Borough of Tamworth

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JOINT SCRUTINY (BUDGETS)

25 January 2019

Dear Councillor

A meeting of the Joint Scrutiny (Budgets) will be held in **Council Chamber - Marmion House on Wednesday, 30th January, 2019 at 6.00 pm.** Members of the Committee are requested to attend.

Yours faithfully

Chief Executive

A G E N D A

NON CONFIDENTIAL

5 Draft Budget and Medium Term Financial Strategy 2019/20 to 2023/24
(Pages 3 - 94)

(Report of Cabinet)

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:M Bailey, R Bilcliff, R Claymore, T Clements, C Cooke, A Bishop, J Faulkner, R Ford, M Gant, S Goodall, M Greatorex, A James, T Jay, R Kingstone, K Norchi, J Oates, M Oates, S Peaple, Dr S Peaple, B Price, R Rogers, P Standen, M Summers and P Thurgood.

JOINT SCRUTINY COMMITTEE (BUDGET)

30th January 2019

Report of the Cabinet

DRAFT BUDGET AND MEDIUM TERM FINANCIAL STRATEGY 2019/20 to 2023/24

Purpose

To consider the budget proposals and medium term financial strategy for General Fund (GF) Revenue, the Housing Revenue Account (HRA) and the Capital Programme.

Recommendations

That Members:

1. **Consider the budget proposals due to be approved by Cabinet at the meeting on 24th January 2019;**

2. **Provide views on the budget proposals and council tax strategy, taking into account the prioritisation of resources.**

Executive Summary

At its meeting on 24th January 2019, the Cabinet considered a package of budget proposals for the period 2019/20 to 2023/24 and, as required by the Constitution of the Council, approved that the Scrutiny Committees be asked to consider the budget proposals contained within the report.

A copy of the report detailing the budget proposals is attached at **Annex 1**.

Resource Implications

As contained within the report.

Legal / Risk Implications

As contained within the report.

Report Author

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

Background Papers:-	**Corporate Vision, Priorities Plan, Budget & Medium Term Financial Strategy 2018/19, Council 27th February 2018**
	Budget and Medium Term Financial Planning Process, Cabinet 2nd August 2018
	Budget Consultation Report, Cabinet 8th November 2018
	Draft Base Budget Forecasts 2019/20 to 2023/24, Cabinet 29th November 2018
	Leaders Budget Workshop, 6th December 2018
	Draft Budget and Medium Term Financial Strategy 2019/20 to 2023/24, Cabinet 24th January 2019

ANNEX 1

CABINET

24th January 2019

JOINT SCRUTINY COMMITTEE (BUDGET)

30th January 2019

Report of the Leader of the Council

DRAFT BUDGET AND MEDIUM TERM FINANCIAL STRATEGY 2019/20 to 2023/24

Purpose

To approve the draft package of budget proposals **(attached at Appendix A)** to consult with the Joint Scrutiny Committee (Budget) on 30th January 2019 and receive their feedback on the:

- General Fund Revenue (GF) Budget and Council Tax for 2019/20;
- Housing Revenue Account (HRA) Budget for 2019/20;
- 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:

3. **Cabinet approve the draft package of budget proposals including the proposed policy changes (as detailed at Appendix B); and**

4. **As required by the Constitution of the Council, the Joint Scrutiny Committee (Budget) on 30th January 2019 be requested to consider the budget proposals contained within this report.**

Executive Summary

Based on the draft budget assumptions contained within the report, the headline figures for 2019/20 are:

- A General Fund Net Cost of Services of £8,748,570 a reduction of 14.8% compared to 2018/19;

- A transfer of £906,381 from General Fund balances;

- The Band D Council Tax would be set at £176.89, an increase of £5.14 (2.99% - c.£0.10 per week) on the level from 2018/19 of £171.75;

- A transfer of £123,880 from HRA balances;

- Rents will be set in line with the approved Rent Setting Policy including a 1% reduction in average rent, (1% on the 2018/19 average rent of £85.85) in line with the Government's requirement to reduce rents by 1% p.a. for the 4 years from 2016/17 (based on a 48 week rent year);

- A General Fund Capital Programme of £5.3m for 5 years;

- A Housing Capital Programme of £44.5m for 5 years.

Currently projections identify:

1. General Fund balances of £466k over 3 years – a shortfall of £36k (with a shortfall of £4m over 5 years), including the minimum approved level of £0.5m;

   Further savings of around £0.8m p.a. will be required over the next 5 years (based on annual 2.99% increases in Council Tax). On an annualised basis this would equate to a year on year ongoing saving of £270k over 5 years.

2. HRA balances of £3m over 3 years (with balances of £2m over 5 years) including the minimum recommended balances of £0.5m.

Key Risks

- Impact of uncertain economic conditions, following the decision to leave the EU – there is a higher level of uncertainty than in previous budget setting processes. It is suggested that, given the uncertainty, there should be no knee jerk reactions – with a clear plan to focus on balancing the next 3 years' budget position for the General Fund (5 years for the HRA);

- Achievement of the anticipated growth in business rates income – in line with the assumed baseline and tariff levels set;

- Uncertainty remains over the work progressing with regard to business rates retention (and the associated impact on the Council's business rates income and associated baseline and tariff levels) – it has been announced that Councils will be able to retain 75% of business rates collected from 2020/21 rather than 100% as previously planned. In addition, the Government are also consulting on a review of the distribution methodology, the 'Fair Funding Review' as well as the planned Business Rates Reset (when a proportion of the growth in business rates achieved since 2013/14 will be redistributed) - both of which will also take effect from 2020/21. **There is a high risk that this will have a significant effect on the Council's funding level from 2020/21.** It was announced as part of the Provisional Local Government Finance Settlement that the Councils in Staffordshire have been successful in their bid to host a Staffordshire wide 75% Business Rates Pilot arrangement for 2019/20;

- Delivery of the planned Commercial Investment Strategy actions and associated improved investment returns of 4% p.a. arising from the investment of £24m from the capital receipt received over the period 2016 – 2018 from the sale of the former golf course (to support the MTFS in the long term);

  The MHCLG have issued revised Investment and Minimum Revenue Provision (MRP) guidance, in response to recent concerns with regard to Councils who are borrowing large sums to invest in commercial property activities. Key issues include amendments to the definition of an investment, so that it now covers all financial assets and other non-financial assets that an authority holds primarily to generate financial returns, such as investment portfolios; and the proviso that authorities should not borrow in advance of need purely to profit from the investment of extra sums borrowed. Additional disclosures are also required in terms of risk management around investments.

- Achievement of anticipated growth in new homes within the Borough and the associated dependency on the New Homes Bonus income to address / reduce the funding shortfall for the General Fund;

- Challenge to continue to achieve high collection rates for council tax, business rates and housing rents – in light of further austerity, economic conditions and uncertainty;

- Finalisation of the provisional Local Government Finance Settlement allocations; and

- Work is continuing on a number of actions to address the GF shortfall to inform the final MTFS proposals for consideration by Council in February 2019 - **further savings of around £0.8m p.a. will be required** over the next 5 years (based on annual 2.99% increases in Council Tax). On an annualised basis this would equate to a year on year ongoing saving of £270k over 5 years.

Background

The budget setting process has faced significant constraints in Government funding in recent years - over 50% in real terms since 2010. The 4 year Local Government Finance Settlement confirmed that austerity measures are to continue with Revenue Support Grant (RSG) all but eradicated for most Councils by 2020 – and suggests that the key challenges that the Council is currently addressing are likely to become greater.

The Council remains committed to promoting and stimulating economic growth and regeneration; meeting our housing needs; creating a vibrant town centre economy and protecting those most vulnerable in our communities. To this end, we pledge to explore and invest in viable and sustainable methods of generating income and moving towards financial independence – as well as taking any opportunities to provide services in a more effective and efficient manner.

This approach has enabled this Council to navigate its way through the extended period of austerity and the uncertainties and complexities brought about by 'devolution', elected Mayors, Combined Authorities etc.

With many of the challenges of previous years still facing the Council and the uncertainties surrounding issues such as BREXIT, NNDR retention, the future of the NHS and Care Services, our local clarity of Vision and purpose has never been so important.

In addition, the adoption of 'Demand Management' as the primary operating model and the targeting of resources via locality based commissioning and delivery has enabled greater effectiveness in service delivery as evidenced by customer satisfaction, award winning services and of course, the management of the Council's finances. Through its implementation, the Council will have far greater control upon the alignment of services or 'supply' to the increased needs and expectations of the public or 'demand'.

Key to this will be the application of existing and new technology to capture, collate and analyse customer insight, intelligence and data so as to understand not just the 'need' but the cause, behaviours or decisions creating the need. Then by the application of locality based commissioning for example, it can commission services that either intervene or prevent future need thereby reducing demand. 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.

Accurate forecasting, strong leadership and an innovative, risk aware approach have resulted in the organisation being able, in the main, to sustain a full suite of essential services albeit not without implications for the public, local politicians and the entire workforce.

By adopting this approach, 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).

As part of the budget process Policy Changes are required in order to amend base budget provision. As grant and other income levels are reducing, where increased costs are unavoidable then managers should identify compensatory savings. Where savings are identified they must be accompanied by a robust implementation plan.
Robust business case templates will have to be submitted to Cabinet and CMT for all Policy Change submissions (Revenue and Capital).

The attached forecast is based on a 5 year period, but does contain a number of uncertainties. It is suggested that, given the uncertainty, there should be no knee jerk reactions – with a clear plan to focus on balancing the next 3 years' budget position, in compliance with the Prudential Code (by which time the economic impact, if any, should be clearer).

The savings already contained within the Base Budget forecast include:

Planned Saving area	Risk	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Delivering Quality Services project	M	100	100	100	100	100
Reduced CRM costs	M	62	62	62	62	62
Recruitment freeze – increase the vacancy allowance from 5% to 7.5% over 5 years from 2017/18 – c. £45k p.a. year on year for GF (£14k p.a. – HRA)	L	45	49	52	52	52
Rental of vacant accommodation space in Marmion House	H	46	92	92	92	92

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 and doubt over the future operation of the scheme. The Government confirmed as part of the Local Government Finance Settlement for 2017/18 that payments will reduce from 6 years to 5 years from 2017/18 and 4 years from 2018/19 and a ‘deadweight’ level of growth will be applied whereby payments will only be made should housing growth be over and above this level (confirmed as 0.4% of the Band D equivalents in an area). This has now been confirmed as unchanged for 2019/20 but it is uncertain for future years.

b) Future Revenue Support Grant levels for future years - the budget setting process has faced significant constraints in Government funding in recent years - over 50% reduction since 2010.

   The 4 year Local Government Finance Settlement confirmed in February 2016 that austerity measures are to continue with Revenue Support Grant (RSG) all but eradicated for most Councils by 2020.

   However, there remains a high degree of uncertainty arising from the most significant changes in Local Government funding for a generation in 2020/21 arising from:

   - The Government’s Fair Funding Review (FFR) of the distribution methodology including:

     - changes to the needs assessment (which will determine each Council’s share of the national funding for Local Government – it is likely that this will reflect the impact of Social Care demands and that funding will be redistributed to Unitary and County Councils to the detriment of District Councils);

     - treatment of relative resources (to determine how much each Council can fund locally through income from fees and charges and council tax); and

     - any transitional arrangements to protect Councils from significant reductions in funding – and the impact from their unwinding from 2021/22.

   - Spending Review 2019 (SR19) – where the total spending allocation for Government Departments will be set – including national control totals for Local Government spending. It has already been announced that significant additional funding will be diverted to the NHS which could mean further reductions for other Departments including Local Government;

- The ongoing review of the Business Rates Retention (BRR) scheme – the Government announced that Councils will be able to retain 75% of business rates collected from 2020/21 rather than 100% as previously planned with work progressing on the design of the new system including the impact of ‘rolling in’ grants such as Housing Benefit administration and New Homes Bonus. In addition, the calculation of the level of business rate appeal costs will impact on the forecast level of retained business rates – of which the Council has to fund 40% from its own budgets – a provision of £4.3m was set aside at the end of 2017/18 (40% of which relates to the Council). It was announced as part of the Provisional Local Government Finance Settlement that the Councils in Staffordshire have been successful in their bid to host a Staffordshire wide 75% Business Rates Pilot arrangement for 2019/20;

- The planned reset of the Business Rates baseline for each Council from 2020/21 and redistribution of the growth achieved since 2013 (of over £1m p.a.);

- Uncertainty over the ongoing funding for the New Homes Bonus scheme, local growth in housing numbers and share of the national pool (including potential increases to the ‘deadweight’ for which Council’s no longer receive grant).

- In addition, the next planned national Business Rates Revaluation will take effect from 2021/22 – with latest indications that the Government will also aim to introduce a centralised system for business rate appeals at the same time to cover future changes arising from the 2021 valuation list.

  While we are aware of these forthcoming changes, little to no information is available on the potential impact for individual Councils’ finances.

c) Uncertain economic conditions within the UK economy, following the decision to leave the EU, may also lead to a suppression of business growth and investment – together with the associated impact on Business Rate growth and employment.

d) Future Pension contribution levels - following the triennial review in 2016 carried out by the Actuary employed by the Pension Fund - indicative *ongoing* annual increases in Employer’s contributions of c. £200k p.a. have been included from 2017/18 for 3 years. 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.

e) 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 vacancy allowance);

f) 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. A further 1% pay cap for public sector workers for the 4 years from 2016/17 was set but following Government announcements regarding public sector pay this cap was lifted from 2018/19 with a 2% increase agreed.

For 2019/20 a 2% increase was agreed and included the introduction of a new pay spine on 1st April 2019 based on a bottom rate of £17,364 with additions, deletions and changes to other spinal column points. This could have a significant impact in terms of current grading and a review is underway to assess the impact of the assimilation and implementation of the new pay spine from 1st April 2019.

In addition, from April 2016, a new compulsory National Living Wage (NLW) for the over 25s was introduced to replace the National Minimum Wage.

g) Proposed changes set out in the Welfare Reform Act 2012 and the introduction of Universal Credit – impact on housing benefits and associated income receipts (including Housing Rents and Council Tax) of the Council;

h) The impact of any further uncertainty over future interest rate levels and their impact on investment income / treasury management;

i) Due to uncertainties around the Better Care Fund, a significant risk on the current grant funding for Disabled Facilities Grants (DFG) is highlighted after 2018/19.

   A grant of £400k p.a. has been assumed to be redistributed – in line with the funding notified for 2018/19;

j) Inclusion of expected outcomes from development of the Commercial Investment Strategy;

k) Review and finalisation of the revised budgets/policy changes and feedback from the scrutiny process – including the Council Tax increase for 2019/20.

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 increase levels for 2019/20 and future years have been modelled / considered.

Council Tax	**Option Modelled / Considered**
Model 1	**2.99% increase in Council tax in 2019/20 (followed by increases of c.2.99% p.a.)**
Model 2	£5.00 increase in Council tax in 2019/20 (followed by increases of £5.00 p.a.)
Model 3	0% increase in Council tax in 2019/20 (followed by increases of c.2.99% p.a.)
Model 4	2.5% increase in Council tax in 2019/20 (followed by increases of 2.5% thereafter)
Model 5	0% increase in Council tax in 2019/20 (followed by increases of 0% thereafter)
Model 6	1% increase in Council tax in 2019/20 (followed by increases of 1% thereafter)

Rent	**Option Modelled / Considered**
Statutory Requirement	**Reduction of 1% (in line with the statutory requirement)**

Resource Implications

A summary table of all the budget proposals is shown at the end of the report. The General Fund summary revenue budget for 2019/20 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 £5.14 (2.99%) for 2019/20 (the maximum permitted under the Government set limits to avoid a referendum) followed by increases at 2.99% p.a. thereafter & in line with statutory requirements. The Forecast projects General Fund balances of £466k over 3 years – a shortfall of £34k (with a shortfall of £4m over 5 years), including the minimum approved level of £0.5m.

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 around £0.8m p.a. will be required** (based on annual 2.99% increases in Council Tax). On an annualised basis this would equate to a year on year ongoing saving of £270k over 5 years.

The summary HRA Revenue Budget for 2019/20 appears at **Appendix C** (including a summary of the resulting budgets over the 5 year period). Closing balances over 3 years are estimated at £3m (£2m 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 2018, 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 2018, included at this stage are detailed within the report.

Options

Work is continuing on a number of actions to address the financial position in future years:

- Delivering Quality Services project – the demand management approach to shift demand to more efficient methods of service delivery – online and automation (Interactive Voice Response). A savings target of £100k p.a. has already been included within the MTFS together with reduced CRM costs of £62k p.a. from 2019/20;

- Recruitment re-justification process – where possible, temporary 12 month appointments are now only being made; there is a robust challenge / re-justification process in place for all vacant posts with a requirement to investigate alternative options including restructuring to fill vacancies / looking at what we can stop doing.

  We took the opportunity to increase the vacancy allowance from 5% to 7.5% by 2021/22 c.£45k p.a. year on year for the General Fund, c.£14k p.a. for the HRA (It should be noted that staffing in some services e.g. planning, are key to the delivery of the Council's economic growth agenda and have significant demand from the public and local businesses but can also experience severe recruitment difficulties – which may lead to the use of market supplements to attract staff).

- Spend freeze – Managers have previously been required to restrict / limit spending to essential spend only (there was a £1.8m underspend in 2017/18 – although much of this arose from windfall income, c. £1m was lower level underspends).

  A review of the underspend position has been undertaken with a view to drive out as many savings as possible.

- Alternative investment options arising from the Commercial Investment Strategy (as well as the Treasury Management Investment Strategy, including any prudential borrowing opportunities) to generate improved returns of c. 4 to 5% p.a. (plus asset growth) including:

  - Set up of trading company to develop new income streams;
  - Local investment options – Lower Gungate / Solway Close development including the potential to drawdown funding from the Local Growth Fund / Local Enterprise Partnerships (GBS and Staffordshire);
  - Investments in Diversified Property Funds – a savings target to return c.4% p.a. from £12m invested has already been included from 2019/20.

Note: these would represent long term investments of between 5 – 10 years (minimum) in order to make the necessary returns (after set up costs).

- Review of reserves (including ensuring adequate provision for the funding uncertainties) / creation of a fund for transformation (if needed).

- Targeted Savings – to identify potential areas for review in future years.

- Review and rationalisation of IT systems.

In addition, the following areas will need to be completed / agreed to inform the Council decision:

- Completion of the Business Rates forecast / NNDR1 statutory return including the impact of the successful Staffordshire wide 75% Business Rates Pilot arrangement for 2019/20; and

- Finalisation of the Policy changes.

Consideration of the level of Council tax increases over the 5-year period is also needed to account for potential 'capping' by the Government or a local referendum / veto and to ensure that balances are maintained at the minimum approved level of £0.5m.

Decisions on future funding will need to be made with reference to the Council's Corporate Priorities together with the feedback & issues raised by the budget consultation exercise. There is a need to consider how the limited resources can be 'prioritised' (& whether service improvements in a priority area should be met from service reductions elsewhere).

Responses / indications from Scrutiny Committees on priority areas for the future allocation of resources will be sought, as part of the consultation required by the constitution.

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 the Leaders Budget Workshop was held on 6th December 2018.

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 30th January 2019.

Risks to Capital and Revenue 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 with revisions has been confirmed – further changes are possible in future years. Achievement of forecast growth in housing numbers / reduced void levels; **(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 above 3% **and** £5 and above risk 'capping' (confirmed as 3% **and** £5 for District Councils for 2018/19); **(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; **(High/Medium)**
Pay awards greater than forecast; **(Medium)**	Public sector pay cap was in place - 1% increase p.a. for 4 years from 2016/17. However, this cap was lifted from 2018/19 with pay awards of 2% p.a. for 2 years; **(Medium / Low)**
Pension costs higher than planned / adverse performance of pension fund; **(Medium)**	Regular update meetings with Actuary; Increases of c.£200k p.a. with a new 'lump sum' element have been included following triennial review (during 2016 for 2017/18) 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;	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;

Risk	Control Measure
Potential changes to the Business Rates Retention system following the announcement for Councils to keep 75% (previously up to 100%) of the business rates collected by 2020/21; **(High)**	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 with LDC. **(Medium)**
Delivery of the planned Commercial Investment Strategy actions - recent review of the Treasury Management Investment Guidance / Minimum Revenue Provision Guidance carried out by MHCLG - with a potential restriction of investments by Councils given increased risk exposure. **(High/Medium)**	The main issue seems to be the increased risks associated with those Councils who are borrowing large sums to invest in commercial property activities. **(Medium)**
Maintenance and repairs backlog for corporate assets – and planned development of long term strategic plan to address such. **(High / Medium)**	Planned development of long term strategic corporate capital strategy and asset management plan to consider the requirements and associated potential funding streams. **(Medium)**
Significant financial penalties arising from the implementation of the General Data Protection Regulations (GDPR). **(High / Medium)**	Implementation plan in place with corporate commitment and good progress. **(Medium)**
Property funds are not risk free - as such a risk based approach will need to be adopted – to balance risk against potential yield or return.	Any investment in funds which are deemed as capital expenditure will require the necessary capital programme budgets to be approved by full Council.

Risk	Control Measure
Based on past performance there is the potential for returns of c.4 to 5% p.a. but this is not guaranteed.	Risk is inherent in Treasury Management and as such a risk based approach will need to be adopted – to balance risk against potential yield or return.
The value of the funds are also subject to fluctuation – which could mean a capital loss in one year (as well as expected gains).	It is suggested that risk be mitigated (although not eliminated) through investment in a diversified portfolio using a range of property funds.
The initial cost associated with the purchase of the investment in the funds is expected to be in the region of 5% - which would have to be recovered over the life of the investment (either from annual returns or capital appreciation). There is a real risk of a revenue loss therefore in the first year. **(High/Medium)**	Provision has been made within the proposed policy changes to fund the initial cost of purchase of c.5%. The Council will also endeavour to use of the secondary market for purchases to potentially gain access to a fund at a lower level of cost than via the primary route **(Medium)**

Report Author

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

Background Papers:-	**Corporate Vision, Priorities Plan, Budget & Medium Term Financial Strategy 2018/19, Council 27th February 2018**
	Budget and Medium Term Financial Planning Process, Cabinet 2nd August 2018
	Budget Consultation Report, Cabinet 8th November 2018
	Draft Base Budget Forecasts 2019/20 to 2023/24, Cabinet 29th November 2018
	Leaders Budget Workshop, 6th December 2018

Summary of Appendices

Description	Appendix
Detailed Considerations	**A**
Policy Changes Summary – GF & HRA	**B**
HRA Budget Summary 2019/20 – 2023/24	**C**
General Fund Summary Revenue Budget 2019/20	**D**
General Fund Technical Adjustments 2019/20 (before policy changes)	**E1**
HRA Technical Adjustments 2019/20 (before policy changes)	**E2**
General Fund 5 Year Revenue Budget Summary	**F**
Council Tax Levels at Each Band 2019/20	**G**
General Fund Capital Programme 2019/20 – 2023/24	**H**
Housing Capital Programme 2019/20 – 2023/24	**I**
Main Assumptions	**J**
Sensitivity Analysis	**K**
Contingencies	**L**
Corporate Capital Strategy	**M**

Appendix A

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 2019/20 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 2018/19 budget to arrive at the starting point for 2019/20. 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 2019/20 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 continuing economic uncertainty and austerity measures;
- Injecting additional resources into corporate priorities;
- Increasing income from council tax and fees and charges; and
- 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 and uncertainty over Brexit negotiations will put significant pressure on the ability of the Council to publish a balanced 5 year MTFS.

It is suggested that, given the uncertainty, there should be no knee jerk reactions – with a clear plan to focus on balancing the next 3 years' budget position, in compliance with the Prudential Code (minimum balances of £0.5m) by which time the economic impact, if any, should be clearer.

There are a number of challenges affecting the Medium Term Financial Planning process for the period from 2019/20 to 2023/24 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 +/-	Impact over 3 years +/-	Impact over 5 years + / -	Risk
		£'000	£'000	£'000	
Pay Award / National Insurance (GF)	0.5%	43	260	663	M/H
Pension Costs	0.5%	0	175	594	L/M
Council Tax	0.5%	19	119	314	L/M
Inflation / CPI	0.5%	52	316	803	M/H
Government Grant	1.0%	40	190	437	M
Investment Interest	0.5%	333	1843	4318	H
Key Income Streams	0.5%	9	54	138	L
New Homes Bonus	10%	26	176	498	M
Business Rates	0.5%	70	425	1078	H

GENERAL FUND

Future Revenue Support Grant & Business Rate income

On 13 December 2018, the Secretary of State for the Ministry for Housing, Communities and Local Government, Rt. Hon. James Brokenshire MP, made a statement to Parliament on the provisional local government finance settlement (LGFS) 2019/20.

The updated National Core Spending Power figures are detailed below and include the Settlement Funding Assessment (SFA); Council Tax; the Improved Better Care Fund; New Homes Bonus (NHB); Transitional Grant; Rural Services Delivery Grant; and the Adult Social Care Support Grant. The table shows the national changes to Core Spending Power between 2016/17 and 2019/20. It shows an increase of 2.8% for 2019/20 and an overall increase for the period 2016/17 to 2019/20 of 3.8%.

Core Spending Power National Position	**2015/16 £m**	**2016/17 £m**	**2017/18 £m**	**2018/19 £m**	**2019/20 £m**
Settlement Funding Assessment	21,250	18,602	16,633	15,574	14,560
Under-indexing business rates multiplier	165	165	175	275	400
Council Tax	22,036	23,247	24,666	26,332	27,927
Improved Better Care Fund	-	-	1,115	1,499	1,837
New Homes Bonus	1,200	1,485	1,252	947	918
Rural Services Delivery Grant	16	81	65	81	81
Transition Grant	-	150	150	-	-
Adult Social Care Support Grant	-	-	241	150	-
Winter pressures Grant	-	-	-	240	240
Social Care Support Grant	-	-	-	-	410
Core Spending Power	**44,666**	**43,730**	**44,296**	**45,098**	**46,373**
Change %		**(2.1)%**	**1.3%**	**1.8%**	**2.8%**
Cumulative change %		**(2.1)%**	**(0.8)%**	**1.0%**	**3.8%**

For future years, it has been assumed that there will be a reduction in Revenue Support Grant to 2019/20 in line with that notified within the Final LGFS for 2016/17, confirmed as unchanged as part of the provisional 2019/20 LGFS, as detailed below.

BASE BUDGET	**2018/19 £**	**2019/20 £**	**2020/21 £**	**2021/22 £**	**2022/23 £**	**2023/24 £**
Revenue Support Grant	493,964	184,529	-	-	-	-
% Reduction	(36)%	(63)%	(100)%	-	-	-

Business Rates

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

The 2019/20 finance settlement represents the seventh year in which the Business Rates Retention (BRR) scheme is the principal form of local government funding. As in the previous 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 £356k 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 Council received additional business rates during 2015/16, 2016/17 and 2017/18 (above forecast / baseline) and had to pay a levy of £534k, £612k and £1.17m respectively.

The latest estimates for 2018/19 indicate additional business rates receivable above the baseline – of which the Council will receive 40% less the Government set tariff payment of c.£10m (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 2013 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.

Levy / Section 31 Grant	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £
NNDR Levy payment to GBSLEP (20%)	906,093	1,054,810	-	-		-
Section 31 Grant income	(762,968)	(752,760)	-	-		-

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

BASELINE	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £
Base Budget Forecast (November 2018):					
Retained Business Rates	12,530,991	14,279,743	14,560,973	14,815,263	15,113,978
Less: Tariff payable	(10,231,634)	(11,936,698)	(12,173,977)	(12,405,147)	(12,653,250)
Total	2,299,357	2,343,045	2,386,996	2,410,116	2,460,728
% Increase	2.2%	1.9%	1.9%	1.0%	2.1%
Provisional Settlement Funding (December 2018):					
Retained Business Rates	12,540,029	14,279,743	14,563,883	14,842,850	15,139,707
Less: Tariff payable	(10,054,485)	(11,936,698)	(12,173,977)	(12,405,147)	(12,653,250)
Total	2,485,544	2,343,045	2,389,906	2,437,703	2,486,457
% Increase / (Decrease)	**10.5%**	**(5.7)%**	**2.0%**	**2.0%**	**2.0%**
Increase / (Decrease)	**186,187**	**-**	**2,910**	**27,587**	**25,729**

As identified above, the Business Rates Baseline for 2019/20 is higher than expected at £2.49m – due to the inclusion of RSG following the successful Staffordshire wide Business Rates Pilot.

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.

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

BASE BUDGET	**2019/20 £**	**2020/21 £**	**2021/22 £**	**2022/23 £**	**2023/24 £**
Base Budget Forecast (November 2018):					
Retained Business Rates	14,014,371	14,279,743	14,563,883	14,842,850	15,139,707
Less: Tariff payable	(10,231,634)	(11,936,698)	(12,173,977)	(12,405,147)	(12,653,250)
Total	3,782,737	2,343,045	2,389,906	2,437,703	2,486,457
% Increase (Decrease)	3.3%	(38.1)%	2.0%	2.0%	2.0%
Provisional Settlement Funding (December 2018):					
Retained Business Rates	14,014,371	14,279,743	14,563,883	14,842,850	15,139,707
Less: Tariff payable	(10,054,485)	(11,936,698)	(12,173,977)	(12,405,147)	(12,653,250)
Total	3,959,886	2,343,045	2,389,906	2,437,703	2,486,457
% Increase / (Decrease)	**8.2%**	**(40.8)%**	**2.0%**	**2.0%**	**2.0%**
Increase / (Decrease)	**177,149**	**-**	**-**	**-**	**-**
Total	**177,149**	**177,149**	**177,149**	**177,149**	**177,149**

Based on this Government financial support will change as shown below:

BASE BUDGET	**2019/20 £**	**2020/21 £**	**2021/22 £**	**2022/23 £**	**2023/24 £**
Base Budget Forecast (November 2018):					
Revenue Support Grant	184,529	-	-	-	-
Retained Business Rates	14,014,371	14,279,743	14,563,883	14,842,850	15,139,707
Less: Tariff payable	(10,231,634)	(11,936,698)	(12,173,977)	(12,405,147)	(12,653,250)
Total	3,967,266	2,343,045	2,389,906	2,437,703	2,486,457
% Increase / (Decrease)	(4.5)%	(40.9)%	2.0%	2.0%	2.0%
Provisional Settlement Funding (December 2018):					
Revenue Support Grant	-	-	-	-	-
Retained Business Rates	£14,014,371	£14,279,743	£14,563,883	£14,842,850	£15,139,707
Less: Tariff payable	(10,054,485)	(11,936,698)	(12,173,977)	(12,405,147)	(12,653,250)
Total	3,959,886	2,343,045	2,389,906	2,437,703	2,486,457
% Increase / (Decrease)	**(4.7)%**	**(40.8)%**	**2.0%**	**2.0%**	**2.0%**
Increase / (Decrease)	**(7,380)**	**-**	**-**	**-**	**-**

The table shows that overall funding should be c.£7k less than expected in 2019/20.

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 2018. A separate report on this agenda is due to consider the latest forecast for Business Rates (the statutory NNDR1 return) once finalised – prior to final sign off by the statutory deadline of 31st January 2019.

There are still significant uncertainties - specifically the treatment of:

- The level of inflation affecting the future increases to the multiplier;
- Forecast levels of growth in business rates;
- The estimated level of mandatory and discretionary reliefs;
- The estimated level of refunds of Business Rates following the Appeal process;
- the 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; and
- The impact of the Business Rates Retention scheme review, Baseline reset (the Council's baseline need level), the Fair Funding Review and the Spending Review planned for 2019 on the likely tariff levels for future years.

In addition, the next planned national Business Rates Revaluation will take effect from 2021/22 – with latest indications that the Government will also aim to introduce a centralised system for business rate appeals at the same time to cover future changes arising from the 2021 valuation list.

While we are aware of these forthcoming changes, little to no information is available on the potential impact for individual Councils' finances.

A summary of the indicative Government timetable for the reviews is shown below:

Date	Issues
May 2018	Risk and gearing; appeals and loss payments; updates on Pool prospectus; update on FFR consultation.
July 2018	Resets and measuring growth; Revaluation; BRR transitional arrangements; Pooling; FFR – structure of needs assessment, treatment of relative resources, principles for transitional arrangements.
Oct 2018	Overall short term package and future reform; update on SR 2019; Potential consultation on BRR Baseline reset.
Early 2019	Technical BRR consultation and links to FFR; SR 2019 emerging issues; Potential consultation on BRR Baseline reset.
Mid 2019	Results of consultations (hopefully); SR 2019 emerging issues.
Later 2019	Indicative impact of systemic changes potentially this late
Late 2019 / Early 2020	Provisional Local Government Finance Settlement detailing impact for Councils

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

New Homes Bonus (NHB)

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 scheme was subject to a consultation paper in December 2015. This paper outlined a number of potential changes to the scheme, including a change in the scheme's funding. This change moved from having an open-ended funding amount (based on the number of new homes) to a finite amount that could not be exceeded. The funding for the scheme over the period 2017/18 to 2019/20 was also announced, these amounts being:

2017/18	£1,493m
2018/19	£938m
2019/20	£900m

The government made the following changes to the scheme during 2016:

- Funding was reduced by £241m in 2017/18 (funding remains at pre-announced levels for 2018/19 and 2019/20);
- Funding was reduced from 6 years to 5 years in 2017/18;
- Funding was reduced to 4 years for 2018/19 onwards;
- From 2018/19, the government will consider withholding payments from local authorities that are not *"planning effectively, by making positive decisions on planning applications and delivering housing growth"; and*

- A consultation was planned regarding withholding payments for homes that are built following an appeal.

- The allocations for 2018/19 and 2019/20 are indicative and will be reliant on any further changes to the scheme and growth locally.

- It had been assumed that a 'deadweight' factor of 0.25% would be implemented, in line with the consultation but, from 2017/18, the national baseline for housing growth below which New Homes Bonus will not be paid was set at 0.4% (reflecting a percentage of housing that would have been built anyway). The Government retain the option of making adjustments to the baseline in future years to reflect significant and unexpected housing growth – a factor of 0.6% had been assumed for 2019/20 onwards.

There remains significant uncertainty over the future operation of the scheme with recent announcements that it will be considered as part of the review of Fair Funding review and the Business Rates retention scheme.

New Homes Bonus income forecasts were subsequently updated (including changes in forecast new home increases) and included within the base budget as detailed in the table below.

The provisional allocations for 2019/20 have been announced and reflected in the revised forecasts in the table below.

BASE BUDGET NHB	**2018/19 £**	**2019/20 £**	**2020/21 £**	**2021/22 £**	**2022/23 £**
Risk Weighting applied – MTFS 2018	100%	75%	75%	50%	50%
MTFS 2018 Budget	230,750	414,140	561,990	695,660	695,660
Base Budget Forecast	*257,200*	*293,800*	*401,750*	*457,920*	*399,250*
Increased / (Reduced) income	26,450	(120,340)	(160,240)	(237,740)	(296,410)
Revised Risk Weighting applied	100%	37.5%	37.5%	25%	25%
Revised forecast – Draft MTFS	*336,300*	*293,800*	*401,750*	*457,920*	*399,250*
(Gain) / Loss	**79,100**	**-**	**-**	**-**	**-**

The national baseline for housing growth below which New Homes Bonus will not be paid was unchanged at 0.4% (reflecting a percentage of housing that would have been built anyway). The Government will retain the option of making adjustments to the baseline in future years to reflect significant and unexpected housing growth.

The impact on the MTFS is a £79k gain. No further changes to the scheme have been considered and therefore the forecast remains unchanged for future years.

Technical Adjustments

Revisions have been made to the 2018/19 base budget in order to produce an adjusted base for 2019/20 and forecast base for 2020/21 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; and
- 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	**2019/20 £'000**	**2020/21 £'000**	**2021/22 £'000**	**2022/23 £'000**	**2023/24 £'000**
Base Budget B/Fwd	10,270	8,898	8,579	8,700	8,861
Committee Decisions	(1,624)	(44)	52	(15)	-
Inflation	38	38	39	39	41
Other	(45)	(590)	(245)	(122)	134
Pay Adjustments (Including pay award / reduction for vacancy allowance)	135	277	275	259	245
Revised charges for non-general fund activities	124	-	-	-	-
Total / Revised Base Budget	**8,898**	**8,579**	**8,700**	**8,861**	**9,281**

* ( ) denotes saving in base budget

Policy Changes

The policy changes provisionally agreed by Council in February 2018 have been included within the technical adjustments for 2019/20 onwards. **A list of the proposed new policy changes for 2019/20 is summarised below:**

Policy Changes Identified	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
To make the Training Officer post permanent	26.0	-	-	-	-
To extend the temporary contract for Customer Service Assistants for 12 months	56.5	(56.5)	-	-	-
Further delays in Assembly Rooms Project resulting in delay to opening	30.0	(30.0)	-	-	-
Proposed 75% reduction in the funding from SCC re highway verge mowing	-	126.0	-	-	-
Reduction in staffing and equipment to reflect reduced SCC funding	-	(95.0)	-	-	-
Amington Community Woodlands ongoing revenue and maintenance costs funded by S106 income	TBC	-	-	-	-
Increase in Elections budget as there are no planned Parliamentary or County elections during 2019	20.0	(20.0)	-	-	-
To add the post of Benefits Apprentice to the establishment, on a temporary two year basis	14.34	-	(14.34)	-	-
Funding for apprentice - saving in vacant Benefits Advisor hours / Government grant	(14.34)	-	14.34	-	-
To add the post of Revenues Apprentice to the establishment	14.34	-	-	-	-
Funding for apprentice - Contribution from bailiff / Increased court cost income budget	(14.34)	-	-	-	-
Review of Underspent Budgets and Contingencies	(358.6)	-	-	-	-
Revised New Homes Bonus grant	(79.1)	79.1	-	-	-
Capital Programme – lost investment income	7.0	8.0	13.0	4.0	19.0

Policy Changes Identified	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Capital Programme – repayment of debt (MRP)	12.0	13.0	21.0	7.0	30.0
Civil Contingencies Unit (CCU) support - additional CCU Officer time	7.0	(7.0)	-	-	-
Removal of planned income from letting accommodation in Marmion House	46.0	46.0	-	-	-
Review of the Tamworth Local Plan 2006-2031 - required to be reviewed at least every five years	40.0	65.0	(105.0)	-	-
Planning fees increased by 20% on 17th January 2018 on the understanding that the increase was reinvested in Planning Services	34.0	-	-	-	-
£10k per annum for 3 financial years to match fund against a European funded project, to enable businesses and individuals to start up	10.0	-	-	(10.0)	-
Total New Items / Amendments	**(149.2)**	**128.6**	**(71.0)**	**1.0**	**49.0**
Cumulative	**(149.2)**	**(20.6)**	**(91.6)**	**(90.6)**	**(41.6)**

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.

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.

Council Tax

Last year's medium term financial plan identified ongoing increases of £5 (c.3%) per annum from 2019/20.

Each £1 increase in the band D Council Tax would raise approximately £22k per annum. For each 1% increase in Council Tax, the Council will receive c. £37k additional income per annum.

It has been confirmed that the 'referendum' threshold will be the higher of £5 or 3.0% - following a freeze in 2011/12 & 2012/13 and a below 2% increase since then.

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

Model 1 Impact of 2.99% increase in Council Tax in 2019/20 (followed by 2.99% p.a.)

Year:	2019/20	2020/21	2021/22	2022/23	2023/24
Forecast:	£'000	£'000	£'000	£'000	£'000
Surplus (-) /Deficit	907	2,138	1,947	1,871	2,103
Balances Remaining (-) / Overdrawn	**(4,551)**	**(2,413)**	**(466)**	**1,405**	**3,508**
£ Increase	5.14	5.29	5.45	5.61	5.78
% Increase	2.99%	2.99%	2.99%	2.99%	2.99%
Note: Resulting Band D Council Tax	176.89	182.18	187.63	193.24	199.02

which indicates a potential shortfall in balances of £34k over 3 years (with a shortfall of £4m over 5 years), further savings of approx. £0.8m per annum over 5 years would have to be identified.

In order to consider alternative options, the following scenarios have been modelled:

Model 2 Impact of £5 increase in Council Tax in 2019/20 (followed by £5 p.a.)

Year:	2019/20	2020/21	2021/22	2022/23	2023/24
Forecast:	£'000	£'000	£'000	£'000	£'000
Reduction in Council Tax £	3	9	19	33	51
Revised Surplus (-) /Deficit	909	2,147	1,966	1,904	2,154
Balances Remaining (-) / Overdrawn	**(4,548)**	**(2,401)**	**(435)**	**1,470**	**3,624**
£ Increase	5.00	5.00	5.00	5.00	5.00
% Increase	2.91%	2.83%	2.75%	2.68%	2.61%
Note: Resulting Band D Council Tax	176.75	181.75	186.75	191.75	196.75

which indicates a potential shortfall in balances of £65k over 3 years (with a shortfall of £4.1m over 5 years), further savings of approx. £0.8m per annum over 5 years would have to be identified.

Model 3 Impact of 0% increase in Council Tax in 2019/20 (followed by increases of 2.99% thereafter)

Year:	2019/20	2020/21	2021/22	2022/23	2023/24
Forecast:	£'000	£'000	£'000	£'000	£'000
Reduction in Council Tax £	112	115	119	123	127
Revised Surplus (-) /Deficit	1,019	2,253	2,066	1,994	2,230
Balances Remaining (-) / Overdrawn	**(4,439)**	**(2,186)**	**(120)**	**1,874**	**4,104**
£ Increase	0.00	5.14	5.29	5.45	5.61
% Increase	0.00%	2.99%	2.99%	2.99%	2.99%
Note: Resulting Band D Council Tax	171.75	176.89	182.18	187.63	193.24

which indicates a potential shortfall in balances of £0.4m over 3 years (£4.6m over 5 years) further savings of approx. £0.9m per annum over 5 years would have to be identified.

Model 4 Impact of 2.5% increase in Council Tax in 2019/20 (followed by increases of 2.5% thereafter)

Year:	2019/20	2020/21	2021/22	2022/23	2023/24
Forecast:	£'000	£'000	£'000	£'000	£'000
Reduction in Council Tax £	18	38	59	81	105
Revised Surplus (-) /Deficit	925	2,176	2,006	1,952	2,208
Balances Remaining (-) / Overdrawn	**(4,533)**	**(2,357)**	**(351)**	**1,601**	**3,809**
£ Increase	4.30	4.40	4.52	4.63	4.74
% Increase	2.5%	2.5%	2.5%	2.5%	2.5%
Note: Resulting Band D Council Tax	176.05	180.45	184.97	189.60	194.34

which indicates a potential shortfall in balances of £0.15m over 3 years (£4.4m over 5 years) further savings of approx. £0.9million per annum over 5 years would have to be identified.

Model 5 Impact of 0% increase in Council Tax in 2019/20 (followed by increases of 0% thereafter)

Year:	2019/20	2020/21	2021/22	2022/23	2023/24
Forecast:	£'000	£'000	£'000	£'000	£'000
Reduction in Council Tax £	112	229	352	481	615
Revised Surplus (-) /Deficit	1,019	2,367	2,299	2,352	2,718
Balances Remaining (-) / Overdrawn	**(4,439)**	**(2,072)**	**227**	**2,579**	**5,297**
£ 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	171.75	171.75	171.75	171.75	171.75

which indicates a potential shortfall in balances of £0.7m over 3 years (£5.8m over 5 years) further savings of approx. £1.2m per annum would have to be identified.

Model 6 Impact of 1% increase in Council Tax in 2019/20 (followed by increases of 1% thereafter)

Year:	2019/20	2020/21	2021/22	2022/23	2023/24
Forecast:	£'000	£'000	£'000	£'000	£'000
Reduction in Council Tax £	74	153	236	324	417
Revised Surplus (-) /Deficit	981	2,291	2,183	2,195	2,520
Balances Remaining (-) / Overdrawn	**(4,477)**	**(2,186)**	**(3)**	**2,192**	**4,712**
£ Increase	1.72	1.74	1.76	1.77	1.79
% Increase	1.00%	1.00%	1.00%	1.00%	1.00%
Note: Resulting Band D Council Tax	173.47	175.21	176.97	178.74	180.53

which indicates a potential shortfall in balances of £0.5m over 3 years (£5.2m over 5 years) further savings of approx. £1million 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 business rates element but it is estimated that there will be a surplus of at least £33k p.a. within the Collection Fund for Council Tax – this will be updated following finalisation of the estimated surplus/deficit calculations in January 2019.

Year:	2019/20	2020/21	2021/22	2022/23	2023/24
Council Tax	£'000	£'000	£'000	£'000	£'000
Council Tax Income	(3,849)	(4,044)	(4,238)	(4,428)	(4,616)
Collection Fund Surplus (Council Tax)	(33)	(33)	(33)	(33)	(33)
Collection Fund Surplus (Business Rates)	-	-	-	-	-

The County Council, OPCC and Fire & Rescue Authority are due to finalise their budgets for 2019/20 during February 2019. The impact of the Borough Council tax proposals is shown for each Council Tax Band in **Appendix G**.

Balances

At the Council meeting on 23rd February 2016 Members approved a minimum working level of balances of £0.5m. At 31st March 2019 General Fund revenue balances are estimated to be £5.46m. 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 uncertain economic conditions 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 2019/20 appears at **Appendix D**.

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

Using the funding forecast and assuming increases in Council Tax of 2.99% per annum for 2019/20 onwards, the five year base budget forecast is as follows:

GF Summary	**2019/20 £'000**	**2020/21 £'000**	**2021/22 £'000**	**2022/23 £'000**	**2023/24 £'000**
Estimated Net Cost of Services	**8,898**	**8,579**	**8,700**	**8,861**	**9,281**
Proposed Policy Changes / Additional Costs Identified	(149)	(21)	(92)	(91)	(42)
Inflationary impact of policy changes	-	-	-	-	-
Net Expenditure	8,749	8,558	8,608	8,770	9,239
Financing: RSG	-	-	-	-	-
Collection Fund Surplus (Council Tax)	(33)	(33)	(33)	(33)	(33)
Collection Fund Surplus (Business Rates)	-	-	-	-	-
Tariff Payable	10,054	11,937	12,174	12,405	12,653
Non Domestic Ratepayers	(14,014)	(14,280)	(14,564)	(14,843)	(15,140)
Council Tax Income (Model 1)	(3,849)	(4,044)	(4,238)	(4,428)	(4,616)
Gross Financing	(7,842)	(6,420)	(6,661)	(6,899)	(7,136)
Surplus(-) / Deficit	907	2,138	1,947	1,871	2,103
Balances Remaining (-) / Overdrawn	(4,551)	(2,413)	(466)	1,405	3,508

Per Council, 27th February 2018	(1,846)	(551)	-	-	-

Band D equivalents	21,761	22,197	22,587	22,915	23,195

Indicating potential General fund balances of approx. £466k over 3 years – a shortfall of £34k (with a shortfall of £1.9m over 4 years & £4m over the 5 year period) - including the minimum approved level of £0.5m.

HOUSING REVENUE ACCOUNT

Technical Adjustments

The 2018/19 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 2019/20.

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

Technical Adjustments	**2019/20 £'000**	**2020/21 £'000**	**2021/22 £'000**	**2022/23 £'000**	**2023/24 £'000**
Base Budget B/Fwd	3,806	52	240	42	(110)
Committee Decisions	(3,146)	29	(37)	(7)	-
Inflation	144	147	152	155	159
Other	(761)	(77)	(399)	(381)	(399)
Pay Adjustments (Including pay award / reduction for vacancy allowance)	81	89	86	81	78
Revised charges for non-general fund activities	(72)	-	-	-	-
Total / Revised Base Budget	**52**	**240**	**42**	**(110)**	**(272)**

Revisions have been made to the 2018/19 base budget in order to produce an adjusted base for 2019/20 and forecast base for 2020/21 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	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Revised spend on Housing Repairs in line with the updated HRA Business Plan approved by Cabinet on 27th September 2018	3435.82	-	-	1,226.30	(1,226.30)
Remove current repairs budgets	(4,266.88)	-	-	-	-
Additional Revenue Contribution to Capital Programme	1,000.00		-	-	-
Review of Underspent Budgets and Contingencies	(96.49)	-	-	-	-
Total New Items / Amendments	**72.45**	**-**	**-**	**1,226.30**	**(1,226.30)**
Cumulative	**72.45**	**72.45**	**72.45**	**1,298.75**	**72.45**

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

HRA Summary	**2019/20 £'000**	**2020/21 £'000**	**2021/22 £'000**	**2022/23 £'000**	**2023/24 £'000**
Estimated Net (Surplus) / Deficit	52	240	42	(110)	(272)
Proposed Policy Changes / Additional Costs Identified	72	72	72	1,299	72
Inflationary impact of policy changes	-	-	-	-	-
Surplus (-) / Deficit	124	312	114	1,189	(200)
Balances Remaining (-) / Overdrawn	(3,419)	(3,107)	(2,993)	(1,804)	(2,004)

Per Council, 27th February 2018	(2,223)	(1,566)	(1,049)	(698)	-

Indicating Housing Revenue Account (HRA) balances of £3m over 3 years (with balances of £2m over 5 years) including the minimum recommended balances of £0.5m.

Rent Setting Policy

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.

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.

On 30th November 2017, Cabinet considered and approved amendments to the Council's Rent Setting Policy to include arrangements to charge affordable rents on new and affordable housing. The policy provides a framework within which Tamworth Borough Council will set rents and service charges and draws on the Department for Communities and Local Government Guidance on Rent Setting for Social Housing.

For 2019/20, rents will be set in line with the approved policy.

In setting the rent setting policy the Council had full regard to legislation, regulations and associated rent setting guidance including the Welfare Reform and Work Act 2016 which gave effect to the Government's 1% rent reduction for four years up to 2020/2021.

However, there are 53 Mondays in financial year 2019/20, the normal day for rent debits to be raised. This is not unusual in itself, but councils are required to manage the 53 Mondays alongside measures introduced in the Welfare Reform Act for annual 1% rent decreases and changes introduced by Universal Credit. There are specific issues to deal with in the next financial year and potentially longer term implications for rent levels.

Welfare Reform Act

The 4 year 1% rent a year decrease introduced by the Welfare Reform Act 2016 means that the 53 Mondays of rent in 2019/20 can be interpreted as taking Councils over the required 1% decrease on rents in the 52 week year in 2018/19.

A number of Councils and their representative groups have raised this with MHCLG, whose initial response was that the rent reduction had to be applied on an annual basis and that landlords would either have to offer up a rent free week or collect 52 weeks' worth of rent over 53 payments. Either way local authorities would lose a week's rent.

Furthermore this would have a long lasting impact of reducing rental income since Government is consulting on proposals to limit rent increases to CPI+1% per year from 2020/21 so the reduced rental income in 2019/20 would be "baked in".

However a number of LAs and partners have investigated this issue and have reached a consensus that the definition within the legislation could be interpreted so that rent payable 'in respect of that relevant year' should be calculated – as it is for accounting purposes at the year end - on a daily basis, though still charged on a weekly basis. This would allow 53 weeks' worth of rent to be charged as normal, and still be in compliance with the Welfare Reform and Work Act requirements to reduce rents by 1%.

It is also easier to explain as weekly rents will just need to be reduced by 1% as normal. There will need to be communication with any tenants making monthly payments (for instance by direct debit) where payments will increase by about 1% next year but that the following year's increase in payments will be lower in percentage terms than the increase at that time.

This consensus has been communicated to MHCLG. Officials have emphasised that it is for individual Councils to satisfy themselves that they are complying with the legal position.

Universal Credit

A further complicating issue is that Universal Credit legislation does not allow for 53 Monday years and therefore UC claimants would find themselves a week in arrears if charged 53 week's rent.

Councils have suggested that this could be amended through a statutory instrument, which references 53 weeks where applicable. However, DWP are not supportive of this approach, perhaps because it might have implications for their IT systems, or for introducing further complexity.

Another proposal is to ask that the Government temporarily resolve this through topping up rents for 2019/20 somehow, while working to find a sustainable long-term solution. There is not yet a detailed view on what the long-term solution might be.

Next steps

The LGA will continue to make representations to both DWP and MHCLG for a sustainable long-term solution to this issue, to inform rent setting for 2019/20.

Balances

The forecast level of balances at 31st March 2018 is £3.54m. The impact on balances of the adjustments outlined in this report would be as follows:

Balances	**2019/20 £'000**	**2020/21 £'000**	**2021/22 £'000**	**2022/23 £'000**	**2023/24 £'000**
Proposed Withdrawal from / Addition to (-) Balances	124	312	114	1,189	(200)
Balances Remaining (-) / Overdrawn	(3,419)	(3,107)	(2,993)	(1,804)	(2,004)

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.

Corporate Capital Strategy

The Council has an ongoing capital programme of over £55m for 2018/19 and an asset base valued at £219m (as at 31st March 2018).

The strategy attached at **Appendix M** sets out the Council's approach to capital investment and the approach that will be followed in making decisions in respect of the Council's Capital assets.

Capital investment is an important ingredient in ensuring the Council's vision is achieved and given that capital resources are limited it is critical that the Council makes best use of these resources.

The Strategy sets the policy framework for the development, management and monitoring of this investment and forms a key component of the Council's planning alongside the Medium Term Financial Strategy.

The Capital Strategy will:

- Reflect Members' priorities as set out in the Corporate Plan;
- Balance the need to maintain the Council's existing asset base against its future ambition and associated long term asset needs and consolidate assets where appropriate;
- Recognise that growth is the strategic driver for financial self-sufficiency;
- Be affordable in the context of the Council's MTFS;
- Seek to ensure value for money through achieving a return on investment or by supporting service efficiency and effectiveness;
- Be flexible to respond to evolving service delivery needs;
- Seek to maximise investment levels through the leveraging of external investment;
- Recognise the value of assets for delivering long-term growth as opposed to being sold to finance capital expenditure;
- Recognise the financial benefits and risks from growth generated through investment to support investment decisions; and
- Reflect the service delivery costs associated with growth when assessing the level of resources available for prudential borrowing.

The capital strategy feeds into the annual revenue budget and MTFS by informing the revenue implications of capital funding decisions. The implications for the MTFS are fully considered before any capital funding decisions are confirmed.

Equally, the availability of prudential borrowing means that capital and revenue solutions to service delivery can be considered, and ranked, alongside each other as part of an integrated revenue and capital financial strategy.

The Capital Strategy further sets out the Council's approach to the allocation of its capital resources and how this links to its priorities at a corporate and service level. It describes how the Council has responded to the opportunities provided by prudential borrowing and other new sources of finance.

All proposed schemes requiring capital investment should have as a minimum the following information:

- A description of the scheme;
- The estimated financial implications, both capital and revenue;
- The expected outputs, outcomes and contribution to corporate objectives;
- The nature and outcome of consultation with stakeholders and customers (as applicable);
- Any impacts on efficiency and value for money;
- Risk assessment implications and potential mitigations; and
- Any urgency considerations (e.g. statutory requirements or health and safety issues).

All capital bids should be prepared in light of the following list of criteria, and the proposed investment should address and be 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-minimis for capital expenditure is £10k per capital scheme.

It is important that capital investment decisions are not made in isolation and instead are considered in the round through the annual budget setting process.

Corporate Management Team and Service Managers identify the potential need for capital investment. This will take account of issues including the condition of council owned assets (including reference to the council's Asset Management Plan), health and safety requirements, statutory obligations of the council, operational considerations and emerging opportunities for investment including possible sources of external financing.

The Asset Strategy Steering Group (ASSG) review capital bids prior to consideration by Members. Once capital bids have been prioritised, Corporate Management Team will review the outcome of the deliberations of the ASSG and will make recommendations to Cabinet through an updated Medium Term Financial Strategy (MTFS) report on a proposed budget package which will include capital budget proposals.

The MTFS report (including capital budget proposals) will ultimately be considered by Budget Setting Council each year.

Following a review of the Capital Programme approved by Council on 27th February 2018, a revised programme has been formulated including additional schemes which have been put forward for inclusion.

A schedule of the capital scheme appraisals for the General Fund (GF) & Housing Revenue Account (HRA) received for consideration is attached at **Appendix I – General Fund (GF) and Appendix J – Housing (HRA),** together with the likely available sources of funding (capital receipts / grants / supported borrowing etc.).

With regard to the contingency schemes/allocation, **£35k** remains in current year GF contingency funds and **£100k** remains in current year HRA contingency funds (which will be re-profiled into 2019/20 to provide contingency funding).

To inform discussions, the proposals have been reviewed by the Asset Strategy Steering Group and Corporate Management Team with initial comments & suggestions for each of the schemes outlined within the Strategy.

APPENDIX B

Policy Changes Summary

SERVICE AREA	Sheet No.	Budget Changes 19/20 £'000	Budget Changes 20/21 £'000	Budget Changes 21/22 £'000	Budget Changes 22/23 £'000	Budget Changes 23/24 £'000
PEOPLE	1	82.5	(56.5)	-	-	-
OPERATIONS AND LEISURE	2	30.0	1.0	-	-	-
LEGAL & DEMOCRATIC SERVICES	3	20.0	(20.0)	-	-	-
FINANCE	4	(418.7)	100.1	34.0	11.0	49.0
NEIGHBOURHOODS	5	7.0	(7.0)	-	-	-
PARTNERSHIPS	6	-	-	-	-	-
ASSETS	7	46.0	46.0	-	-	-
GROWTH & REGENERATION	8	84.0	65.0	(105.0)	(10.0)	-
AUDIT & GOVERNANCE / WASTE MANAGEMENT	9	-	-	-	-	-
TOTAL		**(149.2)**	**128.6**	**(71.0)**	**1.0**	**49.0**
Cumulative Cost / (Saving)		**(149.2)**	**(20.6)**	**(91.6)**	**(90.6)**	**(41.6)**

HOUSING REVENUE ACCOUNT	Sheet No.	Budget Changes 19/20 £'000	Budget Changes 20/21 £'000	Budget Changes 21/22 £'000	Budget Changes 22/23 £'000	Budget Changes 23/24 £'000
HOUSING REVENUE ACCOUNT	10	72.5	-	-	1,226.3	(1,226.3)
TOTAL		**72.5**	**-**	**-**	**1,226.3**	**(1,226.3)**
Cumulative Cost / (Saving)		72.5	72.5	72.5	1,298.8	72.5

Policy Changes Summary Staffing Implications

SERVICE AREA	Sheet No.	Budget Changes 19/20 £'000	Budget Changes 20/21 £'000	Budget Changes 21/22 £'000	Budget Changes 22/23 £'000	Budget Changes 23/24 £'000
PEOPLE	1	5.5	(4.7)	-	-	-
OPERATIONS AND LEISURE	2	-	-	-	-	-
LEGAL & DEMOCRATIC SERVICES	3	-	-	-	-	-
FINANCE	4	1.7	-	(0.7)	-	-
NEIGHBOURHOODS	5	-	-	-	-	-
PARTNERSHIPS	6	-	-	-	-	-
ASSETS	7	-	-	-	-	-
GROWTH & REGENERATION	8	-	-	-	-	-
AUDIT & GOVERNANCE / WASTE MANAGEMENT	9	-	-	-	-	-
TOTAL		**7.2**	**(4.7)**	**(0.7)**	**-**	**-**

HOUSING REVENUE ACCOUNT	Sheet No.	Budget Changes 19/20 £'000	Budget Changes 20/21 £'000	Budget Changes 21/22 £'000	Budget Changes 22/23 £'000	Budget Changes 23/24 £'000
HOUSING REVENUE ACCOUNT	10	-	-	-	-	-
TOTAL		**-**	**-**	**-**	**-**	**-**

19/20 Budget Process - Policy Changes

Sheet 1

PEOPLE

Item No	Proposal/(Existing Budget)	Implications	Budget Change 19/20 £'000	Budget Change 20/21 £'000	Budget Change 21/22 £'000	Budget Change 22/23 £'000	Budget Change 23/24 £'000
PE1	To extend the current temporary contract of the Training Officer to make the post permanent.	Budgetary funding for the Training Officer ends March 2019. In light of the effectiveness of this post in delivering corporate training and writing system procedures and manuals, it is requested that this post is made permanent.	26.00	-	-	-	-
PE2	To extend the temporary contract for Customer Service Assistants for 12 months to 31st March 2020	Budgetary funding for these posts ends March 2019. It was expected by this point that the Customer Portal would be implemented and DQS would have concluded, however this is not the case and therefore it is requested that these posts remain for a further 12 months. The one-off cost of £91k will be reduced by retaining the salary savings arising this year from the vacant Head of Customer Services post in reserve at year end.	56.50	(56.50)	-	-	-
	Total New Items / Amendments		**82.50**	**(56.50)**	**-**	**-**	**-**

STAFFING IMPLICATIONS

Item No	Proposal/(Existing Budget)	Implications	19/20 FTE	20/21 FTE	21/22 FTE	22/23 FTE	23/24 FTE
PE1	Permanent post - Training Officer		0.80				
PE2	Extension of temporary CSA's	173 Temp Gr 2 hours	4.68	(4.68)			
	TOTAL		**5.48**	**(4.68)**	**-**	**-**	**-**

19/20 Budget Process - Policy Changes

Sheet 2

OPERATIONS AND LEISURE

Item No	Proposal/(Existing Budget)	Implications	Budget Change 19/20 £'000	Budget Change 20/21 £'000	Budget Change 21/22 £'000	Budget Change 22/23 £'000	Budget Change 23/24 £'000
OPS1	Further delays in Assembly Rooms Project resulting in delay to opening	Income reduced until premises open, date uncertain	30.00	(30.00)	-	-	-
OPS2	Proposed 75% reduction in the funding from SCC re highway verge mowing		-	126.00	-	-	-
OPS 3	Reduction in staffing and equipment to reflect reduced SCC funding		-	(95.00)	-	-	-
OPS4	Amington Community Woodlands ongoing revenue and maintenance costs	Externally Funded through S106's	TBC	-	-	-	-
	Total New Items / Amendments		**30.00**	**1.00**	**-**	**-**	**-**

STAFFING IMPLICATIONS

			19/20 FTE	20/21 FTE	21/22 FTE	22/23 FTE	23/24 FTE
OPS 3	Reduction in staffing and equipment to reflect reduced SCC funding		-	TBC	-	-	-
	TOTAL		-	-	-	-	-

19/20 Budget Process - Policy Changes

Sheet 3

LEGAL & DEMOCRATIC SERVICES

Item No	Proposal/(Existing Budget)	Implications	Budget Change 19/20 £'000	Budget Change 20/21 £'000	Budget Change 21/22 £'000	Budget Change 22/23 £'000	Budget Change 23/24 £'000
L&D1	Elections Costs	Increase in budget as there are no planned Parliamentary or County elections during 2019 to mitigate the full cost of election process	20.0	(20.0)	-	-	-
	Total New Items / Amendments		**20.0**	**(20.0)**	**-**	**-**	**-**

STAFFING IMPLICATIONS

No	Proposal/(Existing Budget)	Implications	19/20 FTE	20/21 FTE	21/22 FTE	22/23 FTE	23/24 FTE
	TOTAL		-	-	-	-	-

19/20 Budget Process - Policy Changes

Sheet 4

FINANCE

Item No	Proposal/(Existing Budget)	Implications	Budget Change 19/20 £'000	Budget Change 20/21 £'000	Budget Change 21/22 £'000	Budget Change 22/23 £'000	Budget Change 23/24 £'000
FIN1	To add the post of Benefits Apprentice to the establishment, on a temporary two year basis, to be part-funded from vacant hours already on the establishment/government grant income from DWP re benefit changes.	There are currently 12 vacant Gr 5 Benefits Advisor hours on the establishment, plus Government grant income being received which can fund the salaries cost of an apprentice. Training costs will be met from the apprentice levy. The proposal is for an apprentice aged 18 - 20; aged under 18 an apprentice under national minimum wage would cost £10.2k (incl on-costs).	14.34	-	(14.34)	-	-
		Saving in vacant Gr 5 Benefits Advisor hours	(9.50)	-	9.50	-	-
		DWP Government grant income	(4.84)	-	4.84	-	-
FIN2	To add the post of Revenues Apprentice to the establishment, to be part-funded via bailiffs contribution	The current bailiffs contractor has offered to part fund a Revenues apprentice. The remaining salaries costs will be funded from court costs income, with training costs met from the apprentice levy. The proposal is for an apprentice aged 18 - 20; aged under 18 an apprentice under national minimum wage would cost £10.2k (incl on-costs).	14.34	-	-	-	-
		Contribution from bailiff	(6.50)	-	-	-	-
		Increased court cost income budget	(7.84)	-	-	-	-
FIN3	Review of Underspent Budgets and Contingencies	Savings identified from review of previously underspent budgets	(358.62)	-	-	-	-
FIN6	Revised New Homes Bonus	Updated NHB grant notification following confirmation of 0.4% 'deadweight'	(79.10)	79.10	-	-	-
FIN7	Revenue Implications of Capital Programme	Cost of unsupported borrowing / lost investment income (2.5%) - should all proposed schemes progress	7.0	8.0	13.0	4.0	19.0
FIN8		Repayment of debt (4%) - should all proposed schemes progress	12.0	13.0	21.0	7.0	30.0
	Total New Items / Amendments		**(418.7)**	**100.1**	**34.0**	**11.0**	**49.0**

STAFFING IMPLICATIONS

Item No	Proposal/(Existing Budget)	Implications	19/20 FTE	20/21 FTE	21/22 FTE	22/23 FTE	23/24 FTE
FIN1	Benefits Apprentice		0.68	-	**(0.68)**	-	-
FIN2	Revenues Apprentice		1.00	-	-	-	-
	TOTAL		**1.68**	**-**	**(0.68)**	**-**	**-**

19/20 Budget Process - Policy Changes

Sheet 5

NEIGHBOURHOODS

Item No	Proposal/(Existing Budget)	Implications	Budget Change 19/20 £'000	Budget Change 20/21 £'000	Budget Change 21/22 £'000	Budget Change 22/23 £'000	Budget Change 23/24 £'000
NEI1	Civil Contingencies Unit (CCU) support	Tamworth Borough Council is a Tier 1 Responder under the Civil Contingencies Act and as such, must provide a level of preparedness and ability to respond in the event of an incident - in order to faciliate this additional CCU Officer time will be required during 2019/20.	7.0	(7.0)			
	Total New Items / Amendments		**7.0**	**(7.0)**	**-**	**-**	**-**

STAFFING IMPLICATIONS

			19/20 FTE	20/21 FTE	21/22 FTE	22/23 FTE	23/24 FTE
	TOTAL		-	-	-	-	-

19/20 Budget Process - Policy Changes

Sheet 6

PARTNERSHIPS

Item No	Proposal/(Existing Budget)	Implications	Budget Change 19/20 £'000	Budget Change 20/21 £'000	Budget Change 21/22 £'000	Budget Change 22/23 £'000	Budget Change 23/24 £'000
PAR1							
	Total New Items / Amendments		-	-	-	-	-

STAFFING IMPLICATIONS

Item No	Proposal/(Existing Budget)	Implications	19/20 FTE	20/21 FTE	21/22 FTE	22/23 FTE	23/24 FTE
	TOTAL		-	-	-	-	-

19/20 Budget Process - Policy Changes Sheet 7

ASSETS

Item No	Proposal/(Existing Budget)	Implications	Budget Change 19/20 £'000	Budget Change 20/21 £'000	Budget Change 21/22 £'000	Budget Change 22/23 £'000	Budget Change 23/24 £'000
AST1	Marmion House Rents and Service Charges	Removal of planned income from letting accommodation	46.0	46.0	-	-	-
	Total New Items / Amendments		**46.0**	**46.0**	**-**	**-**	**-**

STAFFING IMPLICATIONS

			19/20 FTE	20/21 FTE	21/22 FTE	22/23 FTE	23/24 FTE
	TOTAL		-	-	-	-	-

19/20 Budget Process - Policy Changes

Sheet 8

GROWTH & REGENERATION

Item No	Proposal/(Existing Budget)	Implications	Budget Change 19/20 £'000	Budget Change 20/21 £'000	Budget Change 21/22 £'000	Budget Change 22/23 £'000	Budget Change 23/24 £'000
G&R1	Review of the Tamworth Local Plan 2006-2031 - Funding request £40,000 2019/20 and £105,000 2020/2021 (in addition to the £40,000 allocated in each of 2018/19 and 2019/20). The Town and Country Planning (Local Planning) Regulations 2012 now require local plans to be reviewed at least every five years. In TBC's case, a full review should be undertaken as it is anticipated that the housing need will change requiring amendments to strategic policies within the local plan. TBC has worked with all of the 14 authorities within the Greater Birmingham and Black Country Housing Market Area to take forward the recommendations of a Strategic Growth Study that will look to deal with a wider unmet housing need from the HMA which includes Tamworth's need.	The timeframe for dealing with the unmet need extends to 2036 and therefore TBC's local plan will be extended to 2036. An infrastructure and delivery study will be commissioned to assess the development opportunities and constraints at these locations and agree a way forward. The existing evidence base comprises updates to documents that were produced as far back as 2010 and were updated as necessary for the adopted plan. These documents are now dated and should be replaced. The costs for production of the new evidence base will be supplemented through existing budgets where possible and producing some of the evidence in-house. The new requirement to review the local plan every 5 years will require a base budget to be set to support this activity going forward.	40.00	65.00	(105.00)	-	-
G&R2	The Government increased nationally set planning fees by 20% on 17th January 2018 on the understanding that the increase was reinvested in Planning Services. The proposal is to create an expenditure budget to enable transparency on spend of the additional income.	The forecast income for 19/20 is £200,000 which includes the 20% increase. This is lower than in previous years due to the likehood that less large scale applications will be received given that the majority have been made this year	34.00	-	-	-	-
G&R3	An additional £10k per annum for the period of April 2019 to end of March 2022 (3 financial years), to match fund against a European funded project, to enable businesses and individuals to start up. This project supports individuals in Tamworth to start or grow fledgling businesses creating economic benefits for the Borough, through workshops, individual advice and business planning activities. This support encourages and gives confidence to individuals who may not otherwise start a business.	The £10k is a payment that leverages in additional investment. The project pays for; a dedicated mentor / advisor for Tamworth giving start up advice; monthly 2 days workshops on starting a business, including room hire income at the TEC; marketing and relationship building with individuals and interested organisations, such as the job centre; additional workshops at the TEC	10.00	-	-	(10.00)	-
	Total New Items / Amendments		**84.00**	**65.00**	**(105.00)**	**(10.00)**	**-**

STAFFING IMPLICATIONS

Item No	Proposal/(Existing Budget)	Implications	19/20 FTE	20/21 FTE	21/22 FTE	22/23 FTE	23/24 FTE
	TOTAL		-	-	-	-	-

19/20 Budget Process - Policy Changes				Sheet	9		

AUDIT & GOVERNANCE / WASTE MANAGEMENT

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000	23/24 £'000
A&G1	Revised Waste Management Costs		TBA				
	Total New Items / Amendments		-	-	-	-	-

STAFFING IMPLICATIONS

Item No	Proposal/(Existing Budget)	Implications	19/20 FTE	20/21 FTE	21/22 FTE	22/23 FTE	23/24 FTE
	TOTAL		-	-	-	-	-

19/20 Budget Process - Policy Changes

Sheet **10**

HOUSING REVENUE ACCOUNT

Item No	Proposal/(Existing Budget)	Implications	Budget Change 19/20 £'000	Budget Change 20/21 £'000	Budget Change 21/22 £'000	Budget Change 22/23 £'000	Budget Change 23/24 £'000
HRA1	Brickwork (spalling)	Revised spend in line with the updated HRA Business Plan approved by Cabinet on 27th September 2018	-	-	-	284.8	(284.8)
HRA2	Wall Finish & Lintels		-	-	-	941.5	(941.5)
HRA3	Painting Programme - external		170.8	-	-	-	-
HRA4	Painting Programme - internal, sheltered and communal area		7.1	-	-	-	-
HRA5	Gas Servicing - domestic		129.5	-	-	-	-
HRA6	Gas Servicing - non domestic		0.3	-	-	-	-
HRA7	Solid Fuel Appliance servicing		0.1	-	-	-	-
HRA8	Asbestos non domestic reinspections (High Rise blocks)		4.6	-	-	-	-
HRA9	Asbestos non domestic reinspections (Low Rise blocks)		0.2	-	-	-	-
HRA10	Asbestos non domestic reinspections (Communal Areas)		9.3	-	-	-	-
HRA11	Asbestos non domestic reinspections (Sheltered)		1.9	-	-	-	-
HRA12	Asbestos non domestic reinspections (Non Housing)		1.0	-	-	-	-
HRA13	Legionella risk assessments and monitoring (High Rise blocks)		2.3	-	-	-	-
HRA14	Legionella risk assessments and monitoring (Low Rise blocks)		0.2	-	-	-	-
HRA15	Legionella risk assessments and monitoring (Communal Areas)		1.3	-	-	-	-
HRA16	Legionella risk assessments and monitoring (Sheltered)		1.5	-	-	-	-
HRA17	Legionella risk assessments and monitoring (Non Housing)		1.0	-	-	-	-
HRA18	Fire Risk Assessments (High Rise blocks)		2.3	-	-	-	-
HRA19	Fire Risk Assessments (Low Rise blocks)		0.2	-	-	-	-
HRA20	Fire Risk Assessments (Communal Areas)		9.3	-	-	-	-
HRA21	Fire Risk Assessments (Sheltered)		1.5	-	-	-	-

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			19/20	20/21	21/22	22/23	23/24
			£'000	£'000	£'000	£'000	£'000
HRA22	Fire Risk Assessments (Non Housing)		1.0	-	-	-	-
HRA23	Automatic fire detection and control (sprinkler) inspection and maintenance - bin stores		0.9	-	-	-	-
HRA24	Automatic fire detection and control (sprinkler) inspection and maintenance - new (Flats)		7.0	-	-	-	-
HRA25	Fire Alarm Testing and Servicing (contract includes Warden Call systems)		21.3	-	-	-	-
HRA26	Emergency Lighting testing and servicing		3.5	-	-	-	-
HRA27	Fire extinguisher servicing and inspection		0.6	-	-	-	-
HRA28	Lightening conductor inspection (High Rise and Sheltered blocks)		3.4	-	-	-	-
HRA29	Pressure Vessel / Water Pumps Inspections (other than non domestic boilers)	Revised spend in line with the updated HRA Business Plan approved by Cabinet on 27th September 2018	0.3	-	-	-	-
HRA30	Periodic Electrical Inspection - domestic		306.3	-	-	-	-
HRA31	Periodic Electrical Inspection - non domestic / communal		1.9	-	-	-	-
HRA32	Passenger Lift Servicing		52.0	-	-	-	-
HRA33	Domestic Stairlift Inspection / Servicing		18.0	-	-	-	-
HRA34	Dry Risers		0.4	-	-	-	-
HRA35	High Rise Fans		1.4	-	-	-	-
HRA36	Security Gates		0.5	-	-	-	-
HRA37	Domestic Properties - Response		1,332.0	-	-	-	-
HRA38	for Revenue Fees (R&M) Fees		568.0	-	-	-	-
HRA39	Void Repairs		773.0	-	-	-	-
HRA40	Additional Revenue Contribution to Capital spend	Cabinet, on 27th September 2018, authorised that £298m detailed in the HRA Business Plan Investment plan be considered as part of the budget setting process	1,000.0	-	-	-	-
HRA41	Remove current repairs budgets		(4,266.9)	-	-	-	-
HRA42	Review of Underspent Budgets and Contingencies	Savings identified from review of previously underspent budgets	(96.49)				
	Total New Items / Amendments		**72.450**	**-**	**-**	**1,226.30**	**(1,226.30)**

STAFFING IMPLICATIONS

Item No	Proposal/(Existing Budget)	Implications	19/20	20/21	21/22	22/23	23/24
			FTE	FTE	FTE	FTE	FTE
	TOTAL		-	-	-	-	-

APPENDIX C

HOUSING REVENUE ACCOUNT BUDGET SUMMARY 2019/20 – 2023/24

Figures exclude internal recharges which have no bottom line impact.	**Base Budget 2018/19 £**	**Budget 2019/20 £**	**Budget 2020/21 £**	**Budget 2021/22 £**	**Budget 2022/23 £**	**Budget 2023/24 £**
HRA Summary	(356,030)	(3,890,620)	(3,798,380)	(4,075,140)	(3,104,670)	(4,601,380)
ED Communities	0	21,880	24,730	27,640	30,630	33,700
AD Operations & Leisure	508,220	524,600	533,940	542,760	553,670	565,740
AD Assets	(85,340)	(87,310)	(74,160)	(150,610)	(141,640)	(39,250)
AD Neighbourhoods	3,738,970	3,555,330	3,626,280	3,769,540	3,850,570	3,842,020
Housing Repairs	0	0	0	0	0	0
Grand Total	**3,805,820**	**123,880**	**312,410**	**114,190**	**1,188,560**	**(199,170)**

Figures include proposed Policy Changes

Appendix D

General Fund Summary Budgets – 2019/20

Figures exclude internal recharges which have no bottom line impact.	Base Budget 2018/19 £	Technical Adjustments * £	Policy Changes £	Budget 2019/20 £
Chief Executive	1,475,460	61,220	20,000	1,556,680
AD Growth & Regeneration	1,235,470	(175,850)	84,000	1,143,620
ED Organisation	493,140	(82,250)	-	410,890
AD People	1,852,270	(45,150)	82,500	1,889,620
AD Operations & Leisure	2,333,080	(62,430)	30,000	2,300,650
ED Finance	89,080	(3,580)	-	85,500
AD Finance	1,114,670	(962,000)	(418,720)	(266,050)
ED Communities	-	0	-	0
AD Assets	(562,340)	(219,090)	46,000	(735,430)
AD Neighbourhoods	1,089,740	130,900	7,000	1,227,640
AD Partnerships	1,149,640	(14,190)	-	1,135,450
Total Cost of Services	**10,270,210**	**(1,372,420)**	**(149,220)**	**8,748,570**
Transfer to / (from) Balances	(3,077,541)	2,171,160	-	(906,381)
Revenue Support Grant	(493,964)	493,964	-	-
Retained Business Rates	(13,094,597)	(919,774)	-	(14,014,371)
Less: Tariff payable	9,935,598	118,887	-	10,054,485
Collection Fund Surplus (Council Tax)	(80,065)	47,065	-	(33,000)
Collection Fund Surplus (Business Rates)	222,336	(222,336)	-	-
Council Tax Requirement	(3,681,977)	(316,546)	149,220	(3,849,303)

*** As detailed in Appendix E1**

General Fund – Technical Adjustments 2019/20

Figures exclude internal recharges which have no bottom line impact	Budget 2018/19	Technical Adjustments: Virements £	Committee Decisions £	Inflation £	Other £	Pay Adjustments £	Changes in Recharges £	Total Adjustments £	Total Adjusted Base 2019/20
Chief Executive	1,475,460	108,200	(91,850)	(4,980)	10,650	21,730	17,470	61,220	**1,536,680**
AD Growth & Regeneration	1,235,470	-	(137,290)	(6,510)	(57,500)	25,450	-	(175,850)	**1,059,620**
ED Organisation	493,140	3,820	(60,010)	8,240	(4,850)	(2,940)	(26,510)	(82,250)	**410,890**
AD People	1,852,270	-	(206,550)	15,970	(33,710)	8,370	170,770	(45,150)	**1,807,120**
AD Operations & Leisure	2,333,080	-	(174,500)	7,370	34,970	86,290	(16,560)	(62,430)	**2,270,650**
ED Finance	89,080	-	(730)	130	420	1,440	(4,840)	(3,580)	**85,500**
AD Finance	1,114,670	-	(861,350)	5,280	(4,550)	(54,060)	(47,320)	(962,000)	**152,670**
AD Assets	(562,340)	(112,020)	(167,340)	13,160	22,860	13,250	11,000	(219,090)	**(781,430)**
AD Neighbourhoods	1,089,740	37,380	121,660	(440)	1,310	9,540	(38,550)	130,900	**1,220,640**
AD Partnerships	1,149,640	(37,380)	(46,420)	(350)	(14,180)	25,620	58,520	(14,190)	**1,135,450**
Grand Total	**10,270,210**	**-**	**(1,624,380)**	**37,870**	**(44,580)**	**134,690**	**123,980**	**(1,372,420)**	**8,897,790**

HRA Technical Adjustments – 2018/19

Figures exclude internal recharges which have no bottom line impact	Budget 2018/19	Technical Adjustments Virements £	Committee Decisions £	Inflation £	Other £	Pay Adjustments £	Changes in Recharges £	Total Adjustments £	Total Adjusted Base 2019/20
HRA Summary	(356,030)	-	(2,995,690)	109,880	(721,230)	-	-	(3,607,040)	**(3,963,070)**
ED Communities	-	106,550	-	50	-	-	(84,720)	21,880	**21,880**
AD Operations & Leisure	508,220	-	(2,510)	2,230	(13,300)	26,790	3,170	16,380	**524,600**
AD Assets	(85,340)	-	(44,660)	640	70	17,360	24,620	(1,970)	**(87,310)**
AD Neighbourhoods	3,738,970	(106,550)	(102,790)	30,750	(26,990)	36,540	(14,600)	(183,640)	**3,555,330**
Housing Repairs	-	-	-	-	-	-	-	-	**-**
Grand Total	**3,805,820**	**-**	**(3,145,650)**	**143,550**	**(761,450)**	**80,690**	**(71,530)**	**(3,754,390)**	**51,430**

Appendix F

General Fund Five Year Revenue Budget Summary

Figures exclude internal recharges which have no bottom line impact.	**Budget 2019/20 £**	**Budget 2020/21 £**	**Budget 2021/22 £**	**Budget 2022/23 £**	**Budget 2023/24 £**
Chief Executive	1,556,680	1,542,660	1,547,300	1,553,120	1,559,890
AD Growth & Regeneration	1,143,620	1,238,860	1,123,910	1,094,310	1,166,580
ED Organisation	410,890	426,840	443,340	461,580	478,800
AD People	1,889,620	1,884,330	1,922,910	1,977,660	2,035,680
AD Operations & Leisure	2,300,650	2,313,070	2,369,000	2,433,990	2,501,980
ED Finance	85,500	87,670	89,870	92,730	95,880
AD Finance	(266,050)	(556,820)	(455,100)	(477,100)	(303,780)
ED Communities	0	0	0	0	0
AD Assets	(735,430)	(719,010)	(701,670)	(681,310)	(659,820)
AD Neighbourhoods	1,227,640	1,202,670	1,112,980	1,142,550	1,173,470
AD Partnerships	1,135,450	1,138,040	1,155,570	1,172,490	1,190,380
Total Cost of Services	**8,748,570**	**8,558,310**	**8,608,110**	**8,770,020**	**9,239,060**
Transfer to / (from) Balances	(906,381)	(2,138,416)	(1,947,205)	(1,871,222)	(2,103,334)
Revenue Support Grant	-	(0)	(0)	(0)	(0)
Retained Business Rates	(14,014,371)	(14,279,743)	(14,563,883)	(14,842,850)	(15,139,707)
Less: Tariff payable	10,054,485	11,936,698	12,173,977	12,405,147	12,653,250
Collection Fund Surplus (Council Tax)	(33,000)	(33,000)	(33,000)	(33,000)	(33,000)
Collection Fund Surplus (Business Rates)	-	-	-	-	-
Council Tax Requirement	(3,849,303)	(4,043,849)	(4,237,999)	(4,428,095)	(4,616,269)

Figures include proposed Policy Changes

Appendix G

Council Tax levels at each band for 2019/20

Authority:	Tamworth Council Tax 2018/19	Tamworth Borough Council	* Staffordshire County Council	* Office of the Police & Crime Commissioner (OPCC) Staffordshire	* Stoke on Trent and Staffordshire Fire and Rescue Authority	**Total 2019/20**	Total Council Tax 2018/19
	£	£	£	£	£	**£**	£
Demand/Precept on Collection Fund		3,849,303	27,119,218	4,451,354	1,647,929	**37,067,804**	
Council Tax Band							
A	114.50	*117.93*	*830.82*	*136.37*	*50.49*	**1,135.61**	1,098.90
B	133.58	*137.58*	*969.29*	*159.10*	*58.90*	**1,324.87**	1,282.06
C	152.67	*157.24*	*1,107.76*	*181.83*	*67.32*	**1,514.15**	1,465.21
D	**171.75**	*176.89*	*1,246.23*	*204.56*	*75.73*	**1,703.41**	1,648.36
E	209.92	*216.20*	*1,523.17*	*250.02*	*92.56*	**2,081.95**	2,014.66
F	248.08	*255.51*	*1,800.11*	*295.48*	*109.39*	**2,460.49**	2,380.96
G	286.25	*294.82*	*2,077.05*	*340.93*	*126.22*	**2,839.02**	2,747.26
H	343.50	*353.78*	*2,492.46*	*409.12*	*151.46*	**3,406.82**	3,296.72
% increase	3.00%	2.99%	2.95%	6.23%	2.99%	3.34%	5.53%

** Assuming increases in Council Tax levels in line with the referendum limits. At the time of printing precept information for the County Council, OPCC and the Fire & Rescue Authority is still awaited.*

Appendix H

Draft General Fund Capital Programme 2019/20 to 2023/24

General Fund Capital Programme	**2019/20 £**	**2020/21 £**	**2021/22 £**	**2022/23 £**	**2023/24 £**	**Total £**
Gateways	120,000	190,000	-	-	-	**310,000**
Technology Replacement	60,000	-	-	-	-	**60,000**
Street Lighting	28,200	115,300	-	-	583,890	**727,390**
Amington Community Woodland	50,000	50,000	50,000	50,000	-	**200,000**
Replacement Castle Grounds Play Area	-	-	375,000	-	-	**375,000**
Private Sector Grants - Disabled Facilities Grants	650,000	650,000	650,000	650,000	650,000	**3,250,000**
Energy Efficiency Upgrades to Commercial and Industrial Units	75,000	75,000	75,000	75,000	75,000	**375,000**
Total General Fund Capital	**983,200**	**1,080,300**	**1,150,000**	**775,000**	**1,308,890**	**5,297,390**
Proposed Financing:						
Grants - Disabled Facilities	400,000	400,000	400,000	400,000	400,000	**2,000,000**
Section 106 Receipts	100,000	140,000	50,000	50,000	-	**340,000**
Sale of Council House Receipts	188,200	190,300	175,000	155,000	150,000	**858,500**
Community Infrastructure Levy	-	30,000	-	-	-	**30,000**
Unsupported Borrowing	295,000	320,000	525,000	170,000	758,890	**2,068,890**
Total	**983,200**	**1,080,300**	**1,150,000**	**775,000**	**1,308,890**	**5,297,390**

Appendix I

Draft Housing Revenue Account Capital Programme 2019/20 to 2023/24

Housing Revenue Account Capital Programme	**2019/20 £**	**2020/21 £**	**2021/22 £**	**2022/23 £**	**2023/24 £**	**TOTAL £**
Heating Distribution	179,200	179,200	179,200	179,200	179,200	**896,000**
Roof finishes	854,400	854,400	854,400	854,400	854,400	**4,272,000**
Windows	347,500	347,500	347,500	347,500	347,500	**1,737,500**
Fascias, Soffits & Bargeboards	57,000	57,000	57,000	57,000	57,000	**285,000**
External Doors	301,400	301,400	301,400	301,400	301,400	**1,507,000**
Communal Doors	-	-	-	-	83,000	**83,000**
Bathroom	567,800	567,800	567,800	567,800	567,800	**2,839,000**
Kitchens	1,037,500	1,037,500	1,037,500	1,037,500	1,037,500	**5,187,500**
Heating Systems	501,700	501,700	501,700	501,700	501,700	**2,508,500**
Electric Heating Systems	-	-	-	-	302,900	**302,900**
Rewire	362,200	362,200	362,200	362,200	362,200	**1,811,000**
Lift Renewals	-	-	180,000	-	-	**180,000**
Rainwater Goods	-	-	-	-	284,800	**284,800**
Warden Call Systems	-	-	-	-	40,000	**40,000**
CO/Smoke detectors	64,000	64,000	64,000	64,000	64,000	**320,000**
External Stores etc.	106,800	106,800	106,800	106,800	106,800	**534,000**
Insulation	17,900	17,900	17,900	17,900	17,900	**89,500**
Independent Fires	4,600	4,600	4,600	4,600	4,600	**23,000**
Soil Vent Pipes	-	-	945,000	-	-	**945,000**
Fire Alarm Systems	-	-	-	-	16,000	**16,000**
Disabled Adaptations	212,500	212,500	212,500	212,500	212,500	**1,062,500**
Fencing Renewals	142,400	142,400	142,400	142,400	142,400	**712,000**
Structural Works	300,000	300,000	300,000	300,000	300,000	**1,500,000**
Estate Works	216,600	216,600	216,600	216,600	216,600	**1,083,000**
Environmental Works	283,300	283,300	283,300	283,300	283,300	**1,416,500**
Improvement to Sheltered Schemes	100,000	100,000	100,000	100,000	100,000	**500,000**
Energy Efficiency Works	70,000	70,000	70,000	70,000	70,000	**350,000**
Capital Salaries	200,000	200,000	200,000	200,000	200,000	**1,000,000**
Retention of Garage Sites	500,000	-	-			**500,000**
Removal of Office at Eringden	-	10,000	-	-	-	**10,000**
Redevelopment of Garage sites	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	**10,000,000**
Other Acquisitions	500,000	500,000	500,000	500,000	500,000	**2,500,000**
Total HRA Capital	**8,926,800**	**8,436,800**	**9,551,800**	**8,426,800**	**9,153,500**	**44,495,700**
Proposed Financing:						
Major Repairs Reserve	3,482,060	5,482,060	4,498,500	4,482,060	4,482,400	**22,427,080**
HRA Capital Receipts	2,150,000	551,440	-	551,440	1,000,000	**4,252,880**
Regeneration Revenue Reserves	1,744,740	1,603,300	4,203,300	2,593,300	3,021,100	**13,165,740**
Capital Receipts from Additional Council House Sales (1-4-1)	650,000	450,000	500,000	450,000	300,000	**2,350,000**
Regeneration Reserve	900,000	350,000	350,000	350,000	350,000	**2,300,000**
Total	**8,926,800**	**8,436,800**	**9,551,800**	**8,426,800**	**9,153,500**	**44,495,700**

Appendix J

Main Assumptions

Inflationary Factors	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
Inflation Rate - Pay Awards	2.00%	2.50%	2.50%	2.50%	2.50%
National Insurance	9.50%	9.50%	9.50%	9.50%	9.50%
Superannuation	16.50%	16.50%	16.50%	16.50%	16.50%
Inflation Rate (RPI)	2.50%	2.50%	2.50%	2.50%	2.50%
Inflation Rate (CPI)	2.10%	2.08%	2.03%	2.10%	2.10%
Investment Rates	1.00%	1.50%	1.75%	2.0%	2.00%
Base Interest Rates	1.00%	1.25%	1.50%	2.00%	2.00%

1. Pay award – it had previously been assumed that public sector pay will be capped at 1% for 4 years from 2016/17, however, the public sector pay cap was lifted from 2018/19 with a 2% increase agreed. For 2019/20 a 2% increase was agreed and included the introduction of a new pay spine on 1st April 2019 based on a bottom rate of £17,364 with additions, deletions and changes to other spinal column points. This could have a significant impact in terms of current grading and a review is underway to assess the impact of the assimilation and implementation of the new pay spine from 1st April 2019.

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 4 year Local Government Finance Settlement. The impact for the Council will be confirmed by MHCLG as part of the *Local Government Finance Settlement* with a provisional announcement in December 2018.

6. Continuation of the New Homes Bonus scheme (at the lower payment levels) including additional receipts from new developments (including Anker Valley and the Former Golf Course Site);

7. Higher investment income returns due to forecast interest rate increases;

8. An increase of 2.99% p.a. in Council Tax - current indications are that increases of 3% or £5 and above risk 'capping' (confirmed as 3% or £5 for District Councils for 2018/19);

9. The major changes to the previously approved policy changes are included within this forecast – Assistant 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. £200k p.a. via the pension lump sum element for past liabilities have been included for the 3 years commencing 2017/18 (following initial indications from the SCC triennial review in 2016);

11. Reduction in rent levels by 1% per the statutory requirement & current indications that sales of council houses will be approximately 50 per annum;

12. Forecasts have been informed by the Bank of England Inflation report (August 2018), HM Treasury – Forecasts for the UK Economy (August 2018), Office for Budget Responsibility Economic & Fiscal Outlook (March 2018). Any significant variances will be considered later in the budget setting process.

Appendix K

Sensitivity Analysis

	Risk	Potential Budgetary Effect 2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Pay Award / National Insurance (GF)						
Impact +/- 0.5% Variance £'000	L	43	86	131	178	225
Budget Impact over 1 year	L	43				
Budget Impact over 3 years	M	260				
Budget Impact over 5 years	H	663				
Pay Award / National Insurance (HRA)						
Impact +/- 0.5% Variance £'000	L	14	28	42	57	72
Budget Impact over 1 years	L	14				
Budget Impact over 3 years	L	84				
Budget Impact over 5 years	M	213				
Subject to negotiation for Local Government pay (including any protection for low paid employees)						
Pension Costs						
Impact +/- 0.5% Variance £'000	L	0	58	117	178	241
Budget Impact over 1 year	L	0				
Budget Impact over 3 years	L	175				
Budget Impact over 5 years	M	594				
3 year agreement in place from 2017/18 - subject to stock market & membership changes						
Council Tax						
Impact on Council Tax income £'000		19	39	61	85	110
Budget Impact over 1 year	L	19				
Budget Impact over 3 years	L	119				
Budget Impact over 5 years	M	314				
Inflation / CPI						
Impact +/- 0.5% Variance £'000	L	52	105	159	215	272
Budget Impact over 1 year	L	52				
Budget Impact over 3 years	M	316				
Budget Impact over 5 years	H	803				
Government Grant						
Impact +/- 1.0% Variance £'000	L	40	63	87	111	136
Budget Impact over 1 year	L	40				
Budget Impact over 3 years	M	190				
Budget Impact over 5 years	M	437				

	Risk	Potential Budgetary Effect 2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Investment Interest						
Impact +/- 0.5% Variance £'000	M	333	625	885	1120	1355
Budget Impact over 1 year	M	333				
Budget Impact over 3 years	H	1843				
Budget Impact over 5 years	H	4318				
Key Income Streams (GF)						
Impact +/- 0.5% Variance £'000	L	9	18	27	37	47
Budget Impact over 1 year	L	9				
Budget Impact over 3 years	L	54				
Budget Impact over 5 years	L	138				
Key Income Streams (HRA)						
Impact +/- 0.5% Variance £'000	L	87	175	264	356	450
Budget Impact over 1 years	L	87				
Budget Impact over 3 years	M	526				
Budget Impact over 5 years	H	1332				
New Homes Bonus						
Impact +/- 10% Variance £'000	L	26	55	95	141	181
Budget Impact over 1 year	L	26				
Budget Impact over 3 years	L	176				
Budget Impact over 5 years	M	498				
Business Rates						
Impact +/- 10% Variance £'000	L	70	141	214	289	364
Budget Impact over 1 year	L	70				
Budget Impact over 3 years	M	425				
Budget Impact over 5 years	H	1078				

Appendix L

Contingencies 2019/20 - 2023/24

Revenue	2019/20	2020/21	2021/22	2022/23	2023/24
Specific Earmarked &	£'000	£'000	£'000	£'000	£'000
General					
General Fund					
Specific Contingencies					
Waste Management	**50**	**50**	**50**	**50**	**50**
Restructure	**75**	**75**	**75**	**75**	**75**
General Contingency	100	100	100	100	100
General Contingency re Income Targets	97	190	264	264	264
Total General Contingency	**197**	**290**	**364**	**364**	**364**
Total GF Revenue	**322**	**415**	**489**	**489**	**489**
Housing Revenue Account					
Restructure	**30**	**30**	**30**	**30**	**30**
HRA - General Contingency	100	100	100	100	100
Total HRA Revenue	**130**	**130**	**130**	**130**	**130**

Capital	2019/20	2020/21	2021/22	2022/23	2023/24
Specific Earmarked &	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
General					
General Fund					
Specific Contingencies					
*General Capital Contingency**	35	-	-	-	-
Total GF Capital	**35**	**-**	**-**	**-**	**-**
Housing Revenue Account					
*HRA - General Capital Contingency**	100	-	-	-	-
Total HRA Capital	**100**	**-**	**-**	**-**	**-**

* Forecast to be re-profiled from 2018/19 Capital Programme

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Appendix M

CORPORATE CAPITAL STRATEGY

PURPOSE

This strategy sets out the Council's approach to capital investment and the approach that will be followed in making decisions in respect of the Council's Capital assets.

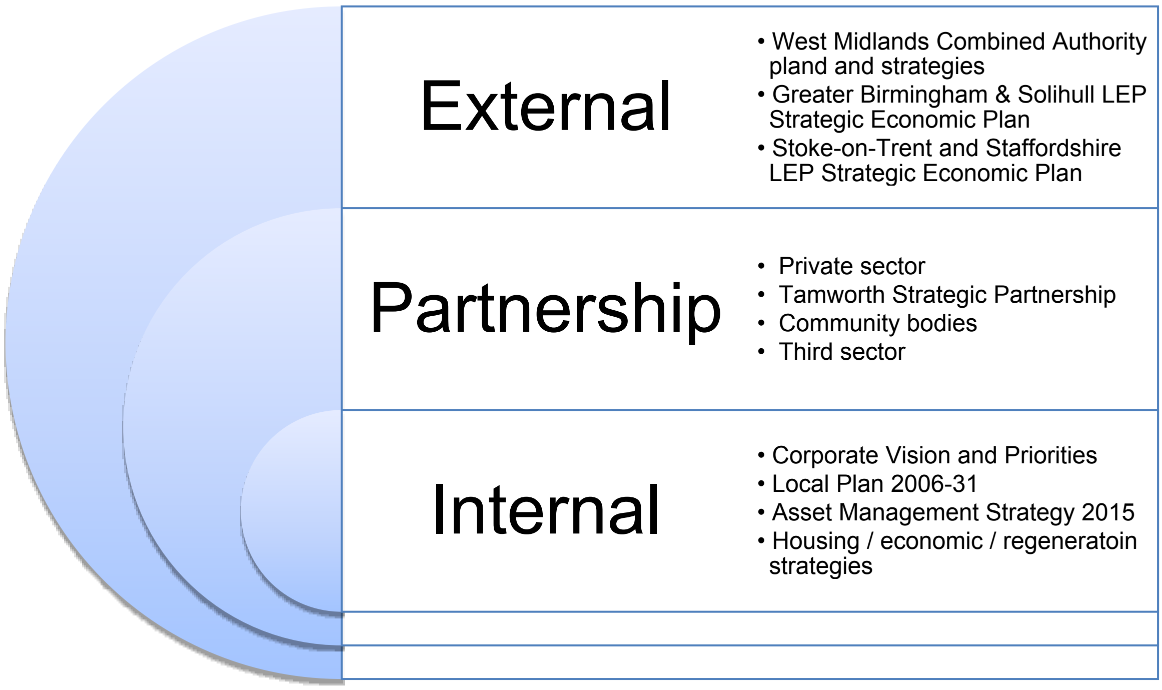
Capital investment is an important ingredient in ensuring the Council's vision is achieved and given that capital resources are limited it is critical that the Council makes best use of these resources.

The Strategy sets the policy framework for the development, management and monitoring of this investment and forms a key component of the Council's planning alongside the Medium Term Financial Strategy (MTFS).

It sets out the strategic influences on the Council's capital investment plan and how the Council is going to work with these influences to bring about the best advantage to meet local needs – including working with Partners:

- the Local Enterprise Partnerships (Greater Birmingham and Solihull and Staffordshire and Stoke-on-Trent) of which the council is a Member;
- the West Midlands Combined Authority as a Non-Constituent member;
- Staffordshire Commissioner for Police, Fire and Rescue and Crime;

with the aim to drive economic regeneration, deliver local plan objectives and access inward investment to support the delivery of local capital priorities.



The Council plans to update its approach to Asset Management and long term asset planning to improve the way strategic property objectives can be delivered. This will enable the development of a longer term plan for the management and maintenance of its assets, whilst identifying the funding ambition gap to maximise inward investment opportunities for funding from Partners.

It also links to the Prudential Code for Capital Finance to give a clear and concise view of how much it can afford to borrow and sets its risk appetite. It is intended to give a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.

The Capital Strategy is a ‘live’ and dynamic document, which will update and evolve as strategic influences and priorities change. The Corporate Capital Strategy will be reviewed annually and an update presented to Council in February each year as part of the MTFS report.

The Council has an ongoing capital programme of over £55m for 2018/19 and an asset base valued at £219m (as at 31st March 2018).

The Capital Strategy will:

- Reflect Members’ priorities as set out in the Corporate Plan including the approach to the allocation of its capital resources and how this links to its priorities at a corporate and service level;
- Balance the need to maintain the Council’s existing asset base against its future ambition and associated long term asset needs, and consolidate assets where appropriate;
- Recognise that growth is the strategic driver for financial self-sufficiency;
- Be affordable in the context of the Council’s MTFS;
- Seek to ensure value for money through achieving a return on investment or by supporting service efficiency and effectiveness;
- Be flexible to respond to evolving service delivery needs;
- Seek to maximise investment levels through the leveraging of external investment through working with regional / County partners;
- Recognise the value of assets for delivering long-term growth as opposed to being sold to finance capital expenditure;
- Recognise the financial benefits and risks from growth generated through investment to support investment decisions; and
- Reflect the service delivery costs associated with growth when assessing the level of resources available for prudential borrowing.

The capital strategy feeds into the annual revenue budget and MTFS by informing the revenue implications of capital funding decisions. The implications for the MTFS are fully considered before any capital funding decisions are confirmed.

The Strategy is supported by the leadership of the Council and in accordance withthe CIPFA Code the Executive Director Finance confirms that the capital strategy as set out for the three year period for the General Fund, and five year period for the Housing Revenue Account, is affordable and sustainable, and presents the associated risk management issues.

It is recognised that the current capital programme needs to have a longer-term focus for the purposes of the capital strategy, ideally looking to a 20-30 year timeframe. As a result, the following action is to be taken:-

The process for the consideration of capital expenditure within the MTFS process to be reviewed and refined to ensure that there are provisional plans for expenditure out to a 10 year timeframe, with an indication of requirements out to 20-30 years.

The Capital Appraisal Process

As part of the Council's business planning process, managers and Assistant Directors are required to consider the capital resources needed to deliver their services now and into the future (5 year timeframe). The asset management plan and HRA business plan also inform the capital strategy.

All capital bids should be prepared in light of the following list of criteria, and the proposed investment should address and be 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-minimis for capital expenditure is £10k per capital scheme.

It is important that capital investment decisions are not made in isolation and instead are considered in the round through the annual budget setting process.

All proposed schemes requiring capital investment should have as a minimum the following information:

- A description of the scheme;
- The expected outputs, outcomes and contribution to corporate objectives;
- The estimated financial implications, both capital and revenue;
- Any impacts on efficiency and value for money;
- The nature and outcome of consultation with stakeholders and customers (as applicable);
- Risk assessment implications and potential mitigations; and
- Any urgency considerations (e.g. statutory requirements or health and safety issues).

Corporate Management Team and Service Managers identify the potential need for capital investment, in light of service delivery plans and the Asset Management plan. This will take account of issues including the condition of council owned assets and future maintenance requirements, health and safety requirements, statutory obligations of the council, operational considerations and emerging opportunities for investment including possible sources of external financing.

The Asset Strategy Steering Group (ASSG) review capital bids prior to consideration by Members. Once capital bids have been prioritised, Executive Management Team will review the outcome of the deliberations of the ASSG and will make recommendations to Cabinet through an updated Medium Term Financial Strategy (MTFS) report on a proposed budget package which will include capital budget proposals.

The MTFS report (including capital budget proposals) will ultimately be considered by Budget Setting Council each year.

It is recognised that further action is required to fully embed the capital appraisal process, including proper consideration of options and risk, into the capital strategy and planning processes at Tamworth, and ensure that this is not just a ‘tick-box’ exercise. Therefore the following is planned:-

1) **Consideration of service units’ capital requirements to form part of the business planning process and a template drawn up to ensure this is properly considered and captured on Pentana, the performance management system;**

2) **The capital appraisal process and associated documentation to be reviewed and updated where appropriate to ensure proper consideration given to whole life costs of scheme; alternative options; risk management, etc, and to address the concerns outlined on completion of the CIPFA Property Capital Strategy Self-Assessment Checklist.**

Approach to Risk Management

The Authority is committed to the culture of Risk Management ensuring that its reputation is not tarnished by an unforeseen event nor is it financially or operationally affected by the occurrence.

<u>Risk Appetite</u>

The risk appetite is “the amount of risk that an organisation is prepared to accept, tolerate, or be exposed to at any point in time” (CIPFA). The Authority will manage the risks by reducing, preventing, transferring, eliminating or accepting the risk.

Whilst the Authority acknowledges that it will have “severe” (red) risks from time to time, it will endeavour to reduce those to an acceptable level either through controls or ceasing the activity (if applicable). Sometimes risks are identified and even though managed, may still remain “severe” (red risk).

<u>Risk Management Roles and Responsibilities</u>

The importance of establishing roles and responsibilities within the risk management framework is pivotal to successful delivery. Considering risks must be embedded into corporate policy approval and operational service delivery.

The agreed roles and responsibilities within the risk management framework are outlined in the table below:

Group /Individual	Role
Corporate Management Team	• Provide leadership for the process to manage risks effectively. • Review and revise the Risk Management Policy and Strategy in accordance with the review period. • Monitor and review the Corporate Risk Register on a quarterly basis including the identification of trends, upcoming events and potential new corporate risks.
Audit & Governance Committee	• Monitor the effectiveness of the Authority’s risk management arrangements, including the actions taken to manage risks and to receive regular reports on risk management. • To monitor the actions being taken to mitigate the impact of potentially serious risks
Cabinet	• To provide strategic direction with regard to risk management.
Directors / Assistant Directors	• To provide leadership for the process of managing risks. • To ensure that risk management methodology is applied to all service plans, projects, partnerships and proposals. • To identify and manage business /operational risks. • To ensure that the management of risk is monitored as part of the performance management process.

Group /Individual	Role
Directors / Assistant Directors	• To ensure that all risks are identified, recorded and effectively managed in their area or responsibility. • To review and update their risk register on at least an annual basis but appropriate to the risk. • To determine the method of controlling the risk. • To delegate responsibility if appropriate for the control of the risk. • To notify the Director of new risks identified for consideration for inclusion on the corporate risk register.
All staff	• To ensure that risk is effectively managed in their areas. • To ensure that they notify their managers of new and emerging risks.
Head of Internal Audit Services	• To ensure that the risk management strategy is regularly reviewed and updated. • Promote and support the risk management process throughout the Authority. • Advise and assist managers in the identification of risks.

The Audit & Governance Committee will regularly review the Risk Management Policy and Strategy to ensure their continued relevance to the Borough. They will also assess performance against the aims and objectives.

Specific capital risks are contained within a register in the Capital Strategy, alongside mitigating actions.

Monitoring of Approved Capital Schemes

The monitoring of progress on individual schemes is reported to Corporate Management Team on a monthly basis and to Cabinet quarterly. Service managers provide project updates as well the current and project spend for the year, together with any need to re-profile spend to future financial years.

An annual Capital Outturn report is prepared for Cabinet in June each year which details the final outturn for the year, the latest project update from the Service Manager and any proposals to re-profile spend to future financial years for Cabinet approval.

A post implementation review is not appropriate or necessary for all capital projects. They should be prepared where learning is identified which could assist future projects or where there is a significant financial or political impact. Directors should encourage the collation of data during the project and identify any lessons learned which will assist in improving the process in the future.

It is recommended that:

a) **Post implementation review is completed for each scheme where learning is identified which could assist future projects or where there is a significant financial or political impact;**

b) The Asset Strategy Steering Group meet to:

i. scrutinise the completed post implementation reports;

ii. review the management and monitoring of the capital programme;

on a quarterly basis with appropriate feedback and challenge – identifying improvements to improve the future management of the capital programme.

The full capital appraisal and monitoring process and guidance for managers can be found on the intranet at this link:-

http://infozone.tamworth.gov.uk:901/financial-guidance

Review of Asset Management Plan

The Council's Asset Management Plan will be reviewed on an ongoing basis. This will identify any assets held by the Council that are no longer either required or fit for purpose and appropriate recommendations made regarding retention for alternative use or disposal.

The Corporate Asset Management Strategy was last updated in 2015 relating to the following assets:

Asset Description	**Value (31/03/15)**
Investment Properties	£14,588,052
Land and Buildings	£6,537,500
Total	**£21,125,552**

It details an estimated 10 year maintenance cost for each asset (**totalling c.£8m**) based on the inspections that had been undertaken.

Asset Type	Estimated Backlog Costs (10 years)
Non-Operational - Commercial	£3.288m
Non-Operational - Retail	£1.861m
Operational Properties - Direct	£0.482m
Operational Properties - Indirect	£1.052m
Non-Operational – Community spaces	£0.194m
Non-Operational – Cemetery Land	£0.179m
Operational Properties – Office & Admin.	£1.038m
Other Properties	£0.333m
Total	**£8.427m**

It has been identified that the Council, through this strategy and through the development of a long term strategic plan, needs to take a longer-term view of the assets required to deliver its Corporate Plan priorities and to support its Medium Term Financial Strategy (MTFS), including spend required (and associated potential funding streams) to address the identified maintenance and repairs backlog for corporate assets. This could include the option to invest in or dispose of current asset holdings or make further acquisitions.

It is recognised that significant further work is required in this area in order to deliver a robust capital strategy, and the following action is to be undertaken:-

> **The Asset Management Plan is to be reviewed and updated, with an up to date stock condition survey. This should set out the detailed capital resources/expenditure required to maintain assets, together with the associated timeframe, to inform options appraisal and feed into the capital strategy for ASSG/CMT review of potential schemes.**

HRA Business Plan and Stock Condition Survey

The Local Plan to 2031 has a target of 177 units of new housing, of which only 40 units per year are likely to be delivered by private developers. This represents only 21% of the total required number of new affordable homes – leaving 79% of need unmet.

The HRA Business Plan has the potential to address some of this unmet need. However the extent to which it can make up a shortfall depends on the resources available within the HRA.

The Council's Housing Stock
As at April 2018, the Council's stock comprised 4,269 homes, 390 leasehold properties and 1,454 garages. Of the 4,269 homes, 2,391 (56%) are houses, 1,278 (30%) flats or maisonettes, 235 (5.5%) are bungalows.

A further 365 properties (8.5%) are sheltered accommodation located in 10 separate schemes and comprising a mixture of flats and bungalows.

1029 properties (24%) are of non-traditional construction. These include:

- 6 high-rise blocks on the Balfour Estate and comprising 358 1 and 2 bedroomed flats.
- 281 Wates; 161 Laing Easiform; 151 Wimpey No Fines; 49 Concrete Block and 29 Airey properties

Tamworth's Council housing stock is spread across the Borough with particular concentrations in the electoral wards of

- Stonydelph
- Glascote
- Amington
- Belgrave

These areas represent regeneration priority areas for the Council.

The construction type, location and mix of properties in Tamworth have implications for the Investment Programme and Business Plan.

Unfunded Aspirations
We know that resources within the Business Plan are unlikely to allow the Council to achieve all that it wants to do. However, over the course of the next thirty years opportunities may arise and there may be scope to progress these if the Business Plan has capacity at the time.

Three areas in particular will continue to be actively considered as priorities if additional resources become available:

- New affordable housing
- Regeneration of additional estates
- Investment in early help and preventative based strategies

Where savings are achieved when delivering existing Business Plan commitments, these may be used on the priority areas above.

Investment Programme

A key element of the new Business Plan is the revised investment programme. Although the Council has not had the benefit of a new stock condition survey, it has developed a comprehensive investment programme based on statutory requirements and the expected life of key building components.

The revised investment programme has assessed the types and volumes of work required over thirty years. From this, projections of likely repair and maintenance activity have been used to inform annual maintenance budgets and contracts with maintenance providers.

Our investment programme is subject to annual review so the projected number of properties benefitting from planned work may change. However, over the next five years the Council expects to

- Carry out around 12,800 day to day repairs each year
- Inspect the electrical systems of 572 homes each year
- Renew or provide smoke detectors in 483 properties each year
- Ensure around 283 properties meet the Council's Lettable Standard when they become vacant each year
- Renew the fencing of up to 285 properties each year
- Replace / renew 228 gas central heating systems each year
- Replace / renew 242 kitchens each year
- Replace / renew 142 bathrooms each year
- Fully rewire 140 homes each year
- Renew the fascias, soffits and rainwater guttering and downspouts of 114 properties each year
- Re-roof 85 homes each year

Year one of the Business Plan assumes that stock investment is in line with the capital programme for 2018/19. Thereafter, it reflects 29/30ths of the Investment Programme (v6), pending the results of the authority's updated stock condition survey. The Business Plan assumes that stock investment costs are fixed, and that budgets would not vary with changes in number of dwellings.

Regeneration Projects
The following regeneration projects have been accommodated within the Business Plan:

- Retention of garage sites (£500k budget in 2018/19)

- Strode House car park and garages (£530k budget in 2018/19)

- Tinkers Green (£5.373m during 2018/19 and 2019/20, after allowing for slippage and known additional costs)

- Kerria (£4.405m during 2018/19 and 2019/20, after allowing for slippage and known additional costs)

New Build & Acquisitions

The following new build / new supply projects have been accommodated within the Business Plan:

- Redevelopment of garage sites (£7.4m from 2018/19 to 2022/23, after allowing for virement of £2.6m for use at Tinkers Green)

- Other acquisitions (£2.41m from 2018/19 to 2022/23, after allowing for virement of £90k for use at Tinkers Green)

- Additional provision and resources have been allowed in 2018/19 for slippage on schemes at Kettlebrook, Dosthill and Coton Lane. The cost of these schemes in 2018/19 is assumed at £1.894m.

Financing

Financing of the investment programme has been assumed in line with the 2018/19 budget, plus resources that have subsequently slipped from 2017/18. From 2019/20 onwards the Business Plan assumes that resources identified by the medium term financial strategy continue to be available, and that resources generated from the sale of council houses are used to help pay for the HRA capital programme.

Use of 141 Right to Buy receipts has been assumed in line with the MTFS, and the budgets for schemes that have slipped into 2018/19. The plan currently assumes no use of 141 Right to Buy receipts after 2022/23 and implies that any unused receipts will be returned to the Government. This is in line with the assumptions within the MTFS.

The Business Plan assumes that the authority will borrow any additional sums it needs to finance the HRA investment programme.

Capital Programme

Following a review of the Capital Programme approved by Council on 27th February 2018, a revised programme has been formulated including additional schemes which have been put forward for inclusion.

A schedule of the capital scheme appraisals for the General Fund (GF) & Housing Revenue Account (HRA) received for consideration is attached at **Appendix I – General Fund (GF) and Appendix J – Housing (HRA),** together with the likely available sources of funding (capital receipts / grants / supported borrowing etc.).

With regard to the contingency schemes/allocation, **£35k** remains in current year GF contingency funds and **£100k** remains in current year HRA contingency funds (which will be re-profiled into 2019/20 to provide contingency funding).

To inform discussions, the proposals have been reviewed by the Asset Strategy Steering Group and Corporate Management Team with initial comments & suggestions for each of the schemes outlined below.

General Fund

A significant increase in net funding has been proposed which means that insufficient resources are available to finance all of the GF schemes submitted therefore, should the schemes progress either:

1) the Council would need to use supported borrowing to fund the shortfall – funding from borrowing would impact on the revenue budget through interest costs on the debt at c.2.5 to 3% p.a. plus debt repayment costs of 4% p.a. (based on a 25 year asset life); or

2) the potential use of part of the capital receipt from the Golf Course sale – which would mean the resources would no longer be available for investment through the Commercial Investment Strategy projects (and therefore impact on the revenue account through loss of potential investment income at c.4% p.a.); or

3) Fund the spend from revenue through a direct contribution to the capital programme.

The minimum approved level of GF capital balances is £0.5million which, should the programme progress without amendment, would mean over £1.1m in borrowing would be needed (or use of the capital receipt) over the next 3 years (£2.1m over 5 years).

1) Technology Replacement – Infrastructure upgrade/Network Security/Refresh of Thin Clients

Project Score: 72

A revised capital submission had been prepared for £60kp.a. (no change from the provisionally approved programme) for ongoing, large scale upgrade and maintenance to the TBC infrastructure, in line with agreed device lifecycles. *The Council is also on a journey towards digital self service for customers and demand for flexible resilient and available IT services to support this requires continued investment into the authority's hardware and related software.*

External factors including legislative requirements from central government in the guise of the Public Sector Network (PSN) Code of Connection, *and the increase in required investment into cyber security to keep the council's network secure and available*. It should be noted that corporate applications are excluded from this schedule of planned work.

No savings / payback from the investment have been identified.
In light of the ongoing priority review of ICT systems, the minimum budget requirement for 2019/20 was requested – including a detailed breakdown of the proposed spend.
Future year's budgets removed – as this will be informed by the conclusions of the priority review and ICT Strategy.

2) **Disabled Facilities Grants (DFG)**

Project Score: 72

The provisional programme included £360k p.a. fully funded by redistributed Better Care Fund (BCF) grant. A revised capital submission has been received to increase this to £650k p.a. part funded by £400k BCF grant – net additional cost of £250k p.a.

During the 2018/19 budget process, it was noted that a Government review of the approach to DFGs was planned during 2018 and so it was agreed that the 2018/19 financial year budget be increased to £650k to deal with the immediate demand/backlog.

The additional £250k p.a. net funding would need to be funded via capital receipts (with an associated revenue loss of investment interest), borrowing (with revenue interest/debt repayment costs) or a revenue contribution.

3) **Replacement of Castle Grounds Play Area**

Project Score: 60

A new capital submission had been prepared for potential spend of £375k in 2021/22 (net of £25k S106 funding).

Replacement of the existing play area within the Castle grounds, the existing facility was installed in May 2006 and although well maintained will need to be replaced to ensure facilities are retained for the public.

The additional £375k net funding would need to be funded via capital receipts (with an associated revenue loss of investment interest), borrowing (with revenue interest/debt repayment costs) or a revenue contribution.

4) **With regard to the provisional programme:**

a) **CCTV Camera Renewals**

An updated appraisal has not been prepared for the provisional funding of £15k p.a. – budget removed pending the conclusions from the priority review.
£15k remains available in 2018/19 and could be carried forward if required.

b) **Street Lighting**

An updated appraisal has not been prepared – following inclusion of a rolling programme with an annual spend required from 2016/17. 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.

A significant increase in replacements has been included for 2023/24 at a cost of £584k. The proportion relating to HRA lighting is to be identified.

c) **Energy Efficiency Upgrades to Commercial & Industrial Units**

An updated appraisal has not been prepared following inclusion of a rolling programme with an annual spend of £75k required from 2017/18 for 5 years.

	To fund a degree of improvement to industrial units when they become vacant in order to be able to re-let them – as, with effect from April 2018, it will not be possible to enter into long term lease agreements for commercial and industrial units with and EPC rating of 'E' or less.
	Depending on void levels, we could expect to lose around £20k p.a. increasing by £20k p.a. for the next 5 years (c.£300k over 5 years).
	If we are able to let on License or Tenancy at Will arrangements we may be able to maintain a level of income but there will be an increase in other costs such as NNDR payments, repair costs, security costs and the like.
	Investment in enveloping works to improve energy efficiency will prolong the life of the estate at the current rent levels but ultimately Sandy Way phase 2 will require a more significant investment project to give a long life expectancy.
d)	**Gateways Project**
	An updated appraisal has not been prepared following inclusion of £70k p.a. for 3 years from 2018/19 (net cost after use of TBC S106/CIL funds of £75k, £50k and £120k respectively) with plans for significant capital works in future years for Phase 3 Corporation Street and Phase 4 Railway Station forecourt - which will draw in funding and professional support from SCC (funded by SCC through the Regional Growth Fund / S106 receipts).
e)	**Amington Community Woodland**
	An updated appraisal has not been prepared following inclusion of £50k p.a. for 5 years from 2018/19 on the creation of a community woodland on 7.5ha of the ex-municipal golf course - funded by the S106 income.
6)	**General Fund Capital Contingency Budget**
	The remaining 2018/19 contingency budget of £35k will be be rolled forward to 2019/20.

<u>Housing</u>

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

Updated Capital programme schemes have been proposed amounting to £35.34m over 4 years, £44.5m over 5 years (including the provisionally approved £2m p.a. relating to the Development Housing on Garage Sites; £0.5m p.a. for Other Acquisitions; and £0.5m Retention of Garage Sites budget). This compares to the total provisionally approved programme *over 4 years* of £28.67m – additional costs of £6.67m, partially offset by lower repairs costs in the HRA*.*

The minimum approved level of HRA capital balances is £0.5million which, any funding from borrowing would impact on the revenue budget through interest costs on the debt at c.2.5 to 3% p.a. but it should be noted that while there are no debt repayment costs for the HRA, the Government had previously set a debt cap of £79.407m.

The current HRA Capital Financing Requirement (CFR) stands at £68.041m with planned borrowing of £7.214m relating to the Tinkers Green and Kerria Regeneration projects, which means £4.152m would be available for additional borrowing up to the debt cap.

However, it should be noted following the recent announcement by the Prime Minister, the Housing Revenue Account borrowing cap is being removed to enable councils to build more homes. They intend to remove the borrowing cap by issuing a determination revoking previous determinations that specified a local authority's limits on indebtedness - with further details confirmed in the Budget at the end of October 2018.

The capital programme has been reviewed and updated:

	Housing Revenue Account
	Cabinet on 27th September 2018 authorised that £298m detailed in the HRA Business Plan Investment plan be considered as part of the budget setting process for 2019/20 to 2024/25 noting updates to the stock condition modelling and other financial HRA impacts can be assessed through the process and the financial position adjusted accordingly. The Capital Programme has been updated to reflect the HRA Business Plan Investment plan.
	With regard to the provisional programme:
a)	**Retention of Garage Sites**
	£500k p.a. for 2 years from 2018/19 was included to invest in retained garages to meet demand and to provide alternative uses including parking areas.
b)	**Development Housing on Garage Sites / Other Acquisitions**
	Funding of £2m p.a. from 2018/19 has been provisionally approved for redevelopment of Garage Sites for housing with £0.5m p.a. for other housing acquisitions.
	No spend is likely in 2018/19 for redevelopment of Garage Sites and so the planned £2m programme will be deferred by 1 year.

DEBT AND BORROWING AND TREASURY MANAGEMENT

Details of the Council's borrowing need (Capital Financing Requirement – CFR), current and forecast debt, and other prudential indicators as required by the CIPFA Prudential Code for Capital Finance will be set out in the Treasury Management Strategy Statement, Treasury Management Policy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2019/20.

COMMERCIAL ACTIVITY

The Council's Commercial Investment Strategy set out a number of alternative investment options to generate improved returns of c. 4 to 5% p.a. (plus asset growth) including:

- Set up of trading company to develop new income streams;
- Local investment options – Lower Gungate/Solway Close development including the potential to drawdown funding from the Local Growth Fund/ Local Enterprise Partnerships (GBS and Staffordshire);
- Investments in Diversified Property Funds – a savings target to return c.4% p.a. from £12m invested has already been included from 2019/20.

Note: these would represent long term investments of between 5 – 10 years (minimum) in order to make the necessary returns (after set up costs).

CIPFA defines commercial investments as those which are taken for mainly financial reasons. These may include investments arising as part of business structures, such as loans in subsidiaries or other outsourcing structures; or investments explicitly taken with the aim of making a financial surplus for the organisation. Commercial investments also include non-financial assets which are held primarily for financial benefit, such as investment properties.

The Code requires that such investments are proportional to the level of resources available, and that the same robust procedures for the consideration of risk and return are applied to investment decisions. All such investments are therefore included within the capital strategy/investment strategy, setting out the risk appetite and including specific policies and arrangements for such investments, and a schedule of existing material investments and risk exposure.

Investment in Property Funds

As part of the Capital Programme, the Council has since 2018/19 begun to invest in Commercial Property Funds to establish a portfolio which is managed to generate a revenue return to the Council to support financial sustainability and to protect the provision of services to residents, along with maintaining and growing the capital value of the investment. A capital scheme of £12m is included within the 2018/19 capital programme to generate a target net additional income of c. £300k per annum, financed from part of the capital receipt from the sale of the former Golf Course.

A Property Fund Manager selection exercise was undertaken following the appointment of Link Asset Services to provide support and advice in the identification and selection of suitable UK-focussed property funds.

At the outset, the Council was looking to engage with funds that had a broad remit of exposures to different property types, rather than being focussed on one particular area, such as shopping centres. Link Asset Services looked to the "Balanced Fund" universe of UK property funds, as outlined in the AREF/IPD UK Quarterly Property Fund Index, for the starting point for selection. This universe is the industry accepted standard for balanced property funds and included 27 funds as at the close of September 2017.

From this initial list, a number of funds were removed in instances where the Council would not be able to invest, for example those that are solely for pension funds and others where investor types are limited, excluding Local Authorities. The Council also looked to exclude funds below a minimum size threshold of £750m. This left 10 funds from which to further shortlist, and each was sent a copy of a questionnaire to complete, which had been drawn up in conjunction with Link Asset Services and focussed on a number of key areas. Following consideration of the completed questionnaires, a shortlist of 6 funds was drawn up, and the Fund Managers were invited to attend the Council's offices and give a presentation on their fund and answer questions from the selection panel, which consisted of Council officers and Link Asset Services. Further details of the selection process were included in Link Asset Services' report presented to Members on 21st February 2018.

The result of the process was to look to consider splitting investment across the following six funds:-

BlackRock UK Property Fund
Hermes Property Unit Trust
Lothbury Property Trust
Schroder UK Real Estate Fund
The Local Authorities Property Fund (CCLA)
Threadneedle Property Unit Trust

This will provide the Council with a range of approaches to property fund investment, diversification across a number of funds, rather than a concentration in only one or two options, as well as the ability to take advantage of entering a number of funds via the secondary market, whereby the Council would be purchasing units from investors looking to exit the particular fund, and may potentially gain access to a fund at a lower level of cost than via the primary route.

The Council is able to invest in property funds under legislation contained within the Local Government Act 2003.

Members endorsed the above approach and approved investment in the above property funds, making use of both primary and secondary markets as appropriate, at full Council on 27th February 2018.

Investments in property funds as at September 2018 are as follows:-

Schroders UK Real Estate Fund - £1.85m, with an estimated return/yield of 3.2%

Threadneedle Property Unit Trust - £2.0m, with an estimated return/yield of 4.7%

Total investments - £3.85m, with an estimated return of 4.0% plus any capital growth.

Fund	Settlement Date	Standard Entry Cost	Actual Entry Cost/Saving	Net consideration	Fees	Total Cost	Estimated Return p.a.
		£	%	£	£	£	%
Schroders UK Real Estate Fund	08-May-18	1,880,516	-1.60%	1,782,933	12,951	1,795,884	
Schroders UK Real Estate Fund	08-May-18	69,612	-1.60%	66,000	479	66,479	
		1,950,128	-1.60%	1,848,933	13,431	1,862,364	3.20%
Threadneedle Property Unit Trust	31-Jul-18	2,052,709	3.50%	2,000,249	7,046	2,007,295	4.68%
Totals				**3,849,182**	**20,477**	**3,869,659**	4.00%

Performance information is received from each fund on a monthly/quarterly basis and a monitoring spreadsheet has been established to track income received and growth in the funds. Income generated is reported to CMT monthly and to Members quarterly as part of regular financial healthcheck reports, as well as in the regular Treasury Management reports presented to Cabinet and Council (three each year). Performance management/monitoring is also undertaken with reference to the financial press and Link Asset Services advice.

Due to recent uncertainty around arrangements for Brexit and the associated potential impact on the economy, it has been decided to delay any further investment in property funds until there is more clarity. The remaining £8m will be re-profiled into 2019/20, as reported to Members in the Quarter 3 Performance and Financial Healthcheck report to Cabinet, and in the 2018/19 Mid-Year Treasury Review Report to Council in December 2018.

The MTFS includes assumed income of £480k p.a. from 2020/21 arising from the investment of £12m in property funds – with a projected revenue return of 4% p.a.

The annual revenue return is dependent on the property fund achieving rental income returns on the commercial property portfolio which has been relatively stable in the past due to the quality of the commercial property owned by the fund. With regard to the growth (or contraction) in the overall asset value – over the longer term, growth has been consistent but can be subject to market correction (and losses) in the short term. However, it has been recognised that the funds will be a long term investment for 10-15 years and would not be redeemed to realise a loss. A budget / reserve of £600k will also be available to mitigate any losses.

While this does go some way towards achieving a balanced budget and MTFS, the Council currently has reserves and balances totalling c.£50m and other plans to achieve savings in the future.

Regeneration of Town Centre and Purchase of Gungate site

Council on 11th April 2018 approved the purchase of the Gungate site within Tamworth town centre, incorporating the site of the former Gungate shopping precinct; a private pay and display car park currently leased to NCP for a term of 26 years; and a Council run pay and display car park leased to the Council on a peppercorn lease until 2062. This was funded from a £4milion capital budget financed from capital receipts from the sale of the Golf Course. Following the purchase of this site, the Council is now in receipt of an additional income stream in respect of the area leased to NCP.

The Council is entitled to purchase land to hold as an investment and regeneration opportunity under the Local Government Act 1972; and the Local Government Act 2003 gives the Council the power to invest for any purpose relevant to its functions under any enactment, or for the purposes of the prudent management of its financial affairs.

As part of this report, Members also approved the development of a regeneration opportunity including further site acquisition should this be beneficial; including formal negotiations with Staffordshire County Council and Staffordshire Police to look at the inclusion of land bordering the site; and to commence masterplanning works to bring the site to a commercially viable development opportunity.

The report to Council recognised that any return from future redevelopment is not guaranteed, and that it could take several years to get a major regeneration project up and running. Initial plans are for a mixed housing/leisure development. The Council is currently working with Aspinall Verdi and Altair to develop options for the site, and resources have been secured from the Local Government Association (LGA) to pay for 40 days' consultancy; and an £80k grant has been received from the Greater Birmingham and Solihull Local Enterprise Partnership. It is expected that this will take approximately 8 - 10 months to complete.

Solway (Tamworth) Ltd

In line with plans set out in the Commercial Investment Strategy, Council on 17th July 2018 approved the establishment of Solway (Tamworth) Ltd, a trading company to be wholly owned by the Council, with the Chief Executive, Leader of the Council and Executive Director Finance as Directors of the Company. The disposal of land owned by the Council at Solway Close to be purchased by the Company for the development of private housing for rent was also approved, with a budget of £4million being established from capital receipts from the sale of the Golf Course to provide a loan for the company to purchase the land.

Extensive legal advice was received from Trowers and Hamlins on potential options and governance models, and tax advice and a financial viability model was obtained from KPMG to inform decision making. A full risk assessment as part of the business case was developed and reported to Members.

It has been projected that the Council will earn a return to the General Fund from the Company from the following sources:-

- Debt interest charged to the Company on the planned loan from the Council - market interest rate will be applied to comply with state aid legislation;

- A return on equity invested (through dividends) which reflects profits back to the Council from the Company offering the properties for rent at market value; and

- The repayment of the loan over approx. 30 years.

Including projected land acquisition costs (generating a capital receipt for the Council) the projected start-up and construction cost for 20 dwellings is £3.6m which will be financed via a loan from the Council to the company of £1.7m (48%) and an equity investment as sole shareholder of £1.9m (52%).

The table below details the target returns to the Council's General Fund over the next three years. Beyond this, the Council will receive a steady inflation-linked income, plus debt repayment and asset growth. The financial viability model prepared by KPMG shows over a 30 year timeframe annual returns to the General Fund ranging from £160k to £231k.

General Fund Returns	**2019/20**	**2020/21**	**2021/22**
	£	£	£
Interest on loan (c 4.5%)	66,887	77,342	75,457
Dividends (c 4.5%)	0	41,358	34,078
Sub-Total (Revenue)	66,887	118,700	109,535
Debt repayment (capital receipt)	0	41,104	42,046
TOTAL	**66,887**	**159,804**	**151,581**
Return	3.90%	4.50%	4.30%

Commercial and Industrial Property

The following table details the Council's current holding of commercial and industrial property.

INVESTMENT	VALUATION @ 31/03/18 £	INCOME 2017/18 £	RETURN %
Amington Industrial Estate	6,495,150	265,540	4.09%
Lichfield Industrial Estate	2,949,000	153,513	5.21%
Local Centre Shops	1,921,500	218,876	11.39%
Misc Corporate Property	6,169,100	1,187,965	19.26%
Sandy Way Industrial Units	2,426,800	253,370	10.44%
Tamworth Business Centre	855,750	97,000	11.34%
Town Centre Shops	1,568,202	135,364	8.63%
Total	22,385,502	2,311,628	10.33%

The corporate asset management strategy report prepared by Ridge in October 2015 indicated estimated costs of maintenance over 10 years of £3.288m for non-operational commercial property and £1.861m for non-operational retail property.

The above assets currently deliver a return for the Council and assist in balancing the MTFS. The capital programme includes £75k p.a. to ensure Industrial properties are compliant with the Energy Act and have Energy Performance Certificates as with effect from April 2018 it will not be possible to enter into long term lease agreements for commercial and industrial units with an EPC rating of 'E' or less. Many of our units fall into this category and will require a degree of improvement once they become vacant in order to relet-

The Council also has a Building Repairs Fund of c.£400k p.a. which should be included in the planned approach to asset management.

A disposals policy is in place at the Council, however there is currently no plan or strategy to manage those assets which may be surplus to requirements/do not generate a return.

It is recognised that the following action needs to be taken:-

1) **Corporate asset viability model to be developed, identifying whole life costs and value for money of each group of assets, with reference to demand, costs and income generated**

2) **The Asset Strategy Steering Group to consider the results of this modelling and identify poorly performing and well performing assets, and as a result develop a plan for future maintenance and investment, and options appraisal/disposals plans as appropriate**

3) **Risk register around corporate asset management to be developed**

4) **Process for monitoring performance of commercial property to be established, and reporting on a routine and exception basis to be implemented**

5) **A planned approach to be established for the use of the Building Repairs Fund for both planned maintenance & responsive repairs & Building Condition Standards.**

KNOWLEDGE AND SKILLS

Treasury Management staff are either AAT or CCAB qualified and the three CCAB qualified staff must complete the annual CPD requirements of their professional accountancy bodies. Link Asset Services are currently contracted to provide treasury management advice and guidance, and have also been engaged to provide other one-off pieces of work, eg. property funds review in early 2018 and guidance/review of the draft Capital Strategy in December 2018.

Training for Members with regard to treasury management is undertaken on a regular basis, most recently in February 2018, where there was also a presentation to Members from Link Asset Services with regard to our investments in property funds.