	(16)%
Increase / (Decrease)	123,108	139,862	61,561	(37,120)
Total				287,411

As identified above, the Business Rates tariff payment is lower than budgeted for in 2016/17 by £123k (£287k over 4 years).

Based on this Government financial support will reduce over the period as shown in the table below.

BASE BUDGET	2016/17	2017/18	2018/19	2019/20	2020/21
	£	£	£	£	£
Budgeted Funding:					
Revenue Support Grant	954,322	541,893	251,444	75,714	-
Retained Business Rates	13,370,980	13,372,552	13,374,753	13,380,497	13,386,955
Less: Tariff payable	(10,763,060)	(10,989,084)	(11,230,844)	(11,489,153)	(11,764,893)
Total	3,562,242	2,925,361	2,395,353	1,967,058	1,622,062
% Reduction	(16)%	(18)%	(18)%	(18)%	(18)%
Provisional Settlement Funding (December 2015):					
Revenue Support Grant	1,209,603	770,996	493,964	184,529	-
Retained Business Rates	13,370,980	13,372,552	13,374,753	13,380,497	13,386,955
Less: Tariff payable	(10,639,952)	(10,849,222)	(11,169,283)	(11,526,273)	(11,802,904)
Total	3,940,631	3,294,326	2,699,434	2,038,753	1,584,051
% Reduction	(7)%	(16)%	(18)%	(24)%	(22)%
Increase / (Decrease)	378,389	368,965	304,081	71,695	(38,011)

The table shows that overall funding should be c.£378k better than expected in 2016/17 (£1.085m over 5 years).

No provision for a levy redistribution from the GBSLEP has been included.

The retained Business Rates forecast will be updated based on the NNDR1 return which was not received until late December 2015. There are still significant uncertainties - specifically the treatment of:

- The estimated level of refunds of Business Rates following the Appeal process; and
- Finalisation of the ongoing treatment of Section 31 grant funding (including Small Business Rate Relief Grant) – which could affect the calculation of any levy payment and thereby reduce retained Business Rate income.

The NNDR1 forecast is due to be considered by Cabinet following these clarifications – for approval by 31st January 2016 in line with statutory requirements.

The revised estimates for Business Rates arising from NNDR1 will feed into the next stage of the budget process.

New Homes Bonus

When the base budget was prepared, it had been assumed that the New Homes Bonus scheme will continue with such funding included using a risk based approach.

The New Homes Bonus top-slice from RSG for 2016/17 is £1.275m. The 2016/17 forecast allocation of New Homes Bonus is £1.485m (£1.461m in allocations and £24m in returned funding). DCLG support for the scheme has fallen from £250m in 2015/16 to £210m in 2016/17.

At present, it appears that there are no changes to the scheme planned before 2018/19, with in-year allocations increasing to £1.485m in 2016/17, £1.493m in 2017/18 and then a reduction to £938m in 2018/19 and to £900m by 2019/20. The amounts for 2016/17 and 2017/18 would be consistent with authorities receiving allocations as per the current system. For example, the forecast allocation for Tamworth BC (below) shows a pattern consistent with the national allocations, with a reduction to the scheme value from 2018/19 onwards.

- 2015/16 (current) £0.56m
- 2016/17 £0.66m
- 2017/18 £0.66m
- 2018/19 £0.41m
- 2019/20 £0.40m

Further details on this will be prepared once the consultation document has been reviewed in detail.

Technical Adjustments

Revisions have been made to the 2015/16 base budget in order to produce an adjusted base for 2016/17 and forecast base for 2017/18 onwards. These changes, known as technical adjustments have been calculated to take account of:

- virements approved since the base budget was set;
- the removal of non-recurring budgets from the base;
- the effect of inflation;
- changes in payroll costs and annual payroll increments;
- changes in expenditure and income following decisions made by the Council;
- other changes outside the control of the Council such as changes in insurance costs and reduction in grant income;
- The 'Zero base budgeting' review of income levels.

They are summarised in **Appendix E** and the main assumptions made during this exercise are shown in **Appendix J**.

They have been separated from the policy changes, as they have already been approved or are largely beyond the control of the Council, and are summarised below:

Technical Adjustments	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Base Budget B/Fwd	8,464	8,032	8,085	7,348	7,201
Committee Decisions	(402)	298	(540)	(121)	-
Inflation	15	35	32	37	38
Other	(427)	(391)	(317)	(166)	211
Pay Adjustments (Including pay award / reduction of 5% for vacancy allowance)	319	111	88	103	182
Revised charges for non-general fund activities	63	-	-	-	-
Total / Revised Base Budget	8,032	8,085	7,348	7,201	7,632

* () denotes saving in base budget

Policy Changes

The policy changes provisionally agreed by Council in February 2015 have been included within the technical adjustments for 2016/17 onwards. **A list of the proposed new policy changes for 2016/17 is summarised below:**

Policy Changes Identified	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Contingency budget to allow for 'in year' decisions to be made by Cabinet & to provide for any potential further reductions in income as a result of the financial climate	100.0	-	-	-	-
Return of Transformation reserve funding to support revenue budget	-	(360.0)	-	-	-
Cease provision of Mayoral hampers	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
Funding for a project officer (for 3 years) that would be dedicated to managing the projects for growth	44.0	44.5	45.0	-	-
Costs of Cultural Quarter Project no longer considered as Capital	124.3	-	-	-	-
HLF Funding for cost of Cultural Quarter no longer considered Capital	(124.3)	-	-	-	-
Agile Working Project - Deferral of receipt of projected income for Marmion House / Loss of income	142.7	142.7	142.7	142.7	142.7
Replacement of the aging operational fleet of Council vehicles. These vehicles cover operational areas within Streetscene, Cemeteries, Arboricultural Services and Housing Caretakers	30.0	30.0	30.0	30.0	30.0
Total New Items / Amendments	314.7	(144.8)	215.7	170.7	170.7

Capping / Local Referendum

In the past, the Government had the power under the Local Government Act 1999 to require councils to set a lower budget requirement if it considered the budget requirement and council tax had gone up by too much. The Localism Act 2011 abolished the capping regime but introduced new requirements on a Council to hold a local referendum if it increases its council tax by an amount exceeding principles determined by the Secretary of State and agreed by the House of Commons.

The principles for 2016/17 are that authorities will be required to seek the approval of their local electorate in a referendum if, compared with 2015/16, they set council tax increases that are equal to or exceed 2.0% or £5.

The Government have indicated in previous years that it would offer limited grant support for the previous 4 year Comprehensive Spending Review (CSR) period should the Council freeze Council tax levels. It does not appear that a similar scheme will operate for 2016/17 or future years should the Council freeze the council tax level.

Should Council Tax be frozen at the 2015/16 level for 2016/17 then this would reduce income by c.£66k p.a. – c.£340k over the 5 year period.

Consideration of the likely level of Council Tax increases over the 5-year period is needed to avoid the potential costs of holding a referendum and to ensure that balances are maintained at the minimum approved level of £500k. The indications are that a potential threshold will be 2.0% in future years (subject to confirmation by Ministers) - the impact of a c.1.99% p.a. (with a c.1.99% increase in 2016/17) is outlined below.

Council Tax

Last year's medium term financial plan identified ongoing increases of c.1.99% per annum from 2016/17.

Each £1 increase in the band D Council Tax would raise approximately £21k per annum. For each 1% increase in Council Tax, the Council will receive c. £32k additional income per annum.

A number of scenarios for future years' increases are set out below:

The indication is that the 'capping' threshold will be 2% - following a freeze in 2011/12 & 2012/13 and a below 2% increase since then, the impact of a lower than 2% p.a. increase (Band D) is outlined below:

Model 1 Impact of 1.99% increase in Council Tax in 2016/17 (followed by inflationary increases of c.1.99% p.a.)

Year:	2016/17	2017/18	2018/19	2019/20	2020/21
Forecast:	£'000	£'000	£'000	£'000	£'000
Surplus (-) / Deficit	1,598	740	952	1,408	2,286
Balances Remaining (-) / Overdrawn	(3,193)	(2,453)	(1,501)	(93)	2,193
£ Increase	3.15	3.20	3.25	3.35	3.40
% Increase	1.99%	1.98%	1.97%	1.99%	1.98%
Note: Resulting Band D Council Tax	161.75	164.95	168.20	171.55	174.95

Model 1 indicates a potential surplus in balances of £1m over 3 years, with a shortfall of £2.7m over 5 years - further savings of approx. £0.54m per annum would have to be identified.

In order to take advantage of any potential Council Tax Freeze Grant, the following scenarios have been modelled:

Model 1a Impact of 0% increase in Council Tax in 2016/17 (followed by increases of c.1.99% p.a.)

Year:	2016/17	2017/18	2018/19	2019/20	2020/21
Forecast:	£'000	£'000	£'000	£'000	£'000
Reduction in Council Tax £	66	67	68	70	71
Revised Surplus (-) / Deficit	1,664	807	1,020	1,478	2,357
Balances Remaining (-) / Overdrawn	(3,127)	(2,320)	(1,300)	178	2,535
£ Increase	0.00	3.15	3.20	3.25	3.35
% Increase	0.00%	1.99%	1.98%	1.97%	1.99%
Note: Resulting Band D Council Tax	158.6	161.75	164.95	168.2	171.55

Model 1a - indicates a potential surplus in balances of £0.8m over 3 years, with a shortfall of £3.0m over 5 years - further savings of approx. £0.61m per annum would have to be identified.

Further indicative models are outlined below:

Model 2 Impact of 2.5% increase in Council Tax in 2016/17 (followed by increases of 2.5% thereafter)

Year:	2016/17	2017/18	2018/19	2019/20	2020/21
Forecast:	£'000	£'000	£'000	£'000	£'000
Increase in Council Tax £	(18)	(37)	(56)	(76)	(97)
Revised Surplus/(Deficit)	1,580	703	896	1,332	2,189
Balances Remaining (-) / Overdrawn	(3,211)	(2,508)	(1,612)	(280)	1,909
£ Increase	4.00	4.10	4.20	4.30	4.40
% Increase	2.5%	2.5%	2.5%	2.5%	2.5%
Note: Resulting Band D Council Tax	162.60	166.70	170.90	175.20	179.60

Model 2 indicates potential surplus balances of £1.1m over 3 years with a shortfall of £2.4m over 5 years - further savings of approx. £0.48m per annum would have to be identified.

However, given the announced 2% cap, a referendum would be required at this level which is not considered feasible given the risk & associated costs.

Model 3 Impact of 0% increase in Council Tax in 2016/17 (followed by increases of 0% thereafter)

Year:	2016/17	2017/18	2018/19	2019/20	2020/21
Forecast:	£'000	£'000	£'000	£'000	£'000
Reduction in Council Tax £	66	134	204	278	354
Revised Surplus/(Deficit)	1,664	874	1,156	1,686	2,640
Balances Remaining (-) / Overdrawn	(3,127)	(2,253)	(1,097)	589	3,229
£ Increase	0.00	0.00	0.00	0.00	0.00
% Increase	0.00%	0.00%	0.00%	0.00%	0.00%
Note: Resulting Band D Council Tax	158.60	158.60	158.60	158.60	158.60

Model 3 - indicates a potential surplus in balances of £0.6m over 3 years, with a shortfall of £3.7m over 5 years - further savings of approx. £0.75m per annum would have to be identified.

Model 4 Impact of 1% increase in Council Tax in 2016/17 (followed by increases of 1% thereafter)

Year:	2016/17	2017/18	2018/19	2019/20	2020/21
Forecast:	£'000	£'000	£'000	£'000	£'000
Reduction in Council Tax £	33	67	102	140	179
Revised Surplus/(Deficit)	1,631	807	1,054	1,548	2,465
Balances Remaining (-) / Overdrawn	(3,160)	(2,353)	(1,299)	249	2,714
£ Increase	1.58	1.60	1.61	1.63	1.65
% Increase	1.00%	1.00%	1.00%	1.00%	1.00%
Note: Resulting Band D Council Tax	160.18	161.78	163.39	165.02	166.67

Model 4 indicates a potential surplus in balances of £0.8m over 3 years, with a shortfall of £3.2m over 5 years - further savings of approx. £0.64million per annum would have to be identified.

Also available to the Council to support expenditure otherwise funded from Council Tax are surpluses arising from the Council's share of surpluses (or deficits) within the Council Tax or Business Rates elements of the Collection Fund. Subject to finalisation of the estimated surplus, it is proposed that all available surpluses be used (and that the relevant sums be made available to the other precepting authorities – the County Council, Fire & Rescue and Office of the Police & Crime Commissioner (OPCC). At this stage, no surplus has been included for the Council Tax element but it is estimated that there will be a deficit of £0.7m for business rates in 2016/17 followed by annual surpluses – this will be updated following finalisation of the estimated surplus/deficit calculations.

Year:	2016/17	2017/18	2018/19	2019/20	2020/21
Council Tax	£'000	£'000	£'000	£'000	£'000
Council Tax Income	(3,381)	(3,490)	(3,623)	(3,771)	(3,923)
Collection Fund Surplus (Council Tax)	-	-	-	-	-
Collection Fund Surplus (Business Rates)	573	(416)	(291)	(156)	(13)

The County Council, OPCC and Fire & Rescue Authority are due to finalise their budgets for 2016/17 during February 2016. The impact of the Borough Council tax proposals is shown for each Council Tax Band in **Appendix G**.

Balances

At the Council meeting on 24th February 2015 Members approved a minimum working level of balances of £0.5m. At 31st March 2016 General Fund revenue balances are estimated to be £4.79m. The minimum level of balances for planning purposes will remain at around £0.5m.

Summary and Conclusions

These budget proposals reflect the need to compensate for reduced income levels arising from the economic downturn / recession and significant reductions in Government funding, a desire to continue to address the Council's priorities / issues identified by Members and at the same time to seek continuous improvement in service delivery.

In addition, there remains a degree of uncertainty in a number of areas including future local authority pay settlements, the potential for interest rate changes and the future local government finance settlements. A summary of all the budget proposals is shown in the table below. The summary revenue budget for 2016/17, appears at **Appendix D**.

A summary of the resulting budgets over the five year period appears at **Appendix F**.

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Estimated Net Cost of Services	8,032	8,085	7,348	7,201	7,632
Proposed Policy Changes	315	(145)	216	171	171
Inflationary impact	-	1	2	2	3
Net Expenditure	8,347	7,941	7,566	7,374	7,806
Financing:					
RSG	(1,210)	(771)	(494)	(185)	-
Collection Fund Surplus	-	-	-	-	-
Collection Fund Surplus (Business Rates)	573	(416)	(291)	(156)	(13)
Tariff Payable	10,640	10,849	11,169	11,526	11,803
Non Domestic Ratepayers	(13,371)	(13,373)	(13,375)	(13,380)	(13,387)
Council Tax Income	(3,381)	(3,490)	(3,623)	(3,771)	(3,923)
Gross Financing	(6,749)	(7,201)	(6,614)	(5,966)	(5,520)
Surplus(-) / Deficit	1,598	740	952	1,408	2,286
Balances Remaining (-) / Overdrawn	(3,193)	(2,453)	(1,501)	(93)	2,193
Per Council, 25th February 2015	(2,544)	(505)	-	-	-
Council Taxbase (Band D equivalent)	20,904	21,160	21,543	21,983	22,423

HOUSING REVENUE ACCOUNT

Technical Adjustments

The 2015/16 approved budget has been used as a base to which amendments have been made reflecting the impact of technical adjustments. The impact of the policy led changes, will be added to this figure to produce the HRA budget for 2016/17.

The following table illustrates the current position before the effect of policy led changes:

Technical Adjustments	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Base Budget	3,072	138	(247)	(360)	(337)
Committee Decisions	(3,283)	(238)	(89)	347	-
Inflation	91	128	132	149	153
Other	197	(322)	(200)	(510)	(103)
Pay Adjustments	94	47	44	37	57
Revised charges for non-general fund activities	(33)	-	-	-	-
Total / Revised Base Budget	138	(247)	(360)	(337)	(230)

Revisions have been made to the 2015/16 base budget in order to produce an adjusted base for 2016/17 and forecast base for 2017/18 onwards. These changes, known as technical adjustments, are largely beyond the control of the Council and have been calculated to take account of:

- virements approved since the base budget was set;
- the removal of non-recurring budgets from the base;
- the effect of inflation;
- changes in payroll costs and annual payroll increments;
- changes in expenditure and income following decisions made by the Council;
- other changes outside the control of the Council such as changes in insurance costs, reduction in grant income and the impact of the HRA determinations which are set annually by Central Government; and
- The 'Zero base budgeting' review of income levels.

and are summarised in **Appendix E**.

Proposals

The policy changes proposed for inclusion in the base budget for the next five years are detailed at **Appendix B** and are highlighted below:

Policy Changes Identified	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Reduction in Social housing rents by 1% a year for four years from 2016/17	638	1317	2039	2759	2808
Introduction of Service Charges from 1 April 2016 including appointment of a Service Charges Officer	(416)	(416)	(416)	(416)	(416)
Reduced Contribution to Regeneration Reserve necessitated by reduced rental income	-	-	-	(2,000)	(2,000)
Total New Items / Amendments	222	901	1,623	343	392

The proposals will mean that balances will remain above the approved minimum level of £0.5m over the five year period.

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Estimated Net (Surplus) / Deficit	138	(247)	(360)	(337)	(230)
Proposed Policy Changes / Additional Costs Identified	222	901	1,623	343	392
Surplus (-) / Deficit	360	654	1,263	6	162
Balances Remaining (-) / Overdrawn	(2,679)	(2,025)	(762)	(756)	(594)

Per Council, 24 th February 2015	(1,304)	(1,229)	(1,403)	(1,403)	-
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Indicating Housing Revenue Account (HRA) balances of £0.8m over 3 years (with a surplus of £0.6m over 5 years) including the minimum recommended balances of £0.5m).

However this includes contributions to Capital Spend of £4.1m over 3 years (£6.9m over the next 5 years) and the Regeneration Reserve of £4.6m over 3 years (£5.4m over 5 years) - resulting in balances of £2.1m over 3 years (£2.5m over 5 years).

There is still a degree of uncertainty over the future financial position of the HRA arising from:

- Finalisation of the costs (following tender) / income associated with the regeneration / redevelopment schemes – to inform the likely need from the Regeneration reserve;
- The impact of restructuring following Supporting People funding reductions;
- The effect of service charges implementation;
- Results of ongoing structural surveys e.g. High Rise;
- The impact of Welfare Benefit Reform on rent collection levels – limited so far but further measures are to be rolled out (e.g. Universal Credit);
- The effect of the reduction in Social housing rents announced in the Summer Budget 2015 – rents are to be reduced by 1% a year for four years from 2016/17, requiring local authorities and housing associations to make savings and will mean a reduction in HRA rent income of c.£600k p.a. each year for 4 years (cumulative) due to the 1% reduction and as the planned inflationary increases of c.3% p.a. will also not be made;
- The impact that Social tenants with household incomes of at least £40k in London and at least £30k elsewhere, will have to pay a market or near market rent. Local authorities will have to repay the rent subsidy that they recover from high income tenants to the Exchequer;
- Any impact of the sale of high value council housing scheme;
- Future impact of the Government's increased discounts to promote right to buy sales on housing stock numbers and associated income levels – 50 sales p.a. have been assumed in future years. There is also still uncertainty over retained receipt levels (pending further Government guidance) and spending plans.

Rent Restructuring

The introduction of rent restructuring in April 2003 required the Council to calculate rents in accordance with a formula on a property by property basis and account separately for rental payments and payments which are for services (for example grounds maintenance, upkeep of communal areas, caretaking) within the total amounts charged.

This framework removed the flexibility to independently set rent levels from Social Landlords and replaced it with a fixed formula (RPI plus 0.5% plus £2.00) based on the value of the property and local incomes.

The aim of the framework was to ensure that by a pre-set date all social landlord rents have reached a 'target rent' for each property that will reflect the quality of accommodation and levels of local earnings. In achieving this target rent councils were also annually set a "limit rent" which restricted the level of rent increase in any one year.

Housing rents were increased in accordance with the Rent Restructuring Framework for 2014/15. However, from 2015/16, Councils could decide locally at what level to increase rents. Government Guidance suggested an increase of CPI plus 1%, however, the Council agreed to vary this level, and applied the formula CPI plus 1% plus £2 (capped at formula rent) **for 2015/16 only**, to generate additional funding to support increased maintenance costs and the regeneration of key housing areas within the Borough.

However, under Benefit regulations and circulars issued by the DWP, the Rent Rebate Subsidy Limitation scheme penalises the Council should the average rent be above the notified limit rent. The guidance on rent increases stated a CPI + 1% increase which, when applied to the 2014/15 limit rent, gave a limit rent for 2015/16 of £82.56 which when compared to the actual rent for 2015/16 of £81.51 meant no loss of Housing Benefit subsidy grant.

The effect of the reduction in Social housing rents announced in the Summer Budget 2015 means that rents are to be reduced by 1% a year for four years from 2016/17 and will mean a reduction in HRA rent income of c.£600k p.a. each year for 4 years (cumulative) due to the 1% reduction and as the planned inflationary increases of c.3% p.a. will also not be made.

Balances

The forecast level of balances at 31st March 2016 is £3.04m. The impact on balances of the adjustments outlined in this report would be as follows:

Balances	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Proposed Withdrawal from / Addition to (-) Balances	360	654	1,263	6	162
Balances Remaining (-) / Overdrawn	(2,679)	(2,025)	(762)	(756)	(594)

This would mean that closing balances, over the five year period, would be over the approved minimum level of £0.5m. The analysis at **Appendix C** details the overall Housing Revenue Account budget resulting from the recommendations contained within this report.

CAPITAL PROGRAMME 2016/17 to 2020/21

Capital Programme

Following a review of the Capital Programme approved by Council on 24th February 2015, a revised programme has been formulated including additional schemes which have been put forward for inclusion.

Each scheme has been assessed with regard to:

- the contribution its delivery makes towards the achievement of the Council's corporate priorities;
- the achievement of Government priorities and grant or other funding availability;
- the benefits in terms of the contribution to the Council's Corporate Objectives and compliance with the Corporate Capital Strategy requirements of:
 1. Invest to save
 2. Maintenance of services and assets
 3. Protection of income streams
 4. Avoidance of cost.

The current de-minimus for capital expenditure is £10k per capital scheme.

General Fund

It is estimated that approximately £8.8m (excluding the £0.5m approved minimum balance) will be needed during the period to 2020/21 for future capital spending (including the usable capital receipts generated from the sale of council housing). Potential prudential borrowing of £1.185m for the Cultural Quarter is included (should sufficient capital receipts not be available). A surplus over 3 years of £312k is highlighted (£274k over 5 years). Details of the proposed capital programme are shown in **Appendix H**.

The capital programme has been reviewed and updated:

a) Technology Replacement

Rolling annual budget of £60k has been included until 2020/21 (the provisional programme included £60k p.a. from 2016/17);

b) Air Conditioning

An additional scheme has been included - £32k in 2016/17. Significantly increased reliance on ICT has resulted in a commitment to ongoing, large scale upgrade and maintenance to the TBC infrastructure, in line with agreed device lifecycles. In order to support the provision of this infrastructure, the computer suite needs continued investment, specifically the replacement of the air conditioning solution. Without a functioning system, the server infrastructure will become unstable and will impact on application availability across the organisation.

c) Backup Solution

An additional scheme has been included - £15k in 2016/17. The current backup solution has been installed for 8 years and the reliability and stability of the hardware has started to degrade. The tapes used are also becoming obsolete and require replacing every twelve months to ensure good quality backups. Whilst much of the data created by the organisation is replicated off-site, the operating systems, applications and UNIX based data has a continued requirement to be backed up to tape.

d) Disabled Facilities Grants

Rolling annual budget of £250k has been included. No changes have been made. However, due to current demand, it is likely that an increased budget will be needed – subject to the usual funding constraints.

e) CCTV Camera Renewals

Required for the rolling replacement of cameras, £15k p.a. - subject to funding constraints.

f) Street Lighting

An additional scheme has been included – with an annual spend required. The Council has its own stock of street lighting across the borough, mainly in housing areas and other communal parts such as play areas and car parks. The street lighting assets are inspected and maintained by Eon on behalf of the Council under the terms of Staffordshire County Council PFI contract with Eon. Eon have produced a replacement street lighting programme which spans 40 years and includes the replacement of all the lighting columns based on 'their life expectancy' and a lighting head replacement programme based on providing more efficient low energy lighting heads. The appraisal is based on the first 5 years of the replacement programme.

g) Cultural Quarter

The scheme budgets have now been revised in line with the report to Cabinet on 14th January 2016.

h) Castle Mercian Trail (Budget currently within 2015/16 Programme)

A revised scheme, with a net cost to the Council of £125k, has been included to redevelop the top floor of the Castle to create a new exhibition focusing on Saxon Tamworth and the Staffordshire Hoard. Tamworth Castle will develop an exhibition that will include the display of more pieces from the Staffordshire Hoard along with artefacts relating to the history of Saxon Tamworth.

i) Gateways

An increased budget has been included – part funded by SCC and Section 106 funds with a net cost of £70k p.a. for the Council. Phase 1A in 2016/17 of £400k (Riverdrive to Ventura Park), phase 2 over 3 years from 2016/17 of £1.034m (Train Station to Town Centre). The provisional programme included £50k p.a. from 2016/17.

j) Contingency

A £50k contingency budget will be required for 2016/17 – to be re-profiled from the unspent 2015/16 budget.

Housing

The proposed 5 year Housing Capital Programme is attached at **Appendix I**.

It is estimated that approximately £52.6m (excluding the £0.5m approved minimum balance) will be needed during the period to 2020/21 for future capital spending (including revenue contributions to Capital Spend from the HRA of £4.1m over 3 years (£6.9m over the next 5 years) and the Regeneration Reserve of £4.6m over 3 years (£5.4m over 5 years) & additional borrowing of £7.2m – the ‘headroom’ in line with the HRA Government debt cap is £11.3m) - resulting in balances of £2.1m over 3 years (£2.5m over 5 years).

The capital programme has been reviewed (saving £2m over 4 years when compared to the provisional programme) and updated to include the new year 5 costs – with costs then smoothed over the new 5 year planning period. In addition, certain demand led schemes together with the Redevelopment of Garage Sites and Other Acquisitions have been reviewed and updated to reflect current trends:

a) Gas Central Heating Upgrades and Renewals

The budget has been reduced by £335k over 4 years in line with current demand.

b) Energy Efficiency Improvements

The programme has been reduced to the 3 years (remaining at the £50k level) needed for the ERDF funding bid.

c) Fencing / Boundary Walls

The budget of £30k p.a. has been removed with any spend to be met from the revenue budget.

d) Windows and Door Renewals

The programme has been smoothed – saving £235k over 4 years.

e) General Estate Works

The demand led budget has been reduced to £100k for 2016/17 only (previously £200k p.a.) – pending a review of requirements over the term of the Business Plan period.

f) Contingency

The £100k p.a. budget has been removed - A £100k contingency budget will be required for 2016/17 – to be re-profiled from the unspent 2015/16 budget.

g) Regeneration Schemes

The budgets for Redevelopment of garage sites and other acquisitions have not yet changed but will need to be updated to reflect available resources.

Policy Changes Summary

DIRECTORATE	Sheet No.	Budget Changes	Budget Changes	Budget Changes	Budget Changes	Budget Changes
		16/17	17/18	18/19	19/20	20/21
		£'000	£'000	£'000	£'000	£'000
Chief Executive		-	-	-	-	-
Executive Director		-	-	-	-	-
Corporate Services		-	-	-	-	-
Director of Finance	1	100.00	(460.00)	360.00	-	-
Director of Technology & Corporate Programmes		-	-	-	-	-
Solicitor to the Council	2	(2.00)	-	-	-	-
Director of Transformation & Corporate Performance		-	-	-	-	-
Director of Communities, Planning & Partnerships	3	44.00	0.50	0.50	(45.00)	-
Director of Housing & Health		-	-	-	-	-
Director of Assets & Environment	4	172.65	-	-	-	-
TOTAL		314.65	(459.50)	360.50	(45.00)	-
Cumulative		314.65	(144.85)	215.65	170.65	170.65

	Sheet No.	Budget Changes	Budget Changes	Budget Changes	Budget Changes	Budget Changes
		16/17	17/18	18/19	19/20	20/21
		£'000	£'000	£'000	£'000	£'000
Housing Revenue Account	5	222.0	679.0	722.0	(1,280.0)	49.0
TOTAL		222.0	679.0	722.0	(1,280.0)	49.0
Cumulative		222.0	901.0	1,623.0	343.0	392.0

Policy Changes Summary Staffing Implications

DIRECTORATE	Sheet No.	Budget Changes	Budget Changes	Budget Changes	Budget Changes	Budget Changes
		16/17	17/18	18/19	19/20	20/21
		£'000	£'000	£'000	£'000	£'000
Chief Executive		-	-	-	-	-
Executive Director		-	-	-	-	-
Corporate Services		-	-	-	-	-
Director of Finance	1	-	-	-	-	-
Director of Technology & Corporate Programmes		-	-	-	-	-
Solicitor to the Council	2	-	-	-	-	-
Director of Transformation & Corporate Performance		-	-	-	-	-
Director of Communities, Planning & Partnerships	3	1.0	-	-	(1.0)	-
Director of Housing & Health		-	-	-	-	-
Director of Assets & Environment	4	-	-	-	-	-
TOTAL		1.0	-	-	(1.0)	-

	Sheet No.	Budget Changes	Budget Changes	Budget Changes	Budget Changes	Budget Changes
		16/17	17/18	18/19	19/20	20/21
		£'000	£'000	£'000	£'000	£'000
Housing Revenue Account	5	1.0	-	-	-	-
TOTAL		1.0	-	-	-	-

DIRECTOR OF FINANCE

Item No		Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
				16/17	17/18	18/19	19/20	20/21
				£'000	£'000	£'000	£'000	£'000
DF1	OTHER	Corporate Finance - General Contingency	Contingency budget to allow for 'in year' decisions to be made by Cabinet and to provide for any potential further reductions in income as a result of the financial climate	100.0	(100.0)	-		
DF2	OTHER	Contribution from Transformation Reserve	Return of Transformation reserve funding to support revenue budget	-	(360.0)	360.0		
Total New Items / Amendments				100.0	(460.0)	360.0	-	-

STAFFING IMPLICATIONS

Item No		Proposal/(Existing Budget)	Implications	16/17	17/18	18/19	19/20	20/21
				FTE	FTE	FTE	FTE	FTE
TOTAL				-	-	-	-	-

SOLICITOR TO THE COUNCIL

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			16/17 £'000	17/18 £'000	18/19 £'000	19/20 £'000	20/21 £'000
SOL1	Cease provision of Mayoral hampers		(2.0)				
Total New Items / Amendments			(2.0)	-	-	-	-

STAFFING IMPLICATIONS

Item No	Proposal/(Existing Budget)	Implications	16/17	17/18	18/19	19/20	20/21
			FTE	FTE	FTE	FTE	FTE
TOTAL			-	-	-	-	-

DIRECTOR COMMUNITIES, PLANNING & PARTNERSHIPS

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			16/17 £'000	17/18 £'000	18/19 £'000	19/20 £'000	20/21 £'000
CPP1	OTHER	It is proposed to extend funding for a project officer (for 3 years) that would be dedicated to managing the projects for growth In 13/14 two budgets were approved to procure specialist knowledge and skills and to fund an officer post in relation to managing projects for growth and regeneration for a period of 3 years (ending 15/16). Given the success of the officer and budget in progressing projects and achieving significant potential capital receipt, it is proposed to extend these budgets for a further 3 years. The annual budget for procuring specialist knowledge and skills is £10,000	44.0	0.5	0.5	(45.0)	
CPP2	CORP	Revenue Implications from Capital Programme	124.3	(124.3)			
CPP3	CORP	Revenue Implications from Capital Programme	(124.3)	124.3			
Total New Items / Amendments			44.0	0.5	0.5	(45.0)	-

STAFFING IMPLICATIONS

Item No	Proposal/(Existing Budget)	Implications	16/17	17/18	18/19	19/20	20/21
			FTE	FTE	FTE	FTE	FTE
CPP1	It is proposed to extend funding for a project officer (for 3 years) that would be dedicated to managing the projects for growth	As above	1.0			(1.0)	
TOTAL			1.0	-	-	(1.0)	-

DIRECTOR ASSETS & ENVIRONMENTAL SERVICES

Item No		Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
				16/17 £'000	17/18 £'000	18/19 £'000	19/20 £'000	20/21 £'000
AE1	OTHER	Agile Working Project - Deferral of receipt of projected income	Marmion House Rental Income budget - reversal of planned income from letting of space. Marketing of property has seen no interest and current markets suggest that there is unlikely to be interest in the medium term. This is despite regional marketing.	74.8	-	-	-	-
AE2	OTHER	Agile Working Project - Deferral of receipt of projected income	Reduced income from service charges 3rd floor. Inability to let vacant space will mean that additional income from service charges will not be realised.	27.5	-	-	-	-
AE3	OTHER	Loss of income at Marmion House	Marmion House Rental Income budget - SCC/SSOTP vacate premises on 2nd floor 3rd quarter 2015/16. Space has been marketed but with no interest and no prospect of interest in the medium term. Also impacts on service charges.	18.0	-	-	-	-
AE4	OTHER	Loss of income at Marmion House	Reduced income from service charges 2nd floor. Inability to let vacant space will mean that additional income from service charges will not be realised.	22.5	-	-	-	-
AE5	OTHER	Revenue savings from closing non operational floors	Reduction in various costs such as lighting costs.	(0.1)	-	-	-	-
AE6	OTHER	Proposal to investigate replacement of the aging operational fleet of Council vehicles. These vehicles cover operational areas within Streetscene, Cemeteries, Arboricultural Services and Housing Caretakers	The current vehicle contract was awarded in 2007 for 5 years with annual extension clauses and is now at its full extent. The contract provides 23 vehicles across four service areas with a full maintenance service included. In order to continue delivery of these services we need to replace all vehicles. The existing revenue budget has been sufficient to fund these vehicles for the past eight years however it is anticipated that these prices will increase due to the time period since they were last reviewed, therefore we are seeking an additional £30,000 of revenue budget to ensure that there is no shortfall which prohibits the procurement process. Should the current revenue budget be sufficient to facilitate the procurement of these vehicles then the £30,000 will be returned	30.0	-	-	-	-
Total New Items / Amendments				172.7	-	-	-	-

STAFFING IMPLICATIONS

Item No		Proposal/(Existing Budget)	Implications	16/17	17/18	18/19	19/20	20/21
				FTE	FTE	FTE	FTE	FTE
TOTAL				38	-	-	-	-

HOUSING REVENUE ACCOUNT

Item No		Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
				16/17 £'000	17/18 £'000	18/19 £'000	19/20 £'000	20/21 £'000
HRA1	STAT	Reduction in Social housing rents by 1% a year for four years from 2016/17	One of the announcements made as part of the Summer Budget 2015 was that Local Authorities and Registered Providers will be required to reduce Social housing rents by 1% a year for four years from 2016/17, requiring local authorities and housing associations to make savings - initial estimates have been prepared for inclusion pending receipt of the detailed regulations and guidance from DCLG	638.0	679.0	722.0	720.0	49.0
HRA2	SAV	Introduction of Service Charges from 1 April 2016 including appointment of a Service Charges Officer	Cabinet on 9 July 2015 approved the introduction of Service Charges to tenants and leaseholders in the Council's own stock - indicative estimates have been prepared for inclusion pending final calculations of the charges to be made for 2016/17	(416)				
HRA3	CORP	Reduced Contribution to Regeneration Reserve necessitated by reduced rental income	Reduced contribution following revised estimates following from the 1% rent reduction				(2,000)	
Total New Items / Amendments				222.0	679	722	(1,280)	49

STAFFING IMPLICATIONS

Item No		Proposal/(Existing Budget)	Implications	16/17	17/18	18/19	19/20	20/21
				FTE	FTE	FTE	FTE	FTE
HRA2		Introduction of Service Charges from 1 April 2016 including appointment of a Service Charges Officer	Officer required to administer Service Charges	1.0	-	-	-	-
TOTAL				1.0	-	-	-	-

APPENDIX C

HOUSING REVENUE ACCOUNT BUDGET SUMMARY 2015/16 – 2020/21

<i>Figures exclude internal recharges which have no bottom line impact.</i>	Base Budget 2015/16 £	Budget 2016/17 £	Budget 2017/18 £	Budget 2018/19 £	Budget 2019/20 £	Budget 2020/21 £
Chief Executive's Office						
Director of Housing & Health	4,150,410	4,167,320	4,241,260	4,313,400	4,382,640	4,470,960
Director of Assets & Environment	(12,800)	(427,240)	(424,850)	(422,380)	(419,870)	(417,060)
HRA Summary	(1,065,250)	(3,379,580)	(3,162,450)	(2,628,570)	(3,957,250)	(3,893,050)
Grand Total	3,072,360	360,500	653,960	1,262,450	5,520	160,850

General Fund Summary Revenue Budget for 2016/17

<i>Figures exclude internal recharges which have no bottom line impact.</i>	Base Budget 2015/16 £	Technical Adjustments * £	Policy Changes £	Budget 2016/17 £
Chief Executive	161,180	4,600	-	165,780
Executive Director Corporate Services	349,940	42,230	-	392,170
Director of Finance	(703,460)	(257,890)	100,000	(861,350)
Director of Technology & Corporate Programmes	879,940	23,990	-	903,930
Solicitor to the Council	551,070	18,460	(2,000)	567,530
Director of Transformation & Corporate Performance	897,090	(15,700)	-	881,390
Director of Communities, Planning & Partnerships	2,214,690	(26,080)	44,000	2,232,610
Director of Housing & Health	912,190	18,890	-	931,080
Director of Assets & Environment	3,201,000	(240,480)	172,700	3,133,220
Total Cost of Services	8,463,640	(431,980)	314,700	8,346,360
Transfer to / (from) Balances	(145,682)	(1,452,581)	-	(1,598,263)
Revenue Support Grant	(1,607,554)	397,951	-	(1,209,603)
Retained Business Rates	(13,181,129)	(189,851)	-	(13,370,980)
Less: Tariff payable	10,552,019	87,933	-	10,639,952
Collection Fund Surplus (Council Tax)	(81,670)	81,670	-	-
Collection Fund Surplus (Business Rates)	(728,023)	1,301,779	-	573,756
Council Tax Requirement	(3,271,601)	205,079	(314,700)	(3,381,222)

* As detailed in Appendix E1

General Fund Technical Adjustments

<i>Figures exclude internal recharges which have no bottom line impact</i>	Budget 2015/16	Technical Adjustments							Total Adjusted Base 2016/17
		Virements £	Committee Decisions £	Inflation £	Other £	Pay Adjustments £	External Recharge Changes (non-GF Activities) £	Total Adjustments £	
Chief Executive	161,180	-	-	80	390	4,230	(100)	4,600	165,780
Executive Director Corporate Services	349,950	-	(20,000)	(2,350)	23,040	51,960	(10,430)	42,220	392,170
Director of Finance	(703,450)	-	(189,870)	1,860	(104,750)	34,460	400	(257,900)	(961,350)
Director of Technology & Corporate Programmes	879,940	-	-	9,260	(15,090)	7,420	22,400	23,990	903,930
Solicitor to the Council	551,080	-	-	4,110	4,210	13,140	(3,010)	18,450	569,530
Director of Transformation & Corporate Performance	897,080	(3,000)	(49,760)	1,560	4,870	27,310	3,330	(15,690)	881,390
Director of Communities, Planning & Partnerships	2,214,690	-	(5,470)	(4,200)	(73,700)	57,290	-	(26,080)	2,188,610
Director of Housing & Health	912,190	-	-	160	(14,380)	12,190	20,920	18,890	931,080
Director of Assets & Environment	3,200,980	3,000	(137,250)	4,730	(252,210)	111,290	29,980	(240,460)	2,960,520
Grand Total	8,463,640	-	(402,350)	15,210	(427,620)	319,290	63,490	(431,980)	8,031,660

HRA Technical Adjustments

<i>Figures exclude internal recharges which have no bottom line impact</i>	Budget 2015/16	Technical Adjustments						Total Adjustments £	Total Adjusted Base 2016/17
		Virements £	Committee Decisions £	Inflation £	Other £	Pay Adjustments £	External Recharge Changes (non-GF Activities) £		
Chief Executive's Office									
Director of Housing & Health	4,150,410	-	-	16,930	(60,060)	90,290	(30,250)	16,910	4,167,320
Director of Assets & Environment	(12,800)	-	-	110	550	3,360	(2,460)	1,560	(11,240)
HRA Summary	(1,065,250)	-	(3,283,080)	74,330	256,420	-	-	(2,952,330)	(4,017,580)
Grand Total	3,072,360	-	(3,283,080)	91,370	196,910	93,650	(32,710)	(2,933,860)	138,500

General Fund Five Year Revenue Budget Summary

<i>Figures exclude internal recharges which have no bottom line impact.</i>	Budget 2016/17 £	Budget 2017/18 £	Budget 2018/19 £	Budget 2019/20 £	Budget 2020/21 £
Chief Executive	165,780	168,130	170,500	172,920	177,220
Executive Director Corporate Services	392,170	394,070	395,430	396,250	405,410
Director of Finance	(861,350)	(1,462,680)	(1,754,430)	(1,932,690)	(1,685,120)
Director of Technology & Corporate Programmes	903,930	926,230	922,230	942,790	968,330
Solicitor to the Council	567,530	577,150	585,800	594,150	604,270
Director of Transformation & Corporate Performance	881,390	896,390	891,130	904,520	929,000
Director of Communities, Planning & Partnerships	2,232,610	2,306,400	2,178,630	2,104,500	2,125,320
Director of Housing & Health	931,080	939,390	946,300	950,600	956,310
Director of Assets & Environment	3,133,220	3,196,210	3,229,700	3,241,280	3,325,240
Total Cost of Services	8,346,360	7,941,290	7,565,290	7,374,320	7,805,980
Transfer to / (from) Balances	(1,598,263)	(740,223)	(951,534)	(1,408,313)	(2,285,815)
Revenue Support Grant	(1,209,603)	(770,996)	(493,964)	(184,529)	(0)
Retained Business Rates	(13,370,980)	(13,372,552)	(13,374,753)	(13,380,497)	(13,386,955)
Less: Tariff payable	10,639,952	10,849,222	11,169,283	11,526,273	11,802,904
Collection Fund Surplus (Council Tax)	-	-	-	-	-
Collection Fund Surplus (Business Rates)	573,756	(416,399)	(290,789)	(156,070)	(13,210)
Council Tax Requirement	(3,381,222)	(3,490,342)	(3,623,533)	(3,771,184)	(3,922,904)

Appendix G

Council Tax levels at each band for 2016/17

	Tamworth Council Tax 2015/16	Tamworth Borough Council	* Staffordshire County Council	* Office of the Police & Crime Commissioner (OPCC) Staffordshire	* Stoke on Trent and Staffordshire Fire and Rescue Authority	Total 2016/17	Total Council Tax 2015/16
	£	£	£	£	£	£	£
Demand/Precept on Collection Fund		3,381,222	21,892,341	3,712,759	1,441,540	30,427,862	
Council Tax Band							
A	105.73	107.83	698.19	118.41	45.97	970.40	968.30
B	123.36	125.81	814.55	138.14	53.64	1,132.14	1,129.69
C	140.98	143.78	930.92	157.88	61.30	1,293.88	1,291.08
D	158.60	161.75	1,047.28	177.61	68.96	1,455.60	1,452.45
E	193.84	197.69	1,280.01	217.08	84.28	1,779.06	1,775.21
F	229.09	233.64	1,512.74	256.55	99.61	2,102.54	2,097.99
G	264.33	269.58	1,745.47	296.02	114.93	2,426.00	2,420.75
H	317.20	323.50	2,094.56	355.22	137.92	2,911.20	2,904.90
% increase	1.99%	1.99%	0.00%	0.00%	0.00%	0.22%	1.71%

** Assuming no increase in Council Tax levels. At the time of printing precept information for the County Council, OPCC and the Fire & Rescue Authority is still awaited.*

General Fund Capital Programme

General Fund Capital Programme	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	Total £
Technology Replacement	60,000	60,000	60,000	60,000	60,000	300,000
Air Conditioning	32,000	-	-	-	-	32,000
Backup Solution	15,000	-	-	-	-	15,000
Subtotal	107,000	60,000	60,000	60,000	60,000	347,000
Private Sector Grants - Disabled Facilities Grants	250,000	250,000	250,000	250,000	250,000	1,250,000
CCTV Camera Renewals	15,000	15,000	15,000	15,000	15,000	75,000
Street Lighting	52,900	2,600	3,100	28,200	115,300	202,100
Cultural Quarter – Assembly Rooms	2,135,300	1,943,790	-	-	-	4,079,090
Cultural Quarter – Business Enterprise Centre	575,900	-	-	-	-	575,900
Cultural Quarter – Carnegie Centre	10,000	-	-	-	-	10,000
Cultural Quarter – Public Realm Works	-	-	229,040	-	-	229,040
Castle Mercian Trail	605,250	-	-	-	-	605,250
Gateways	784,000	370,000	280,000	-	-	1,434,000
Subtotal	4,428,350	2,581,390	777,140	293,200	380,300	8,460,380
Total General Fund Capital	4,535,350	2,641,390	837,140	353,200	440,300	8,807,380

General Fund Capital Programme	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	Total £
<u>Proposed Financing:</u>						
Grants - Disabled Facilities	224,000	224,000	224,000	224,000	224,000	1,120,000
Section 106 Receipts	284,000	100,000	-	-	-	384,000
General Fund Capital Receipts	461,200	214,800	7,500	-	-	683,500
Sale of Council House Receipts	90,000	103,300	166,600	129,200	216,300	705,400
General Fund Capital Reserve	-	20,200	-	-	-	20,200
Grants - Assembly Rooms (HLF)	579,090	-	-	-	-	579,090
Grants - Mercian Trail (HLF)	470,250	-	-	-	-	470,250
Grants - Assembly Rooms (SLGF)	1,961,810	798,260	-	-	-	2,760,070
Grants - Gateways (SLGF)	390,000	200,000	210,000	-	-	800,000
Grants - SCC (Assembly Rooms / Gateways)	40,000	-	-	-	-	40,000
Public Contributions (Assembly Rooms)	25,000	25,000	-	-	-	50,000
Other Contributions	10,000	-	-	-	-	10,000
Unsupported Borrowing	-	955,830	229,040	-	-	1,184,870
Total	4,535,350	2,641,390	837,140	353,200	440,300	8,807,380

Housing Capital Programme

<u>Housing Revenue Account</u> <u>Capital Programme</u>	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	TOTAL £
Structural Works	100,000	100,000	100,000	100,000	100,000	500,000
Bathroom Renewals	774,250	795,540	817,420	839,900	850,000	4,077,110
Gas Central Heating Upgrades and Renewals	536,250	514,000	420,000	550,000	460,000	2,480,250
Kitchen Renewals	919,430	944,710	970,690	997,380	900,000	4,732,210
High Rise Lift Renewal	342,460	349,990	-	-	-	692,450
Fire Upgrades to Flats	265,460	-	-	-	-	265,460
Energy Efficiency Improvements	50,000	50,000	-	-	-	100,000
Major Roofing Overhaul and Renewals	156,770	161,080	165,510	170,060	174,310	827,730
Window and Door Renewals	250,000	250,000	250,000	250,000	250,000	1,250,000
Works to High Rise Flats	525,000	525,000	525,000	-	-	1,575,000
General Estate Works	100,000	-	-	-	-	100,000
Disabled Facilities Adaptations	307,500	315,960	324,650	333,580	341,920	1,623,610
Capital Salaries	169,310	173,040	176,840	180,730	180,000	879,920
CDM Fees	10,170	5,000	5,000	5,000	5,000	30,170
Regeneration Schemes						
Tinkers Green	2,162,050	6,640,000	1,634,000	-	-	10,436,050
Kerria	848,150	1,810,640	3,805,250	-	-	6,464,040
Redevelopment of Garage sites	1,600,000	3,000,000	3,000,000	3,000,000	3,000,000	13,600,000
Other acquisitions	1,000,000	500,000	500,000	500,000	500,000	3,000,000
Total HRA Capital	10,116,800	16,134,960	12,694,360	6,926,650	6,761,230	52,634,000
<u>Proposed Financing:</u>						
Major Repairs Reserve	4,406,600	4,184,320	4,855,110	3,426,650	3,256,230	20,128,910
HRA Capital Receipts	868,200	250,000	955,000	1,000,000	1,500,000	4,573,200
Regeneration Revenue Reserves	679,000	5,008,640	3,516,300	1,300,000	1,355,000	11,858,940
Capital Receipts from Add Council House Sales	780,000	650,000	450,000	300,000	300,000	2,480,000
Regeneration Reserve	1,141,000	1,070,000	2,917,950	900,000	350,000	6,378,950
Unsupported Borrowing	2,242,000	4,972,000	-	-	-	7,214,000
Total	10,116,800	16,134,960	12,694,360	6,926,650	6,761,230	52,634,000

Main Assumptions

Inflationary Factors	2016/17	2017/18	2018/19	2019/20	2020/21
Inflation Rate - Pay Awards	1.00%	1.00%	1.00%	1.00%	2.00%
National Insurance	10.50%	10.50%	10.50%	10.50%	10.50%
Superannuation	16.50%	16.50%	16.50%	16.50%	16.50%
Inflation Rate (RPI)	2.00%	2.50%	2.50%	2.75%	2.75%
Inflation Rate (CPI)	1.53%	1.93%	2.00%	2.00%	2.00%
Investment Rates	1.25%	1.75%	2.00%	2.75%	3.00%
Base Interest Rates	0.75%	1.25%	1.75%	2.00%	2.00%

1. Pay award – it has been assumed that public sector pay will be capped at 1% for 4 years from 2016/17, in line with announcement in the Summer Budget 2015, and is estimated to mirror the Government's inflation target of 2% thereafter.
2. Overall Fees and Charges will rise generally by 2.5% annually except where a proposal has otherwise been made (car parking charges, corporate & industrial property rental income, statutory set planning fees, leisure fees);
3. Revised estimates for rent allowance / rent rebate subsidy levels have been included;
4. Changes to the level of recharges between funds has been included;
5. A reduction in Revenue Support Grant levels to zero by 2020 following the Chancellor's Summer Budget in July 2015 (which indicated further £18bn cuts to public service spending by 2019/20). The outcome from the Comprehensive Spending Review was published on 25th November 2015 with the impact for the Council confirmed by DCLG as part of the *Local Government Finance Settlement* provisional announcement in December 2015.
6. Continuation of the New Homes Bonus scheme – including additional receipts from new developments (including Anker Valley and the Former Golf Course Site);
7. Increased investment income returns due to higher balances including the anticipated capital receipt from the sale of the Former Golf Course;
8. The Government has not yet indicated its policy regarding council tax bills being frozen for the next year. It is unknown if a grant will be available to authorities that agree to freeze or reduce Council Tax in 2016/17;
9. The major changes to the previously approved policy changes are included within this forecast – Directors were issued with the provisional information in August to review, confirm & resubmit by the end of September;
10. Annual year-on-year pension cost increases of c.2% via the pension lump sum element for past liabilities have been included (for 3 years following SCC triennial review in 2013).
11. Reduction in rent levels by 1% due to the Summer Budget announcement & current indications that sales of council houses will be approximately 50 per annum.

Sensitivity Analysis

	Risk	Potential Budgetary Effect				
		2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Pay Award / National Insurance (GF)						
Impact +/- 0.5% Variance £'000	L	43	87	132	177	222
Budget Impact over 1 year	L	43				
Budget Impact over 3 years	M	262				
Budget Impact over 5 years	H	661				
Pay Award / National Insurance (HRA)						
Impact +/- 0.5% Variance £'000	L	13	27	41	54	69
Budget Impact over 1 years	L	13				
Budget Impact over 3 years	L	81				
Budget Impact over 5 years	M	204				
Subject to negotiation for Local Government pay (including any protection for low paid employees)						
Pension Costs						
Impact +/- 0.5% Variance £'000	L	0	58	116	174	234
Budget Impact over 1 year	L	0				
Budget Impact over 3 years	L	174				
Budget Impact over 5 years	H	582				
3 year agreement in place from 2014/15 - subject to stock market & membership changes						
Council Tax						
Impact on Council Tax income £'000		33	51	70	90	0
Budget Impact over 1 year	L	33				
Budget Impact over 3 years	L	154				
Budget Impact over 5 years	M	244				
Inflation / CPI						
Impact +/- 0.5% Variance £'000	L	46	94	143	194	246
Budget Impact over 1 year	L	46				
Budget Impact over 3 years	M	283				
Budget Impact over 5 years	H	723				
Government Grant						
Impact +/- 1.0% Variance £'000	L	39	72	99	120	136
Budget Impact over 1 year	L	39				
Budget Impact over 3 years	M	210				
Budget Impact over 5 years	H	466				

	Risk	Potential Budgetary Effect				
		2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Investment Interest						
Impact +/- 0.5% Variance £'000	L	145	315	511	706	875
Budget Impact over 1 year	L	145				
Budget Impact over 3 years	H	971				
Budget Impact over 5 years	H	2552				
Key Income Streams (GF)						
Impact +/- 0.5% Variance £'000	L	6	12	20	28	37
Budget Impact over 1 year	L	6				
Budget Impact over 3 years	L	38				
Budget Impact over 5 years	L	103				
Key Income Streams (HRA)						
Impact +/- 0.5% Variance £'000	L	88	177	265	353	441
Budget Impact over 1 years	L	88				
Budget Impact over 3 years	H	530				
Budget Impact over 5 years	H	1324				
New Homes Bonus						
Impact +/- 10% Variance £'000	L	65	129	191	251	311
Budget Impact over 1 year	L	65				
Budget Impact over 3 years	M	385				
Budget Impact over 5 years	H	947				
Business Rates						
Impact +/- 10% Variance £'000	L	67	134	201	267	334
Budget Impact over 1 year	L	67				
Budget Impact over 3 years	M	402				
Budget Impact over 5 years	H	1003				

Contingencies 2016/17 - 2020/21

Revenue	2016/17	2017/18	2018/19	2019/20	2020/21
Specific Earmarked &	£'000	£'000	£'000	£'000	£'000
General					
General Fund					
Specific Contingencies					
Vacancy Allowance	50	50	50	50	50
General Contingency	100	-	42	97	190
Total General Fund Revenue	150	50	92	147	240
Housing Revenue Account					
HRA - General Contingency	100	100	100	100	100
Total HRA Revenue	100	100	100	100	100

Capital	2016/17	2017/18	2018/19	2019/20	2020/21
Specific Earmarked &	£'000	£'000	£'000	£'000	£'000
General					
General Fund					
Specific Contingencies					
General Capital Contingency	-	-	-	-	-
Total General Fund Capital	-	-	-	-	-
Housing Revenue Account					
Specific Contingencies					
HRA - General Capital Contingency	-	-	-	-	-
Total HRA Capital	-	-	-	-	-

14 January 2016

REPORT OF THE PORTFOLIO HOLDER FOR OPERATIONS AND ASSETS

BUSINESS RATES INCOME FORECAST 2016/17

EXEMPT INFORMATION

None

PURPOSE

To report to and seek endorsement from Members on the Business Rates income forecast for 2016/17.

RECOMMENDATIONS

- 1. Members approve the Business Rates income forecast for 2016/17 and subsequent NNDR1 form for submission to DCLG by 31 January 2016, in line with the scheme of delegation.**
- 2. Should material amendments be required to the forecast NNDR1, Cabinet authorise the Executive Director Corporate Services, in consultation with the Leader of the Council, to make such required amendments as necessary; and**
- 3. Members note discretionary relief granted to qualifying bodies in line with the existing policy.**

EXECUTIVE SUMMARY

The Department for Communities and Local Government (DCLG) requires that the Business Rates income forecast is formally approved by the Authority prior to submission – in line with local Governance arrangements. Business Rates income forms a significant part of the Council's core funding total and under the Business Rates Retention Scheme, is a fundamental change to the way in which Local Authorities receive one of their main funding streams. The forecast income from Business Rates has a significant impact on the Council's budget and Medium Term Financial Strategy (MTFS) going forward.

A National Non-Domestic Rates (NNDR1) forecast has been prepared following receipt of detailed guidance received from DCLG.

The three key issues with regards to the Business Rates Retention Scheme are:

- (a) There is a significantly increased risk on the level of funding retained under the system as individual elements (such as appeals and void levels) have the potential to adversely alter the monetary value of this major source of income;
- (b) It also transforms the Council's role in the collection process in terms of managing the local Business Tax base as collection levels will directly impact on the Council's funding resources, and

(c) The payment of new burdens (Section 31) grants in line with projected estimates.

The estimates included in the NNDR1 form for 2016/17 (as attached at Appendix A) have been prepared on the basis of instructions & guidance from DCLG informed by local conditions. However, there continues to be some uncertainties and risks around the methodology used in preparing the forecast return – especially around the level of future appeal costs, void levels and, under the new burdens doctrine, Small Business Rate Relief and the 2% multiplier cap grant.

As any further clarification may not be received in time to update the forecast NNDR1 prior to Cabinet approval, it is recommended that should material amendments be required to the forecast NNDR1 then these be delegated to the Executive Director Corporate Services in consultation with the Leader of the Council, with an update provided to Cabinet.

In addition it should be noted that the value of discretionary relief granted to charities and non-profit making bodies from 1 April 2015 to date is £30,221.01

OPTIONS CONSIDERED

Not applicable

RESOURCE IMPLICATIONS

The estimate of Business Rates income collected and the submission of the NNDR1 return is a key stage in the budget setting and resource planning process of the Council, and will be used in preparing the Medium Term Financial Strategy 2016/17.

Four key issues in completing the forecast are:

1. the level of appeals estimated to be repayable in 2016/17;
2. the level of empty / void properties;
3. recovery levels including an allowance for bad debts;
4. the level of future mandatory and discretionary relief.

The estimated income from business rates compared to the Draft MTFS is outlined below:

Income from Business Rates Retention	NNDR1	NNDR1	Draft MTFS / Budgeted	Variance
	Final 30 Jan 2015 2015/16	Jan 2016 2016/17		
Collectable	£33,044,474	£33,427,267	£33,518,624	£91,357
Cost of Collection	(£91,651)	(£91,702)	(£91,174)	£528
Estimated yield	£32,952,823	£33,335,565	£33,427,450	£91,885
Authority Retained share	£13,181,129	£13,334,226	£13,370,980	£36,754
Less: Tariff	(£10,552,019)	(£10,639,952)	(£10,639,952)	-
Total	£2,629,110	£2,694,274	£2,731,028	£36,754
Less: Authority Baseline	(£2,122,475)	(£2,140,162)	(£2,140,162)	-
Total Growth	£506,635	£554,112	£590,866	£36,754

The estimated net yield of £13,334,226 plus cost of collection allowance of £91,702) retained by the Council (after the Preceptors and Central Share) is held within the Collection Fund (compared to a budgeted yield of £13,370,980). This is reduced by the tariff payable of £10,639,952 (£10,552,019 in 2015/16) and the 50% levy on business rates in excess of the Government assessed baseline. Additional reduction in funding of £36,754 is reported when compared to the Draft MTFs forecast.

Once the projected deficit for 2015/16 and forecast Section 31 grant variances are taken into account, an overall reduction in funding of £99k is reported for 2016/17. This will be updated within the final MTFs report in February 2016.

The calculated levy for 2016/17 includes the 2014/15 deficit. However, the impact of the 2015/16 outturn on the levy will be adjusted within the 2015/16 projected outturn.

For the 2014/15 outturn position, additional business rates of c.£1m had been generated – however, this was neutralised by the requirement to increase the provision for appeals.

LEGAL/RISK IMPLICATIONS BACKGROUND

Business Rates is a highly complex and volatile tax and it is exceptionally difficult to forecast movements over a short to medium term with great accuracy. Due to ongoing uncertainties and the anticipated late notification from DCLG clarifying the guidance and associated treatment of key factors within the return, then this adds a significant amount of uncertainty and risk to the projections contained within the return.

Given the potential implications for the Council’s key income streams, during the year, an investment has been made in modelling software (Analyse Local) which has been used in forecasting – including appeal levels – and the identification of new areas of income.

Key issues which affect forecasting Business Rates are covered below:

- Changes in liability resulting from a change in occupancy;
- Appeals against rating decisions;
- Demolitions and the point at which properties are removed from the rating list;
- New Builds and the point at which rateable occupation is triggered;
- Changes in building use and alterations to building size or layout;
- Changes in entitlement to reliefs;
- Action taken by property owners/occupiers to avoid full liability and maximise relief;
- particularly empty property and charitable relief;
- Changes in the provision for doubtful debts.

Fluctuations in Business Rates income are also strongly linked to the performance of the wider economy. For example, in an economic downturn there is a heightened risk of properties being left empty and lower levels of development activity.

Risks associated with the NNDR process, and action taken to mitigate those risks, are set out in the table below.

Risk	Mitigation	Risk Factor
Appeals estimated to	Past data has been reviewed and a	High

be repayable in 2016/17 relating to pre 2015/16 & current year;	robust estimate included (using Analyse Local modelling software) and will be monitored closely during the year;	
Uncertainties around the calculations contained within the form, especially in relation to Section 31 grant levels	A prudent approach has been taken in the inclusion of new burdens (Section 31) grant funding.	Medium
Empty / void properties;	Revenues continue to work with Economic Development staff to maximise occupancy and rates payable;	Medium / High
Recovery levels including an allowance for bad debts;	Close monitoring and additional recovery actions (court, enforcement agents etc.);	Medium
Future mandatory and discretionary relief.	A review of the policy was undertaken in 2014/15 – reflecting the economic climate. This will be closely monitored during the year.	Medium

The Government, in setting baseline figures for the Council, has made allowances for the above in their estimates based on past collection levels adjusted for allowances for future changes – should collection levels locally fall below these assumed levels then there will be a detrimental impact on the Council's income and the associated Medium Term Financial Strategy.

The Non-Domestic (Rates Retention) Regulations 2013 and the Department for Communities and Local Government – National Non-Domestic Rates Return 1 (NNDR1 2016/17) requires Cabinet approval of the Business Rates income forecast by 31 January 2016.

SUSTAINABILITY IMPLICATIONS

- The localism agenda and its implications.
- The ability to support local businesses.
- The ability to attract and retain local businesses.
- Discretionary Rate Relief policy and the budgetary implications for the Council.

BACKGROUND INFORMATION

The Business Rates system is set out below to illustrate the stages of calculating the revised level of income the Council can expect in a two tier County.

1. The Council bills businesses for the Business Rates income due within the local area.
2. 50% of the whole amount due is paid over to Central Government to be incorporated into the Revenue Support Grant (RSG) funding regime.
3. The remaining 50% retained by the Council is then split 80%/18%/2% with the 80% share being retained by the Council, 18% going to the County Council and 2% being the Fire Authority's share.
4. From here on in, a mechanism of adjustments are applied to:
 - (a) protect the Councils who are disproportionately financially worse off, and
 - (b) reduce the income of Councils who are significantly better off as a result of this fundamental change in methodology.
5. The cash value of the Council's share is compared to an amount that Central Government has pre-determined is required by the Council.
6. If the Council's retained amount exceeds this predetermined level the excess has to be paid over to Central Government in the form of a Tariff.
7. Conversely if the amount is less, the Council will receive a Top Up payment.
8. The predetermined level of income contains an assumed level of growth. If the Council grows its tax base in excess of this assumed level and receives a greater amount of income, a levy will be placed on the additional income gained. This, in effect, places a cash limit on the amount the Council is able to benefit as a result of tax base growth.
9. If the Council, however, suffers a loss of income due to large scale business decline and income falls below a threshold of c. £2,003m this level of loss would trigger a safety net payment. Any losses above this limit would be subject to payment in accordance with the pooling governance arrangements.
10. The Council is a member of the Greater Birmingham and Solihull LEP pool and as such will avoid a levy payment to DCLG (as the pool is a net Top Up) and also no safety net payment will be payable.
11. Central Government utilises the current Business Rates data submission forms returned by Councils to administer the system. Namely, NNDR1 (forward looking and forecasting income to be collected and movements in tax base) and NNDR3 (year-end backward looking return of actual income due and collected, audited by the external auditor.)

The above stages have been simplistically listed in comparison to the detailed technical mechanics of the new process. This hopefully provides some perspective to the complexities and variables of the regime and thereby gives a flavour of the degree of risk the Council's MTFS is exposed to.

The role, and therefore profile, of NNDR1 has now become increasingly more important as the Council needs to submit a forecasted level of growth or decline in Business Rate income.

This will invariably impact directly on the amount of income retained to fund the Council's total budget. Robust arrangements have been put in place to monitor Business Rate income going forward.

NNDR1 RETURN

Although an NNDR 1 return has previously been made on an annual basis, approved by the Section 151 officer, under the new regulations, Cabinet is required to formally approve the expected Business Rates income for the forthcoming year. The deadline for approval is 31st January 2016.

The Business Rates income is the net rate income yield for 2016/17. This is calculated as follows:-

Gross Rates Yield:

Total Rateable Value x NNDR rate multiplier

Less:

Mandatory Reliefs

Discretionary Reliefs

Estimated losses on Collection

Allowance for cost of collection(as set by formula)

Add:

Enterprise Zones

New Development Deals

Renewable Energy Schemes

Plus or Minus Rate Retention Adjustments for

Change in rateable value due to growth or reduction in property numbers

Adjustments due to appeals

Net Business Rate yield and base of the calculation of central and local shares

This information is all collated on the NNDR 1 form (**APPENDIX A**).

The net yield from Business Rates for 2016/17 per NNDR 1 return is £33,335,565.

After the submission of the NNDR 1, the calculation for the allocation of net Business Rate yield is completed. The allocation is in the proportion of:

50% to Central Government

40% to the Local Billing Authority

10% to the other Precepting bodies (9% to Staffordshire County Council and 1% to Staffordshire Fire & Rescue Authority).

Income from Business Rates Retention	NNDR1 Cabinet 23 Jan 2014 2014/15	NNDR1 Final 30 Jan 2015 2015/16	NNDR1 Jan 2016 2016/17	Draft MTFS / Budgeted 2016/17	Variance
Collectable	£31,909,683	£33,044,474	£33,427,267	£33,518,624	£91,357
Cost of Collection	(£92,162)	(£91,651)	(£91,702)	(£91,174)	£528
Estimated yield	£31,817,521	£32,952,823	£33,335,565	£33,427,450	£91,885
Authority Retained share	£12,823,133	£13,181,129	£13,334,226	£13,370,980	£36,754
Less: Tariff	(£10,354,168)	(£10,552,019)	(£10,639,952)	(£10,639,952)	-
Total	£2,468,965	£2,629,110	£2,694,274	£2,731,028	£36,754
Less: Authority Baseline	(£2,082,678)	(£2,122,475)	(£2,140,162)	(£2,140,162)	-
Total Growth	£386,287	£506,635	£554,112	£590,866	£36,754
Section 31 Grants					
SBRR		£233,443	£244,638	£254,930	£10,292
Other S31 Grants		£255,881	£63,932	£134,872	£70,940
50% Levy payable	(£193,144)	(£497,980)	(£431,341)	(£490,334)	(£58,993)
Add: Baseline	£2,082,678	£2,122,475	£2,140,162	£2,140,162	-
Total	£2,275,821	£2,620,454	£2,571,503	£2,630,496	£58,993
Draft MTFS assumption	£2,252,382	£2,660,657	£2,660,657	£2,704,428	£43,771
(Addition) / reduction in funding level	(£23,439)	£40,203	£89,154	£73,932	£15,222
Total for the year	£31,919,590	£34,864,531	£31,893,145	£32,084,234	£191,090
Total Retained for the year	£2,275,821	£2,498,123	£2,571,503	£2,630,496	£58,993
Draft MTFS assumption	£2,252,382	£2,531,483	£2,704,428	£2,704,428	-
(Addition) / reduction in funding level	(£23,439)	£33,360	£132,925	£73,932	£58,993
Estimated Surplus / (Deficit) b/fwd	£3,963	£728,023	(£613,649)	(£573,756)	£39,893
Total (Addition) / reduction in funding					£98,886

Central Share (DCLG)	£15,908,761	£16,476,412	£16,667,783	£16,713,725	£45,942
Borough Council	£12,727,008	£13,181,129	£13,334,226	£13,370,980	£36,754
County Council	£2,863,577	£2,965,754	£3,000,201	£3,008,471	£8,270
Fire & Rescue Authority	£318,175	£329,528	£333,356	£334,275	£919

Totals including Surplus / (Deficit) b/fwd

Estimated surplus b/fwd	£9,907	£1,820,057	(£1,534,123)	(£1,434,390)	£99,733
Central Share (DCLG)	£15,913,714	£17,386,440	£15,900,721	£15,996,530	£95,809
Borough Council	£12,823,133	£14,000,803	£12,812,279	£12,888,398	£76,119
County Council	£2,864,469	£3,129,559	£2,862,130	£2,879,375	£17,245
Fire & Rescue Authority	£318,274	£347,729	£318,014	£319,931	£1,917

REPORT AUTHOR

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LIST OF BACKGROUND PAPERS

Local Government Finance Act 1988
Local Government Finance Act 2003
Local Government Finance Act 2012
The Non-Domestic(Rates Retention) Regulations 2013
Department for Communities and Local Government – National Non-Domestic Rates Return 1 (NNDR1 2016/17)

APPENDICES

Appendix A (NNDR1) gives details of the estimated Business Rates Income forecast for 2016/17.

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1

2016-17

Please e-mail to: nndr.statistics@communities.gov.uk by no later than 31 January 2016.
In addition, a certified copy of the form should be returned by no later than 31 January 2016 to the same email address

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Select your local authority's name from the list:

Sutton
Swale
Swindon
Tameside
Tamworth
Tandridge
Tamworth
E3439

Authority Name
E-code
Local authority contact name
Local authority contact number
Local authority e-mail address

Please enter the name of your authority contact
Please enter your authority contact's phone number
Please enter your authority contact's email address

Ver 1.2

PART 1A: NON-DOMESTIC RATING INCOME

COLLECTIBLE RATES

1 Net amount receivable from rate payers after taking account of transitional adjustments, empty property rate, mandatory and discretionary reliefs and accounting adjustments £

TRANSITIONAL PROTECTION PAYMENTS

2 Sums due to the authority

3 Sums due from the authority

COST OF COLLECTION (See Note A)

4 Cost of collection formula

5 Legal costs

6 Allowance for cost of collection

SPECIAL AUTHORITY DEDUCTIONS

7 City of London Offset : Not applicable for your authority

DISREGARDED AMOUNTS

8 Amounts retained in respect of Designated Areas: Not applicable for your authority

9 Amounts retained in respect of Renewable Energy Schemes (See Note B)

of which:

10 sums retained by billing authority

11 sums retained by major precepting authority

NON-DOMESTIC RATING INCOME

12 Line 1 plus line 2, minus lines 3 and 6 - 9

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2016-17

Please e-mail to: ndr.statistics@communities.gov.uk by no later than 31 January 2016.
In addition, a certified copy of the form should be returned by no later than 31 January 2016 to the same email address

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Local Authority : Tamworth

Ver 1

PART 1B: PAYMENTS

This page is for information only; please do not amend any of the figures

The payments to be made, during the course of 2016-17 to:

- i) the Secretary of State in accordance with Regulation 4 of the Non-Domestic Rating (Rates Retention) Regulations 2013;
- ii) major precepting authorities in accordance with Regulations 5, 6 and 7; and to be
- iii) transferred by the billing authority from its Collection Fund to its General Fund,

are set out below

	Column 1 Central Government	Column 2 Tamworth	Column 3 Staffordshire County Council	Column 4 Staffordshire Fire Authority	Column 5 Total
Retained NNDR shares					
13. % of non-domestic rating income to be allocated to each authority	50%	46%	5%	1%	100%
Non-Domestic Rating Income for 2016-17					
14. Non-domestic rating income from rates retention scheme	16,667,782	13,334,226	3,000,201	333,356	33,335,565
15. (less) qualifying relief in Enterprise Zones	0	0	0	0	0
16. Not used this year					
17. TOTAL:	16,667,782	13,334,226	3,000,201	333,356	33,335,565
Other Income for 2016-17					
18. add: cost of collection allowance		91,702			91,702
19. add: amounts retained in respect of Designated Areas		0			0
20. add: amounts retained in respect of renewable energy schemes		0	0		0
21. add: qualifying relief in Enterprise Zones		0	0	0	0
22. add: City of London Offset		0			0
23. Not used this year					
Estimated Surplus/Deficit on Collection Fund					
24. Estimated Surplus/Deficit at end of 2015-16	-767,062	-613,649	-138,071	-16,341	-1,534,123
TOTAL FOR THE YEAR					
25. Total amount due to authorities	15,900,720	12,812,379	2,862,130	318,015	31,893,144

**NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2016-17**

Please e-mail to: nndr.statistics@communities.gov.uk by no later than 31 January 2016.
In addition, a certified copy of the form should be returned by no later than 31 January 2016 to the same email address

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Local Authority : Tamworth

Ver 1

PART 1C: SECTION 31 GRANT (See Note C)

This page is for information only; please do not amend any of the figures

Estimated sums due from Government via Section 31 grant, to compensate authorities for the cost of changes to the business rates system announced in the 2013, 2014 & 2015 Autumn Statements

	Column 2 Tamworth	Column 3 Staffordshire County Council	Column 4 Staffordshire Fire Authority	Column 5 Total
	£	£	£	£
2015-16 Multiplier Cap				
26. Cost of 2% cap on 2015-16 small business rates multiplier	192,850	43,391	4,821	241,062
Small Business Rate Relief				
27. Cost of temporary doubling SBRR for 2016-17	244,838	85,544	4,116	334,498
28. Cost to authorities of maintaining relief on "first" property	0	0	0	0
"New Empty" Property Relief				
29. Cost to authorities of giving relief to newly-built empty property	0	0	0	0
"Long Term Empty" Property Relief				
30. Relief on occupation of "long-term empty" property	24,968	6,510	624	32,102
In lieu of Transitional Relief				
31. Payments in lieu of Transitional Relief	0	0	0	0
TOTAL FOR THE YEAR				
32. Amount of Section 31 grant due to authorities to compensate for reliefs	£ 462,656	£ 104,853	£ 11,561	£ 579,070

NB To determine the amount of S31 grant due to it, the authority will have to add / deduct from the amount shown in line 32, a sum to reflect the adjustment to tariffs / top-ups in respect of multiplier cap (See notes for Line 32)

Certificate of Chief Financial Officer / Section 151 Officer

I confirm that the entries in this form are the best I can make on the information available to me and amounts are calculated in accordance with regulations made under Schedule 7B to the Local Government Act 1988. I also confirm that the authority has acted diligently in relation to the collection of non-domestic rates.

Name of Chief Financial Officer
or Section 151 Officer : _____

Signature : _____

Date : _____

PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2016-17

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Ver 1.2

Local Authority : Tamworth

PART 2: NET RATES PAYABLE

You should complete column 1 only

	Column 1 BA Area (exc. Designated areas) Complete this column £	Column 2 Designated areas Do not complete this column £	Column 3 TOTAL (All BA Area) Do not complete this column £
GROSS RATES PAYABLE (All data should be entered as +ve unless specified otherwise)			
1. Rateable Value at <input type="text" value="06/01/2016"/>	<input type="text" value="78,941,731"/>	<input type="text" value="0"/>	<input type="text" value="78,941,731"/>
2. Small business rating multiplier <input type="text" value="48.4"/> for 2016-17 (pence)			
3. Gross rates 2016-17 (RV x multiplier)	<input type="text" value="38,207,798"/>	<input type="text" value="0"/>	
4. Estimated growth/decline in gross rates (+ = increase, - = decrease)	<input type="text" value="-84,241"/>	<input type="text" value="0"/>	
5. Forecast gross rates payable in 2016-17	<input type="text" value="38,123,557"/>	<input type="text" value="0"/>	<input type="text" value="38,123,557"/>

TRANSITIONAL ARRANGEMENTS (See Note E) - Not applicable in 2016-17

6. Revenue foregone because increases in rates have been deferred (Show as -ve)	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
7. Additional income received because reductions in rates have been deferred (Show as +ve)	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
8. Net cost of transitional arrangements	<input type="text" value="0"/>	<input type="text" value="0"/>	
9. Changes as a result of estimated growth / decline in cost of transitional arrangements (+ = decline, - = increase)	<input type="text" value="0"/>	<input type="text" value="0"/>	
10. Forecast net cost of transitional arrangements	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>

TRANSITIONAL PROTECTION PAYMENTS (See Note F) - Not applicable in 2016-17

11. Sum due to/(from) authority	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
---------------------------------	--------------------------------	--------------------------------	--------------------------------

MANDATORY RELIEFS (See Note G) (All data should be entered as -ve unless specified otherwise)

Small Business Rate Relief

12. Forecast of relief to be provided in 2016-17	<input type="text" value="-1,205,754"/>	<input type="text" value="0"/>	<input type="text" value="-1,205,754"/>
13. of which: relief on existing properties where a 2nd property is occupied	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
14. Additional yield from the small business supplement (Show as +ve)	<input type="text" value="923,574"/>	<input type="text" value="0"/>	<input type="text" value="923,574"/>
15. Net cost of small business rate relief (line 12 + line 14)	<input type="text" value="-282,180"/>	<input type="text" value="0"/>	<input type="text" value="-282,180"/>

Charitable occupation

**PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NDR1
2016-17**

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Ver 1.2

Local Authority : Tamworth

PART 2: NET RATES PAYABLE

You should complete column 1 only

	Column 1 BA Area (exc. Designated areas)	Column 2 Designated areas	Column 3 TOTAL (All BA Area)
16. Forecast of relief to be provided in 2016-17	-1,236,516	0	-1,236,516
Community Amateur Sports Clubs (CASCs)			
17. Forecast of relief to be provided in 2016-17	-36,559	0	-36,559
Rural rate relief			
18. Forecast of relief to be provided in 2016-17	0	0	0

**PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDRI
2016-17**

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Ver 1.2

Local Authority : Tamworth

PART 2: NET RATES PAYABLE

You should complete column 1 only

	Column 1 BA Area (exc. Designated areas)	Column 2 Designated areas	Column 3 TOTAL (All BA Area)
19. Forecast of mandatory reliefs to be provided in 2016-17 (Sum of lines 15 to 18)	-1,555,255	0	
20. Changes as a result of estimated growth/decline in mandatory relief (+ = decline, - = increase)	-172,661	0	
21. Total forecast mandatory reliefs to be provided in 2016-17	-1,727,916	0	-1,727,916

UNOCCUPIED PROPERTY (See Note H) (All data should be entered as -ve unless specified otherwise)

Partially occupied hereditaments			
22. Forecast of 'relief' to be provided in 2016-17	-142,500	0	-142,500
Empty premises			
23. Forecast of 'relief' to be provided in 2016-17	-966,906	0	-966,906
24. Forecast of unoccupied property 'relief' to be provided in 2016-17 (Line 22 + line 23)	-1,109,406	0	
25. Changes as a result of estimated growth/decline in unoccupied property 'relief' (+ = decline, - = increase)	-521,805	0	
26. Total forecast unoccupied property 'relief' to be provided in 2016-17	-1,631,211	0	-1,631,211

DISCRETIONARY RELIEFS (See Note J) (All data should be entered as -ve unless specified otherwise)

Charitable occupation			
27. Forecast of relief to be provided in 2016-17	-23,477	0	-23,477
Non-profit making bodies			
28. Forecast of relief to be provided in 2016-17	-2,057	0	-2,057
Community Amateur Sports Clubs (CASCs)			
29. Forecast of relief to be provided in 2016-17	-3,746	0	-3,746
Rural shops etc			
30. Forecast of relief to be provided in 2016-17	0	0	0
Small rural businesses			
31. Forecast of relief to be provided in 2016-17	0	0	0
Other ratepayers			

PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDRI
2016-17

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Ver 1.2

Local Authority : Tamworth

PART 2: NET RATES PAYABLE

You should complete column 1 only

	Column 1 BA Area (exc. Designated areas)	Column 2 Designated areas	Column 3 TOTAL (All BA Area)
32. Forecast of relief to be provided in 2016-17	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
	<i>of which:</i>	<i>of which:</i>	
33. Relief given to Case A hereditaments		<input type="text" value="0"/>	
34. Relief given to Case B hereditaments	<input type="text" value="0"/>		

**PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2016-17**

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Ver 1.2

Local Authority : Tamworth

PART 2: NET RATES PAYABLE

You should complete column 1 only

	Column 1 BA Area (exc. Designated areas)	Column 2 Designated areas	Column 3 TOTAL (All BA Area)
35. Forecast of discretionary relief to be provided in 2016-17 (Sum of lines 27 to 32)	-29,280	0	
36. Changes as a result of estimated growth/decline in discretionary relief (+ = decline, - = increase)	-5,000	0	
37. Total forecast discretionary relief to be provided in 2016-17	-34,280	0	-34,280
DISCRETIONARY RELIEFS FUNDED THROUGH SECTION 31 GRANT (See Note K) (All data should be entered as -ve unless specified otherwise)			
"New Empty" properties			
38. Forecast of relief to be provided in 2016-17	0	0	0
"Long term empty" properties			
39. Forecast of relief to be provided in 2016-17	-61,527	0	-61,527
In lieu of Transitional Relief			
40. Payments to ratepayers in lieu of Transitional Relief in 2016-17	0	0	0
41. Forecast of discretionary reliefs funded through S31 grant to be provided in 2016-17 (Sum of lines 38 to 39)	-61,527	0	
42. Changes as a result of estimated growth/decline in Section 31 discretionary relief (+ = decline, - = increase)	0	0	
43. Total forecast of discretionary reliefs funded through S31 grant to be provided in 2016-17	-61,527	0	-61,527
NET RATES PAYABLE			
44. Forecast of net rates payable by rate payers after taking account of transitional adjustments, unoccupied property relief, mandatory and discretionary reliefs	£ 34,668,623	£ 0	£ 34,668,623

PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NDR1
2016-17

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Ver 1.2

Local Authority : Tamworth

PART 2: NET RATES PAYABLE

You should complete column 1 only

Column 1
BA Area (exc.
Designated areas)

Column 2
Designated
areas

Column 3
TOTAL
(All BA Area)

Checked by Chief Financial / Section 151 Officer :

PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR)
2016-17

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Ver 1.2

Local Authority : Tamworth

PART 3: COLLECTABLE RATES AND DISREGARDED AMOUNTS

You should complete column 1 only

	Column 1	Designated areas			Column 5
	BA Area (exc. Designated areas) Complete this column £	Column 2 Do not complete this column £	Column 3 Do not complete this column £	Column 4 Do not complete this column	TOTAL (All BA Area) Do not complete this column £
NET RATES PAYABLE					
1. Sum payable by rate payers after taking account of transitional adjustments, empty property rate, mandatory and discretionary reliefs	34,668,623	0	0	0	34,668,623
(LESS) LOSSES					
2. Estimated bad debts in respect of 2016-17 rates payable	-215,218	0	0	0	-215,218
3. Estimated repayments in respect of 2016-17 rates payable	-1,026,138	0	0	0	-1,026,138
COLLECTABLE RATES					
4. Net Rates payable less losses	33,427,267	0	0	0	33,427,267
DISREGARDED AMOUNTS					
5. Renewable Energy	0	0	0	0	0
6. Transitional Protection Payment		0	0	0	
7. Baseline		0	0	0	
DISREGARDED AMOUNTS					
8. Total Disregarded Amounts		0	0	0	0
					Total Designated Areas 0

Checked by Chief Financial / Section 151 Officer: _____

**PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2016-17**

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Ver 1.2

Local Authority : Tamworth

PART 4: ESTIMATED COLLECTION FUND BALANCE

OPENING BALANCE	£	£
1. Opening Balance (From Collection Fund Statement)		-1,611,975
BUSINESS RATES CREDITS AND CHARGES		
2. Business rates credited and charged to the Collection Fund in 2015-16	34,429,811	
3. Sums written off in excess of the allowance for non-collection	0	
4. Changes to the allowance for non-collection	-231,962	
5. Amounts charged against the provision for appeals following RV list changes	1,653,140	
6. Changes to the provision for appeals	-863,758	
7. Total business rates credits and charges (Total lines 2 to 6)		34,987,231
OTHER RATES RETENTION SCHEME CREDITS		
8. Transitional protection payments received, or to be received in 2015-16	0	
9. Transfers/payments to the Collection Fund for end-year reconciliations	0	
10. Transfers/payments into the Collection Fund in 2015-16 in respect of a previous year's deficit	0	
11. Total Other Credits (Total lines 8 to 10)		0
OTHER RATES RETENTION SCHEME CHARGES		
12. Transitional protection payments made, or to be made, in 2015-16	-44,848	
13. Payments made, or to be made, to the Secretary of State in respect of the central share in 2015-16	-16,476,412	
14. Payments made, or to be made to, major precepting authorities in respect of business rates income in 2015-16	-3,295,282	
15. Transfers made, or to be made, to the billing authority's General Fund in respect of business rates income in 2015-16	-13,181,129	
16. Transfers made, or to be made, to the billing authority's General Fund; and payments made, or to be made, to a precepting authority in respect of disregarded amounts in 2015-16	-91,651	
17. Transfers/payments from the Collection Fund for end-year reconciliations	0	
18. Transfers/payments made from the Collection Fund in 2015-16 in respect of a previous year's surplus	-1,820,057	
19. Total Other Charges (Total lines 12 to 18)		-34,909,379
20. Adjustment for 5-Year Spread		0
ESTIMATED SURPLUS/(DEFICIT) ON COLLECTION FUND IN RESPECT OF FINANCIAL YEAR 2015-16		
21. Opening balance plus total credits, less total charges, plus adjustment for 5-year spread (Total lines 1, 7, 11, 19 & 20)		£ -1,534,123

Checked by Chief Financial / Section 151 Officer : _____

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THURSDAY, 14 JANUARY 2016

REPORT OF THE PORTFOLIO HOLDER FOR OPERATIONS AND ASSETS**AGILE WORKING STAGE II****PURPOSE**

This report is to seek Cabinet endorsement to progress through the second tranche of Agile Working, including delivery of the 'Delivering Quality Services in Tamworth' project.

RECOMMENDATIONS

- a) That Cabinet endorse deployment of the second tranche of Agile Working including delivery of the 'Delivering Quality Services in Tamworth' project
- b) That Cabinet, as part of the budget setting process, endorse the release of £326,000 from Capital Contingencies for floor refurbishment and furniture as required

OPTIONS CONSIDERED

- a) Do Nothing
- b) Implement the second tranche of Agile Working and the 'Delivering Quality Services in Tamworth' project separately
- c) Implement the second tranche of Agile Working and the 'Delivering Quality Services in Tamworth' project simultaneously in order to bring about efficiency and fewer stages of change for the organisation's employees

RESOURCE IMPLICATIONS

Both the Agile Working tranche, and the 'Delivering Quality Services in Tamworth' project are being resourced internally, with dedicated programme and project management to ensure consistency in approach.

As the activities progress, there may be a requirement to bring in temporary staff to backfill, but only in the event that the cost of impact to service provision outweighs temporary staffing costs.

Project Teams are already in place to proceed as appropriate.

The contingency budget identified, detailed below, has been estimated following spend incurred in tranche 1 of Agile Working. At this stage, and until comparable quotations are requested, exact figures are not available. However, it is felt that no additional spend will be required over this budget. On completion of both projects, there will be further free space available within Marmion House as staff occupation is consolidated. This will allow rental capacity to partners which will potentially bring in revenue to the organisation.

Contingency Budgets:

Contingency - Agile Working - Floor Refurbishment	£228,000
GF Contingency Agile Working - Furniture	£48,000
HRA Contingency Agile Working	£50,000

The original business case approved by Cabinet estimated the return on the investment would mean payback would be achieved by 2017/18 with ongoing returns of c.£200k p.a.

However, discussions with partners are ongoing regarding the letting of the remaining vacant accommodation within Marmion House – which has delayed the potential payback to 2018/19. Should the vacant accommodation not be let and therefore the income of c.£100k p.a. not be achieved then payback would take a further 3 years, subject to the release for spend of the phase 2 costs of £326k.

	2014/15	2015/16	2016/17	2017/18	2018/19
	£'000	£'000	£'000	£'000	£'000
Budgeted Saving achieved	(103)	(103)	(103)	(103)	(103)
Potential savings / income					
Marmion House Rental / Service charge Income *			(102)	(102)	(102)
Costs - Phase 1	526				
Costs - Phase 2			326		
Net	423	(103)	121	(205)	(205)
Cumulative	423	321	442	237	31
Original Business Case	470	(73)	(201)	(201)	(201)
Cumulative	470	397	196	(5)	(207)

* Potential income - subject to letting of Marmion House accommodation

The costs relating to the 'Delivering Quality Services in Tamworth' project can be met from within existing budget allocations. A saving of £100k p.a. from 2015/16 was included within the MTFS arising from the potential for Service Integration arising from the project – it is anticipated that any additional savings arising from the project implementation will contribute towards the ongoing longer term deficit highlighted within the MTFS.

LEGAL/RISK IMPLICATIONS BACKGROUND

There are no legal implications to this project.

As with all corporate activities, there are risks. All risks have been identified as part of the project preparation, and will continue to be managed through the project lifecycle. New and increased risks are also being reported to CMT on a fortnightly basis to ensure early intervention where required.

Appointments and Staffing Committee (6th January 2016) approved a report that covers aspects of the corporate change process, protections for staff and detail regarding the implementation and management of competency frameworks.

SUSTAINABILITY IMPLICATIONS

There are no sustainability implications to this project.

BACKGROUND INFORMATION

Tranche 1 of the Agile Working project was completed in March 2014, within adjusted and corporately agreed timescales. This tranche was defined as the completion and inhabitation

of a single Agile Working Floor within Marmion House. Since that time, a number of the projects associated with the tranche have been subject to snagging and refinement and a comprehensive Post Implementation Review has been carried out. This information has been used to shape and inform the second and any subsequent tranches of the project. Other, currently indirectly affected workstreams have continued to progress and these are predominantly technology related activities where externally defined deadlines have been imposed.

The Post Implementation Review demonstrated fulfilment of many of the initial objectives defined by the project. It is anticipated that by completion of the project, all objectives will have been demonstrably met;

- An increase in work life balance
- Working space is used more efficiently
- Excess space within Marmion House is vacated so that it can be thus resulting in an increase in revenue for General Fund
- Improve the working environment for staff
- New technology embraced (e.g. virtual meetings)
- Employment costs minimised
- Absence minimised
- Productivity increased through better use of employees time
- TBC seen as an “employer of choice”

Outline proposals for Tranche 2 can be found at Appendix A.

Simultaneously to this project, the Customer Services Strategy has been reviewed and significantly revised to reflect the change in customer demand and to support the organisation’s Demand Management Operating Model. Activity resulting from this review has already seen significant improvements to the service, and a summary of ‘quick wins’ achieved by these improvements can be found at Appendix B.

In order to fully exploit a proactive and agile workforce, it is proposed to incorporate the ‘Delivering Quality Services in Tamworth’ project into the second tranche of Agile Working. This will see a significant change in the way the organisation delivers it’s services to the customer, improving customer experience, contributing to the deficit detailed in the MTFS and supporting the Sustainability Strategy. In addition, the combined projects will form a major part of the Corporate Plan. By incorporating ‘Delivering Quality Services in Tamworth’ it into the second tranche of Agile Working, the technologies, skill sets, operating procedures and communications will be completed more efficiently thus impacting fewer stages of change to the organisation’s employees.

The first tranche of the Agile Working project has been intrinsically linked with the Assets Strategy, and will continue to be, along with the ‘Delivering Quality Services in Tamworth’ project, in order to ensure a strategic, joined up activity. This will ensure that all strands of the projects are delivered efficiently and with minimal duplication, realising appropriate benefits and exploiting the organisation’s assets.

REPORT AUTHOR

Nicki Burton – Director Technology & Corporate Programmes

LIST OF BACKGROUND PAPERS

Appointments and Staffing Committee – 6th January 2016 – Delivering Quality Services in Tamworth.

Cabinet – 14th January 2016 - Corporate Review of Strategic Framework

Sustainability Strategy

Medium Term Financial Strategy

APPENDICES

Appendix A – Outline Proposals for Tranche 2 Agile Working

Appendix B – Customer Services Quick Wins

APPENDIX A – Outline Proposals for Tranche 2 Agile Working

Organisational State : All Appropriate Services Delivered Electronically with 80% Customer Demand Handled Once

Timescale : December 2017

- Completed technology roll-out
- Completed telephony roll-out
- Corporate EDRMS in place with virtual post across the organisation
- Completed technical training
- Records Management Policy adopted
- Security awareness and training
- iMail roll-out
- Appropriate technology support in place
- Virtual conference facilities roll-out
- Disaster Recovery and Business Continuity Plans in place and robustly tested
- Effective and appropriate electronic communication methods
- Service Reviews completed and implemented
- Generic process review and continual improvement completed first pass
- All transactional services available through website
- Integration between CRM and website
- HR & Payroll Self Service
- Implementation of Customer Service Centre
- Customer Self Service
- Customer Communications
- Completed staff Relocations and asset refurbishments

APPENDIX B – Customer Services Quick Wins

Quick Win	Outcome/outputs	Costs/Dependencies/Capacity	Date for completion	Update 31 Dec 15	Savings 2015/16
Delivery of Customer Portal	Citizen authentication. Mobile app deployment Self service via the website	SCC picking up majority of cost. Capacity to be identified by project scope £4-5k for system integration Development of e-forms via the CRM	Feb 15 Completed March 2015	<p>Mobile App</p> <ul style="list-style-type: none"> - Demo'd for CMT and Heads of Service – positive feedback received. Completed - J Shaw and Marina Musgrove visited Ombiel site for CRM integration. Completed - Project development and testing continues to progress well. - Completed - South Staffordshire DC's CRM and form based testing is now complete. SSDC will shortly be followed by Lichfield DC and Tamworth BC, with the aim to complete testing this week - Completion of the GIS / GPRS build and test, which will allow citizens to 'find my nearest.....' is scheduled for build and test next week - The Project Board is meeting on Tuesday 24 	To be calculated as dependant upon take up £5k (E)

				<p>February, for the final review and soft launch sign off.</p> <p>App launched with no advertising. Completed</p> <p>Formal Launch conducted 13 May 2015, initial stats show usage at 29th June to 26th July</p> <p>Term dates and school holidays 23 Report it 11 Leisure 10 Council Tax 8 Waste / Recycling 8 School Meal Menu 7 Make a payment 7 Births Deaths and Marriages 5 Locations 5 Get in Touch 3</p> <p>Total Hits 1267</p> <p>1st June - 28th June</p> <p>Term dates and school holidays 49 Report it 73 Leisure 40 Council Tax 25 Waste / Recycling 39 School Meal Menu 31 Make a payment 27 Births Deaths and</p>	
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		Advertising campaign – £2K (incentive scheme, TV offer etc)	July 2015	<p>Marriages 27 Locations 29 Get in Touch 25</p> <p>Total Hits 2846</p> <p>Completed – herald coverage 23.7.2015</p> <p>Phase 2 now being worked on - meetings to take place with several heads of service, starting tomorrow to look at the next phase.</p> <p>Customer Service Team have been encouraging Customers to use the app.</p> <p>The app is marked via numerous channels. Flyers, cards and a website presences, along with a you tube video</p>	
			End of April 15	<p>Customer survey</p> <ul style="list-style-type: none">- drafted and ready to accompany end of year council tax bills. Additional surveys to be carried out in all locations. Data	
			Complete		

				<p>then to be overlaid and used in conjunction with Mosaic data (SCC to assist)</p> <p>Complete</p> <p>Self service - council tax process built for the mobile app will also be available for self serv via the website</p> <p>- Corporate e-form will be developed in order to reduce the complexity and nos of forms used throughout TBC. This will support a 'tell us once' philosophy</p>	
<p>Upgrade to customer flow system</p>	<p>Self service Improvements to meet and greet Reduced queues Reduced staff reliance on front of house Management of meetings Visitor announcements Promotion of events and tickets Book appointments Meeting rooms planning and management Barcode check in Self Service ticketing option</p>	<p>Quotes being obtained for new self service customer flow systems</p> <p>Trial being undertaken to manage – payments, photocopying and scanning via CSA's so customers do not have to Queue</p> <p>£10k cap (E) £5k ongoing (E)</p>	<p>May 15</p>	<p>Specification for formal tender finalised published - 3 providers interested. Closing date 16 Feb</p> <p>Meetings with HoS held to advise from 1st April appointment based only services will be offered for those walk in customers</p> <p>New system may also provide digital displays that have the potential to roll out to Ventura Park and</p>	<p>£20k ongoing</p>

				<p>allow a ticketing function to support tourism etc</p> <p>3rd time for tender process</p> <p>Tensator awared the contract.</p> <p>Order being raised before the contract is signed.</p> <p>Three services now offering appointment based service only. (no complaints received, increased FTR, postitive feedback from service areas re their resource) 75% reduction in officer times reported in revenues.</p> <p>Kick off meeting with Tensator 28.7.2015</p>	
Implementation of telephony system	<p>Self service</p> <p>Less direct dial</p> <p>Efficiencies in process</p> <p>Elimination of waste demand</p> <p>Improvements to cust serv</p> <p>Automated customer survey</p> <p>Integration with CRM system</p> <p>Reduction in call handling time</p> <p>Integration with the CRM</p>	<p>Already included in new solution under CCP.</p> <p>ICT/CS delivery project</p> <p>Resources already allocated</p>	<p>Oct 14</p> <p>Complete</p>	<p>Stage One now completed with difficulties during porting. A number of residual issues remain which are being managed by Daisy.</p> <p>Subsequent two stages being planned currently and will be submitted w/c 16th Feb to commence the 21</p>	£10K

				<p>day notice period for stage two.</p> <p>All calls directed via 709709 from 1 October will provide data capture of true demand – CRM form being built and to be migrated and ready to live in September.</p> <p>Live with new system. Benefits realisation to be measured.</p> <p>First full month (June) shows the elimination of over 2000 phone calls. Savings entered onto Covalent.</p>	
Transformation to self service	Channel shift E-forms for:	<p>CRM project</p> <p>£2k – video Reliance on web team/Jo Shaw and M Rahman Training needs for web team £5k to enable delivery of web forms going forward (one off payment)</p> <p>Adaptor Logic</p> <p>Ombiel product</p> <p>New PC's in the reception area and desks £3.5K ICT to move copier and scanner</p>	<p>April 2015</p> <p>December 2014</p> <p>Complete</p> <p>Complete</p>	<p>CRM - Training for Web team organised for Jan 26 to allow for e-form development. Completed</p> <p>- migrations have now taken place with no issues.</p> <p>- SCP Workshop was held to look at the technical problems and the future vision for CRM. Work plan prepared to go to SAB 5 March will include how Kana are performing against contract together with SCC legal update</p>	<p>£5K Year 1</p> <p>£10k Year 2</p>

				<p>-Form will be designed on the CRM to capture all customer contact data</p> <p>Safeguarding process live with all retrospective cases logged on CRM. -process will be shared with other partners (Newcastle being the first to request it)</p> <p>CRM user training delivered to Rob Mitchell, Jane Hackett, Rob Barends, Andy Barratt and Stephanie Ivey on the CRM system.</p> <p>Automated emails now generated to the customer when an enquiry is logged via the CRM giving them their interaction number.</p> <p>ASB processes defined more clearly. Awaiting further presentation to critical friends. 51 processes identified associated with ASB throughout TBC looking to reduce to 9 generic processes</p> <p>The new Anti Social Behaviour Crime and Policing Act will have an impact on processes etc so the two working groups have joined.</p>	
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				<p>6 x PC's to be sited in reception. Implementation plan with resources support to be developed –</p> <p>PC's ordered waiting for delivery.</p> <p>Project Manager – potential shared resource from Newcastle. AG to prep business case for approval</p> <p>Project manager recruited internally following a capacity building exercise within the CCP</p> <p>Project manager recruited and in place.</p> <p>PC's delivered – waiting to be deployed.</p> <p>CRM forms available via the mobile app for Council Tax processes such as – Single Person discount Move in Move out</p>	
Changes to our auto response and email signature	Buttons designed to provide a direct link to report it, pay it and do it....	Nil cost	Complete	Testing completed but to be formally rolled out and communicated to all – complete	Impact and ROI needs to be measured

				<p>Email distributed to all this week regarding new auto signature. ICT to then provide instructions and deployment.</p> <p>Web team helping with the visuals due to the icon buttons being a little fuzzy.</p> <p>To be rolled out w/c 27.7.2015</p>	
Restructure of CSC	Appointment of consultant to support reorg and development of competency framework Restructure and staff transferred into the CSC	£2.5K (consultant) Buy in from CMT Buy in from HOS Staff ID'd to transfer	<p>Complete</p> <p>Complete</p> <p>March 2015</p> <p>Complete</p>	<p>Report for consultant finalised and discussed with TG.</p> <p>Skills matrix with behavioural competences developed</p> <p>AG to work with CT and TT to measure org impact and agree plan for CMT (Mar)</p> <p>JE's completed on CS roles</p> <p>Action plan and report being drafted aligning identified resources based on demand analysis, risks and the corporate managing change guidance.</p>	If staff are transferred savings to be achieved from 2017

New website	To provide information, advice and service direct to the customer 24/7	<p>Ongoing development of the website is required as we progress with the development of the CRM/Self service and integration tools.</p> <ul style="list-style-type: none"> • Need to promote the website • Establish the right skill sets to develop the site from the customer's point of view. 	Ongoing	<p>Castle website launched 22 Jan. Will offer business continuity and responsiveness to service.</p> <p>New Intranet developed to be presented to CMT 23 Feb for approval.</p> <p>CS now providing direct info to graphics team in order to improve the customer journey via the web.</p> <p>SOCITIM web analysis report due shortly will be interesting to see how the new web performs against others more established</p> <p>Website being informed by customer demand – top customer enquiries received this year are being analysed by the CSC to ensure that the information is easily available on the website.</p>	

				Customer feedback has been used to re-designed the front page based on the customers needs.	
Adaptor Logic	Integration between the website/CRM and back office systems. Preventing dual data input. Ensuring processes are seamless without the intervention of an officer from the front office through to the back office. To enable the identification of marketing opportunities from corporate data.	£10k (£5K upfront cap) £3k ongoing	May 15	Demo of 2 integration tools Leads are John McDevitt/Rob Vernon Draft specification completed. Meeting to finalise 24 th Feb and will then be passed to procurement for upload to InTend	Significant
Live chat	Web chat service to encourage and take customers to the right place on the website. Answer live interactive enquiries	£2.5k	Complete	Free trial to take place of a web chat system cost £45 for 2 licenses each month. Proof of concept to be established before more permanent arrangements can be procured. Product demo'd - to go live by mid-march Procurement informed Product ordered, tested and in demo environment. Go live was 8.5.2015, 50% of the CSC trained on the live chat system (champions)	£5k (E)

				<p>Staff rota'd on daily to deal with this access channel.</p> <p>See above – 120 webchats received for June.</p>	
New spam ware	Elimination of waste emails	<p>New spam ware being procured.</p> <p>More sophisticated products now available to eliminate waste demand.</p>	Complete	<p>New spam wear (Tamemailadmin) system implemented 24th November. The quarantine and spam detection functionality is more sophisticated on the new appliance and allows the user to have more control over what is allowed through to their specific mailbox so we should hopefully be seeing a reduction in SPAM making it through to staff mailboxes.</p> <p>Reduction in service desk calls relating to SPAM. The quarantine function also allows users to create and maintain personal 'allow' and 'block lists in addition to the system filtering out SPAM. Reduction of SPAM difficult to quantify, running SPAM reports on both systems wouldn't really prove anything as volumes of SPAM vary.</p>	ROI to be measured.

Process improvements	Cash receipting process Automated DD's Issuing bar codes to customers		Complete	<p>Cheque receipt process redefined. Working closely with Revs Section which will achieve savings of 30 mins per day (of CSA time). Process still to be defined. E Quiney to be consulted.</p> <p>Process changed, but further improvements needed.</p> <p>Automated DD – ongoing dialogue with Revs – training to be implemented 27 Feb</p> <p>Bar codes now issued by Customer Services saving 10 /15 mins per transaction (data to be supplied by end of March)</p> <p>CS now able to print off bills for customers = improved service to customer</p> <p>DD's training has taken place.</p> <p>Train system to be deployed for staff to practice.</p> <p>Go live of 1.7.2015.</p>	£1K (E)
Member champion	Councillor John Chesworth		Complete	Met with Cllr C – however, Cllr P has requested all	

Identified				<p>comms/PR re the CSS go out in his name. AG to speak to both councillors to ensure no conflict</p> <p>Councillor Chesworth meeting with HOCS today to run through the mobile app.</p> <p>Councillor C has given his thoughts in relation to</p>	
Payments to be pushed to automated services	Automated payments set up on both the payment line and website	Instruction given to staff to push to the automated payment line.	<p>Complete</p> <p>End of April 15</p>	<p>All staff now been briefed on how to promote the automated line. Already in situ on web. Stats will be available and published to KPI data.</p> <p>Automated direct link to payment line via new telephone project – should be 1 April. This went live with the new phone – there was a delay in implementation.</p> <p>Payment requests received via 709709 now pushed to the automated line.</p> <p>In June 339 calls were sent direct to the payment line without an officers intervention.</p>	£11k

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