



JOINT SCRUTINY (BUDGETS)

22nd January 2025

Tuesday, 28th January, 2025, 6.00 pm in Town Hall, Market Street, Tamworth

SUPPLEMENT – ADDITIONAL DOCUMENTS

Further to the Agenda and Papers for the above meeting, previously circulated, please find attached the following further information, which was not available when the agenda was issued:

Agenda No. Item

5. **Draft Budget And Medium Term Financial Strategy 2025/26 to 2029/30** (Pages 3 - 84)
(Report of the Leader of the Council)

Yours faithfully

A handwritten signature in black ink, appearing to read 'S. C. V.'.

Chief Executive

To Councillors: C Adams, M Bailey, C Bain, L Clarke, M Clarke, R Claymore, T Clements, G Coates, M Couchman, S Daniels, S Doyle, H Hadley, R Kingstone, K Norchi, J Oates, P Pallett, B Price, S Smith, N Statham, M Summers, P Turner, J Wadrup, A Wells and L Wood.

JOINT SCRUTINY COMMITTEE (BUDGET)

28th January 2025

Report of the Cabinet

DRAFT BUDGET AND MEDIUM TERM FINANCIAL STRATEGY 2025/26 to 2029/30

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 considered by Cabinet at the meeting on 23rd January 2025;
2. Provide views on the budget proposals and council tax strategy, taking into account the prioritisation of resources.

Executive Summary

At its meeting on 23rd January 2025, Cabinet is due to consider a package of budget proposals for the period 2025/26 to 2029/30 and, as required by the Constitution of the Council, approved that the Scrutiny Committee 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 Joanne Goodfellow, Interim Executive Director Finance Ext. 241.

CABINET

23rd January 2025

JOINT SCRUTINY COMMITTEE (BUDGET)

28th January 2025

Report of the Leader of the Council

**DRAFT BUDGET AND MEDIUM TERM FINANCIAL STRATEGY 2025/26 to
2029/30**

Purpose

To approve the draft Medium Term Financial Strategy (attached at Appendix 1), to consult with the Joint Scrutiny Committee (Budget) on 28th January 2025 and receive their feedback on the:

- General Fund Revenue (GF) Budget and Council Tax for 2025/26;
- Housing Revenue Account (HRA) Budget for 2025/26;
- 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

It is recommended that Cabinet:

- 1. Approve the draft package of budget proposals included in the Medium Term Financial Strategy (as detailed at Appendix 1); and**
- 2. As required by the Constitution of the Council, the Joint Scrutiny Committee (Budget) on 28th January 2025 be requested to consider the budget proposals contained within this report.**

1 Executive Summary

1.1 Based on the draft budget assumptions contained within the report, the headline figures for 2025/26 are:

- A General Fund Net Cost of Services of £9,908,480;
- A transfer of £1,113,001 from General Fund balances;
- The Band D Council Tax would be set at £208.76, an increase of 2.99% (£6.06) on the level from 2024/25 of £202.70;
- A transfer of £664,130 from HRA balances;
- General dwelling rent increases will be increased by 2.7%, being CPI +1%. This will increase average rent from £107.33 in 2024/25 to £110.23.
- A 2025/26 General Fund Capital Programme of £2,512,070 (£7.163m over 5 years);
- A 2025/26 Housing Capital Programme of £11,147,590 (£51.047m over 5 years).

2 Background

2.1 The Medium Term Financial Strategy (MTFS) is attached in full in Appendix 1.

2.2 The MTFS builds on the Draft Base Budget Forecast Report for 2025/26 to 2029/30 considered by Cabinet on 21st November 2024.

2.3 The budget announced in October 2024 by the Chancellor confirmed that the government is committed to reforming the approach to funding allocations within the Local Government Finance Settlement by redistributing funding to ensure that it reflects an up to date assessment of need and local revenues. This will start with a targeted approach to allocating additional funding in 2025/26, ahead of a broader redistribution of funding through a multi-year settlement from 2026/27. The provisional one year settlement announced in December is reflected in the MTFS. Final settlement figures are expected in early February and will feed into the final budget report being presented to Council on 25th February 2025.

2.4 The budget proposals included in the MTFS reflect the need to compensate for reduced income levels and increasing costs arising from ongoing inflationary pressures and potential significant reductions in Government funding. This is matched against 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.

2.5 The increase in Council Tax is limited to the higher of up to 3% or £5 in order to avoid the need to hold a referendum. A General Fund five year revenue

budget summary assuming a 2.99% (£6.06) increase in Council Tax is shown below.

Summary	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000
Estimated Net Cost of Services	10,870	12,896	13,178	13,558	14,044
Proposed Policy Changes / Additional Costs Identified	(963)	373	125	(3)	(116)
Net Expenditure	9,908	13,269	13,303	13,555	13,928
Financing:					
RSG	363	370	378	385	393
Collection Fund Surplus/(Deficit) (Council Tax)	33	33	33	33	33
Collection Fund Surplus/(Deficit) (Business Rates)	(93)	-	-	-	-
Tariff Payable	(11,311)	(12,547)	(12,798)	(13,054)	(13,315)
Non Domestic Ratepayers	14,877	15,175	15,478	15,788	16,104
Council Tax Income	4,926	5,095	5,269	5,449	5,636
Gross Financing	8,795	8,126	8,360	8,601	8,851
Surplus(-)/Deficit	1,113	5,143	4,943	4,954	5,077
Balances Remaining (-) /Overdrawn	(7,473)	(2,330)	2,613	7,567	12,644

- 2.6 It is recognised that the Council faces significant financial challenges and this was also reflected in the recent Corporate Peer Challenge report. A Financial Resilience Plan is being developed which includes a number of key workstreams, including organisational review; a review of statutory and discretionary services; opportunities to become more commercial in service delivery; targeted savings and zero-based budgeting reviews; a review of the Council's assets to ensure we are making best use of them. This will be managed, monitored and reported on as a corporate project. Work in a number of areas has already commenced, for example review of all vacant posts, and where appropriate has been reflected in the policy changes detailed at Appendix F.

Housing Revenue Account

- 2.7 The HRA budgets have been updated to reflect technical and policy changes (See Section 8 of the MTFs for further details).

2.8 Assuming increases in Rent capped CPI+1% (2.7%) allowed by the Government's recent rent setting guidance, the budget position indicates that balances will remain above the approved minimum level of £0.5m over the five year period.

Impact on HRA Balances after Policy Changes

Summary	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000
Estimated Net (Surplus) / Deficit	(966)	(1,320)	(1,612)	(1,902)	(2,208)
Proposed Policy Changes / Additional Costs Identified	1,630	1,623	1,683	1,721	1,760
Surplus (-) / Deficit	664	303	71	(181)	(448)
Balances Remaining (-) / Overdrawn	(2,666)	(2,363)	(2,292)	(2,473)	(2,921)

2.9 The table above shows that Housing Revenue Account balances are expected to be £2.3m at the end of 2027/28 and £2.9m at the end of 2029/30. These balances are required to build up reserves in order to meet the long term costs of the capital programme included in the 30 year HRA business plan (see section 8.5 of the MTFs, Appendix 1).

Report Author

If Members would like further information or clarification prior to the meeting please contact Joanne Goodfellow, Interim Executive Director Finance Ext. 241.

Background Papers:-	Corporate Vision, Priorities Plan, Budget & Medium Term Financial Strategy 2024/25, Council 27th February 2024
	Budget and Medium Term Financial Planning Process, Cabinet 29th August 2024
	Leaders Budget Workshop, 18th November 2024
	Draft Base Budget Forecasts 2025/26 to 2029/30, Cabinet 21st November 2024

Tamworth Borough Council Medium Term Financial Strategy 2025/26 to 2029/30

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Appendix A	Capital Strategy 2025/26
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Appendix F	Policy Changes 2025/26 to 2029/30
Appendix G	General Fund Five Year Revenue Budget Summary
Appendix H	Estimated Council Tax levels at each band for 2025/26

SECTION 1 – PURPOSE AND OBJECTIVES

- 1.1 The purpose of the Council’s financial strategy is to provide clear and understandable information on actions which are needed to ensure the long-term financial sustainability of the Council. It supports affordable, sustainable service delivery through the use of revenue budgets, capital budgets, reserves and balances.
- 1.2 A medium-term financial strategy (MTFS) sets out how finances are to be managed in such a way as to manage levels of rent, council tax and reserves. In simple terms, it will set out how a stable and robust financial platform can be created such that developments and improvements in services set out in the Corporate Plan can both be achieved and sustained over time.
- 1.3 The Strategy should reflect the priorities outlined in the Corporate Plan and link together with all other strategies of the organisation such as the Capital Strategy, Treasury Management Strategy and Reserves Strategy.
- 1.4 The objectives of the Council’s financial strategy are as follows:
 - a) To provide a stable financial foundation to assist in decision making.
 - b) To enable the Council to be proactive rather than reactive in terms of financing.
 - c) To support the continuance of the Council’s core service strategies.
 - d) To support sustainable service delivery using revenue budgets and reserves.
 - e) To seek to minimise the impacts on the council tax payer and housing rent payers of fluctuations in demand for resources.
 - f) To hold a working balance of cash and reserves sufficient to respond to unexpected events and/or opportunities.
 - g) To be flexible and responsive to changes in needs and legislation.
 - h) To take account of the wider economic climate and local influences.
 - i) To ensure that the capital base of the Council can be maintained within affordable and sustainable limits.
- 1.5 A number of principles have been developed to underpin these objectives:
 - a) Resources will be prioritised to meet the core aims of the Service as set out in the Corporate Plan and other strategies which flow from the Corporate Plan.

- b) Priorities will be reviewed in the light of available resources and financial performance.
- c) Priorities will be influenced by the Corporate Risk Register.
- d) Capital will be financed using the most advantageous method prevailing at the time finance is required, within the requirements of the Prudential Code. A full options appraisal will be carried out before financing decisions are taken.
- e) Investment decisions will be based on a balance of risk and return, remain biased towards low risk activity and follow the CIPFA principles of security, liquidity, and yield in that order.
- f) Council tax rates will be transparent and sustainable. This means that budgets will not be lowered and supported by reserves unless this is part of a long-term sustainable strategy and approved by Members.
- g) Housing rents will increase in accordance with Council's Rent Setting Policy (see section 8)
- h) Charging for services will remain sensitive to the needs of communities and their expectations of the Council.
- i) The Council will apply any year end surpluses / deficits to general fund reserves once any allocations to earmarked reserves have been made.
- j) Longer term financial planning will take account of the possible use of reserves to minimise the effect of reductions in funding as a means of transition, but not of permanent support.

Financial Management

- 1.6 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 2025/26 and provisional proposals for the following years.
- 1.7 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 2024/25 budget to arrive at the starting point for 2025/26.
- 1.8 The Council's medium term financial plan used as the basis for the 2025/26 budget, aims both to deal with a challenging financial position and to find resources to address the Council's corporate priorities and is based upon:
 - The need to compensate for reduced income levels arising from the continuing economic uncertainty and increased cost pressures.

- Increasing income from council tax and fees and charges.
 - Making other savings and efficiencies.
- 1.9 Budget managers are fully involved in developing revenue and capital budgets to ensure that annual budgets accurately reflect demand levels and cost pressures. Inflation is built in where necessary and not necessarily applied at a flat rate across the board.
- 1.10 The external auditors of the Authority have consistently issued unqualified audit reports and positive management letters to the Council in respect of their audit of accounts and their conclusion on the effective arrangements in place to achieve value for money. The External Auditors, Azets Limited, completed their audit of the 2023/24 Statement of Accounts in November 2024, and issued their unqualified opinion on 20th December 2024, concluding that the Statement of Accounts were free of material misstatements. On issuing their value for money opinion, Azets reported that they have not identified any significant weaknesses in the Council's arrangements for achieving value for money.
- 1.12 The Internal Annual Audit Report for 2023/24 provided the following Annual Internal Audit Opinion:

On the basis of audit work completed, Internal Audit's opinion on the council's framework of governance, risk management and internal control is reasonable in its overall design and effectiveness. Certain weaknesses and exceptions were highlighted by audit work. These matters have been discussed with management, to whom recommendations have been made. All these have been or are in the process of being addressed.

Financial Background

- 1.13 The prevailing economic climate has caused increased financial pressures to be placed upon all public sector bodies and the Council is no exception. The overall funding position remains uncertain over the next three years.
- 1.14 The challenge to the organisation is not only how to survive in this period of uncertainty but how to continue to both provide and develop high quality services for the communities it serves. Finance is a clear enabler in this context and sound financial management is essential to ensure that maximum value can be achieved with the resources available.
- 1.15 The Council will continue to manage its financial resources to the highest professional standards and back this up with a strong governance framework which will include scrutiny by the Audit and Governance Committee and regular reporting to elected members and the Executive Management Team. In addition, an independent Internal Audit function is maintained to give additional assurances to both Members and Senior Officers. The service follows the Financial Management Code published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

- 1.16 The post of Executive Director of Finance is responsible for developing and maintaining the Medium Term Financial Strategy and this post reports directly to the Chief Executive.

SECTION 2: ECONOMIC CONTEXT OF THE STRATEGY

- 2.1 The current economic climate remains uncertain with many external influences. It has been confirmed that Local Government will receive a one-year funding settlement for 2025/26. A three year settlement is expected thereafter, but the Government have confirmed that the long-awaited business rates reset and funding review will occur in 2026/27. At this point it is expected that funding will be redistributed to Councils with adult social care responsibilities and the highest deprivation. This is expected to have a detrimental impact on Tamworth and at this stage it is not known if there will be any transitional arrangements or reliefs.
- 2.2 In November 2024, CPI (Consumer Price Index) inflation increased to 2.6% from 2.3% in October and 1.7% in September. The latest figures for December show it dropping back to 2.5%. The Bank of England inflation forecast expects inflation to carry on falling to reach the target of 2% by mid-2025.
- 2.3 The Bank rate has reduced from 5.25% in August 2023, its highest level since February 2008, to 5.00% in August 2024 and it has reduced again in November 2024 to 4.75%. Interest rates are expected to continue falling over the next two years. This has two impacts on the Council in that expected borrowing rates will reduce over the coming year, but so will investment rates which will impact on investment income for 2025/26.

SECTION 3: ISSUES IMPACTING ON THE BUDGET

Corporate Plan

- 3.1 Council will consider a new [Corporate Plan](#) covering the years 2025-2030, to be approved as part of the full Budget report to be presented to Council in February. Our proposed new vision is 'Building a Better Tamworth' with priorities around Prosperity & Place; Environment; Community Wellbeing; and Council. These are reflected in the draft MTFs and capital programme.

Risk / Corporate Risk Register

- 3.2 The corporate risk register is reported quarterly to the Audit and Governance Committee. Corporate risks are identified, managed and monitored by the Corporate Management Team. With the key risks being:
- Finance/Financial stability
 - Governance

- Promoting community resilience and cohesive communities
 - Inability to meet social housing targets, deliver affordable housing and meet the requirements of the social housing regulations
 - Organisational Resilience
 - Failure to meet climate change/meet net zero targets and plan for major weather impacts
 - Information and Data Management
 - Inability to deliver economic growth, sustainability and prosperity in the Borough and
 - Cyber Security
- 3.3 The World Economic Forum reports the five highest global risks facing the Council as listed below:
- Extreme Weather
 - AI-generated misinformation and disinformation
 - Societal and or political polarisation
 - Cost of Living Crisis and Cyberattacks
- 3.4 The financial implications of these risks are reflected in the capital and revenue proposed budgets.
- 3.5 The medium term financial planning process is being challenged by uncertain economic conditions, with continuing cost pressures and a squeeze on Government funding. The budget forecast is based on a 5 year period but does contain a number of uncertainties. The forecast grant reductions and uncertainty over the impact of the business rates reset and redistribution of Local Government funding puts significant pressure on the ability of the Council to publish a balanced 3 year MTFS.
- 3.6 It is now confirmed that the business rates reset which has been postponed several times in recent years will now occur with effect from 2026/27. It is likely that Tamworth will lose its retained business rates growth at this point. Action needs to be taken now to identify ongoing budgetary savings and/or additional income so that the Council is able to deliver a balanced budget without relying on reserves and balances. The recent Corporate Peer Challenge recommended that the Council develops a clear savings plan incorporating tangible, costed and deliverable savings with robust senior management and member oversight.
- 3.7 The most significant risks to capital and revenue forecasts are set out in Table 1 below:

Table 1 - 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 Government support levels; (High / Medium)
Potential 'capping' of council tax increases by the Government or local Council Tax veto / referendum; (Medium)	It has been confirmed that increases of £5 or 3% for District Councils risk capping in 2025/26; (Low)
The achievement / delivery of substantial savings / efficiencies will be needed to ensure sufficient resources are available to deliver the Council's objectives through years 3 to 5, and to avoid the need for exceptional financial support or the issuing of a S114 Notice. Ongoing; (High)	Development of a Financial Resilience Plan. A robust & critical review of savings proposals will be required / undertaken before inclusion within the forecast; (High)
Pay awards greater than forecast; (Medium)	An offer of £1,290 for 2024/25 has been agreed in October 2024. Increases of 2.5% p.a. assumed from 2025/26 onwards; (High / Medium)
Pension costs higher than planned / adverse performance of pension fund; (Medium)	Regular update meetings with Actuary; Following an option to 'freeze' the 'lump sum' element for the 3 years from 2023/24 (after the triennial review during 2022), followed by 1% p.a. year on year increases included from 2026/27; (Medium/Low)
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; (High)	Robust estimates included to arrive at collection target. Ongoing proactive management & monitoring will continue; Business Rates Equalisation Retained Fund - provision of reserve funding to mitigate impact of any changes in business rate income levels; Monitoring of the situation / regular reporting; (High / Medium)
Local Council Tax Reduction scheme potential yield changes and maintenance of collection levels due to increases in unemployment; (High)	Robust estimates included. Ongoing proactive management & monitoring (including a quarterly health check on the implications on the organisation – capacity / finance) will continue; (High / Medium)
Achievement of income streams in line with targets in light of the economic conditions e.g. treasury management interest, car parking, planning, commercial & industrial rents etc. (High / Medium)	Robust estimates including using a zero based budgeting approach; regular ongoing monitoring and reporting

Risk	Control Measure
	(Medium)
Continue to achieve high collection rates for council tax, business rates and housing rents – in light of the welfare benefit reforms and the impact of the current cost pressures on economic conditions and uncertainty. (Medium)	Robust monitoring and evaluation of the situation; (Medium)
Impact of conflict in Ukraine/Middle East resulting in volatile financial markets/impact on oil prices and consequential inflation/energy price increases. (High / Medium)	Robust monitoring and evaluation of the situation; (Medium)
Delivery of the capital programme 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 should not progress; (Medium)
Dependency on partner organisation arrangements and contributions e.g. Waste Management - (Staffordshire County Council (LCC) / Lichfield District Council (LDC)). (High / Medium)	Memorandum of Understanding in place with LDC; Improved engagement/attendance at Board meetings and regular monitoring of budgets (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 General Data Protection Regulations (GDPR). (High / Medium)	Robust monitoring and evaluation of the situation; (Medium)

- 3.8 In light of these uncertainties and issues arising from the sensitivity analysis (see section 6.9), the budget contains general contingency budgets of £100k in the General Fund (£100k for capital) and £130k for the Housing Revenue Account (HRA) (£100k for capital).

Public Consultation

- 3.9 The results of the annual survey and budget consultation, to inform the decision-making process around council budget and priorities, are to be considered by Cabinet on 23rd January 2025.
- 3.10 During September and October 2024, Enventure Research carried out a statistically representative telephone survey of Tamworth residents to measure and track resident satisfaction with; Tamworth in general, council services and to ask about budget priorities and spending. Given the statistical approach, we can be confident the results are true and representative.
- 3.11 Views varied on which service areas should receive more, the same or less funding. The most popular areas that respondents want to see have more funding include tackling homelessness and emergency accommodation, tackling antisocial behaviour and improving Tamworth (economically, physically etc). The service areas most frequently suggested where there should be less funding included customer services, Assembly Rooms and free outdoor events, and Tamworth Castle & local heritage. This is consistent with previous years.
- 3.12 The most common suggestion for which service area should increase charges was the hiring of public spaces and car parking. Waste collection was the least favoured area. As in previous years, there is little appetite for increases in council tax.

Capital Strategy

- 3.13 The Capital Strategy for each year is approved by Council alongside the MTFs. The updated Capital Strategy for 2025/26 is attached at Appendix A. The Strategy sits alongside the Medium Term Financial Strategy (MTFS), Asset Management Strategy and HRA business plan. 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.
- 3.14 The Authority has considered the sustainability of its capital plans which have been mapped out over future years to assist in the revenue budget planning process. The 2025/26 to 2029/30 capital programme is attached at Appendix B (General Fund) and C (HRA) and will be considered alongside revenue budgets by Council in February 2025. The revenue implications of the capital expenditure have been built into the revenue budgets for these years. The borrowing costs and long term affordability of the programme are considered as part of the Prudential Indicators set each year.
- 3.15 The draft General Fund capital programme totals £2.512m for 2025/26 (£7.163m over 5 years) and will require borrowing of £2.1m over the next 5 years subject to the exploration and availability of alternative funding. There is likely to be slippage from the 2024/25 capital programme which will be transferred into 2025/26.

- 3.16 The draft HRA capital programme totals £11.148m in 2025/26 (£51.047m over 5 years) and will require borrowing of £9.5m over the next 5 years subject to the exploration and availability of alternative funding.

The Prudential Code

- 3.17 The Authority's Prudential Code will be considered alongside the MTFS on 25th February 2025. It will set out the prudential indicators for 2025/26. The freedoms provided by the Prudential Code for Capital Accounting are to be used to make the best possible investment decisions in relation to capital spending in order that meaningful choices can be made between borrowing, leasing, and the use of capital receipts. Nevertheless, it is still considered important that the Authority should not expose itself to unduly high levels of debt and it is necessary for a view to be taken as to how much debt is sustainable in the longer term.
- 3.18 The Authority predominantly funds its capital investments through capital receipts, grants and borrowing. The overall strategy for borrowing is set out in the Treasury Management Strategy document and in the Prudential Code Report. In the longer term there is still an exposure from the loan charges on new capital being greater than anticipated due to the unpredictability in borrowing rates. This may require some revision to future years' capital plans.

Technical Adjustments

- 3.19 Revisions / updates have been made to the 2024/25 base budget in order to produce an adjusted base for 2025/26 and forecast base for 2026/27 onwards. These changes, known as technical adjustments, have been informed by feedback from budget managers and 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
- 3.20 The technical changes have not changed since the Draft Base Budget Forecast report considered by Cabinet on 21st November 2024. Any new changes have been incorporated into the Policy Changes and are detailed in section 3.22.

Table 2 - General Fund Technical Adjustments Summary

Technical Adjustments	2025/26	2026/27	2027/28	2028/29	2029/30
	£'000	£'000	£'000	£'000	£'000
Base Budget B/Fwd	8,183	10,870	12,896	13,178	13,558
Committee Decisions	1,509	859	13	6	-
Inflation	51	48	61	63	64
Other	494	587	185	30	139
Pay Adjustments	633	532	23	281	283
Revised charges for non-general fund activities	-	-	-	-	-
Virements	-	-	-	-	-
Total / Revised Base Budget	10,870	12,896	13,178	13,558	14,044

3.21 A breakdown of the technical adjustments can be found in Appendix D1, with HRA technical adjustments in Appendix D2.

Policy Changes

3.22 Further updates to the budgets have been made to reflect changes in policy or developments that were not included in the 2024/25 MTFS or Technical Changes approved by Cabinet on 21st November 2024. The main budget assumptions behind the changes to the budgets are shown in Appendix E. A full list of Policy Changes is attached at Appendix F. Policy Changes in excess of £50k in 2025/26 are shown in Table 3 below:

Table 3 - Policy Changes exceeding £50k

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			25/26 £'000	26/27 £'000	27/28 £'000	28/29 £'000	29/30 £'000
OR 1	New Policy & Performance team including permanent AD post and two temporary officer posts, incl homeworking allowance, car user allowance and net of £100k reserve and salaries budget savings from vacant Performance and Insight Officer hours		60.17	1.45	4.25	5.18	-
PE 1	Annual Azure hosting	The Azure hosting costs are an ongoing commitment. This will facilitate moving the majority of our server estate to Microsoft's Cloud services. The current server and storage infrastructure is reaching capacity and either requires replacing or in line with the ICT Strategy, migrating to Cloud services	80.00	-	-	-	-
PE 3	Review of Elections budgets from a zero-base, factoring in the anticipated schedule of elections and ability to run joint elections/claim a share of costs from SCC/Govt/OPCC where appropriate, the following budget adjustments are requested.		(105.54)	165.64	1.94	(87.74)	(85.85)
OPS 1	Waste Management Contract / Recycling Credit (Policy Change)	Recycling credits budget disparity to be included	93.81	147.00	(3.00)	(24.00)	-
OPS 6	Increase in Employers National Insurance - announced as part of the Autumn Statement		67.90	-	-	-	-
FIN 1	New Homes Bonus to continue for a further year from Draft Settlement		(286.31)	286.31	-	-	-
FIN 2	Funding Floor (previously Local Government Services Grant and Lower Tier Services Grant)	Confirmed in provisional settlement one year only	(321.13)	321.13	-	-	-
FIN 3	Recovery Grant	Confirmed in provisional settlement one year only	(279.46)	279.46	-	-	-
FIN 4	Revs & Bens Zero Based Budgeting including Restructure of Teams		(88.57)	-	-	-	-
FIN 10	Service Review Savings		(500.00)	-	-	-	-
PAR 1	To reduce income budget on car park enforcement to £57,000	The use of car parks dropped during the pandemic lockdown and beyond, thereby reducing car park enforcement and income from penalty charge notices. Current income budget of £121,350 is not achievable (for 2025/26 £124,380)	67.38	-	(67.38)	-	-
PAR 3	GF Housing - remove discretionary HRA recharge	Remove whilst undertake HRA business plan review and assess longer term viability, costs need to be developed to understand what this contribution covers	(229.55)	-	-	-	-
AST 2	Ankerside Income Shortfall net of contingency funding £460k		243.00	-	-	-	-
G&R 1	Re-evaluation of estimated Car Parking Income		207.00	(50.00)	-	-	-
G&R 2	Economic Development and Regeneration	Outside car parks/season tickets	(90.00)	-	-	-	-
G&R 5	Building Control Partnership (as per AM Email 03/10/24)		60.00	-	(60.00)	-	-
G&R 6	Budget Savings Year on Year		(51.57)	-	-	-	-

3.23 The revised 2025/26 Net Cost of Services after Technical Adjustments and Policy Changes is £9,908k as detailed in Table 4 below. This is an increase from 2024/25 mostly due to the impact of the reduction in grants such as New Homes Bonus and Funding Guarantee at reduced levels; one-off contribution

from reserves falling out; and a reduction in expected treasury management interest receivable due to falling interest rates.

Table 4 – 2025/26 Net cost of Services

<i>Figures exclude internal recharges which have no bottom line impact.</i>	Base Budget 2024/25	Technical Adjustments	Policy Changes	Budget 2025/26
	£	£	£	£
Chief Executive	270,450	2,930	6,970	280,350
AD Growth & Regeneration	662,250	(25,610)	155,850	792,490
ED Organisation	93,050	2,490	64,660	160,200
AD People	2,782,780	103,710	8,370	2,894,860
AD Policy & Performance	595,840	(20,810)	-	575,030
AD Env, Culture & Wellbeing	5,758,020	254,880	136,840	6,149,740
ED Finance	93,320	2,090	2,470	97,880
AD Finance	(3,983,880)	2,177,220	(1,439,720)	(3,246,380)
ED Communities	-	-	-	-
AD Assets	46,950	(45,230)	248,870	250,590
AD Neighbourhoods	813,030	208,000	3,020	1,024,050
AD Partnerships	1,051,280	27,460	(149,070)	929,670
Net Cost	8,183,090	2,687,130	(961,740)	9,908,480
Transfer to / (from) Balances	(1,134,859)	21,858		(1,113,001)
Collection Fund (Surplus)/Deficit (Council Tax)	(27,070)	(6,073)		(33,143)
Collection Fund (Surplus)/Deficit (Business Rates)	1,151,630	(1,058,988)		92,642
Revenue Support Grant	(322,012)	(40,949)	-	(362,961)
Retained Business Rates	(14,264,548)	(612,656)	-	(14,877,204)
Tariff Payable	11,172,962	138,126	-	11,311,088
Council Tax Requirement	(4,759,193)	(1,128,448)	961,740	(4,925,901)

3.24 The revised Net Cost of Services for 2025/26 to 2029/30 is included in Appendix G.

SECTION 4: RESERVES AND BALANCES

4.1 The Local Government Finance Act 1992 requires billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. The Treasurers' duty to report on the robustness of estimates and adequacy of reserves when the authority is considering its budget requirement is set out under section 25 of the Local Government Act 2003.

4.2 CIPFA sets out that reserves can be held for three main purposes:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves.
- A contingency to cushion the impact of unexpected events or emergencies - this also forms part of general reserves.
- A means of building up funds, often referred to as earmarked reserves, to meet known or predicted requirements; earmarked reserves are accounted for separately but legally remain part of the General Fund.

4.3 The Authority reviews the levels of reserves it requires as part of the Reserves Report considered by Cabinet on 12th December 2024. At 31st March 2025 General Fund Reserves are expected to total £8.6m and HRA general reserves £3.3m as detailed in the table below:

Table 5 Summary of Reserve Levels

Reserve	Opening Balance 1 April 2024 £'000	Closing Balance 31 March 2025 £'000
General Fund Balances	10,733	8,586
Housing Revenue Account	2,221	3,329

4.4 At the Council meeting on 23rd February 2016 Members approved a minimum working level of General Fund balances of £0.5m. The minimum level of balances for planning purposes will remain at £0.5m.

SECTION 5: FUTURE YEARS FUNDING STREAMS

Income

5.1 The 2025/26 local government finance settlement has again been announced for one year only. The budget announced in October 2024, by the Chancellor confirmed that the government is committed to reforming the approach to funding allocations within the Local Government Finance Settlement by redistributing funding to ensure that it reflects an up to date assessment of need and local revenues. This will start with a targeted approach to allocating additional funding in 2025/26, ahead of a broader redistribution of funding through a multi-year settlement from 2026/27. The main funding streams determined by the settlement are detailed in the paragraphs below.

5.2 The Council receives funding from 4 main funding streams –

- Revenue Support Grant (see sections 5.3 to 5.4)
- Business Rates (sections 5.5 to 5.20)
- Specific Grants (sections 5.21 to 5.22)
- Council Tax (sections 5.23 to 5.28)

Revenue Support Grant (RSG)

- 5.3 Tamworth BC receives only a small proportion of its income through Revenue Support Grant - £363k in 2025/26 (£322k in 2024/25). In line with the Local Government Funding Policy Statement this has increased by September 2024 inflation (1.7%), and from 2025/26 also includes 'rolled in' grants in respect of Transparency Code (£8k), Electoral Integrity (£10k); and Tenant Satisfaction Measures (£17k).
- 5.4 Future year's RSG will be affected by the Funding Review, which will update the formulas used for distributing RSG and business rates between Authorities in an attempt to make it more equitable by reviewing relative needs and resources. The Draft Budget report presented to Cabinet on 21st November 2024 assumed the reforms would come into place in 2026/27, which has been confirmed following the 2025/26 Draft Local Government Finance Settlement (published on 18th December 2024). An inflationary increase to RSG has been applied for future years.

Business Rate income

- 5.5 Total Business Rate income consists of 3 elements:
- Business Rate Income
 - Tariff Payment
 - Section 31 grants to compensate for Central Government decisions around Business Rate relief and adjustments to the multiplier.

Outline of Business Rate Scheme

- 5.6 The 2013/14 Business Rates Retention (BRR) scheme set out the mechanism for operating Business Rate collection. The scheme determines both the Business Rate Baseline (BRB) which identifies the amount of Business Rates that the Council is expected to collect each year and the Baseline Funding Level (BFL) which is based on an assessment of the authority's relative funding need and its assumed ability to generate council tax revenue.
- 5.7 Where the Baseline Funding Level exceeds the Business Rate Baseline (ie the Council collects more than what the government judge that it requires), as in Tamworth, the authority is required to pay a tariff into the central pool which is then distributed to other Local Authorities whose collection levels fall short of their baseline need assessment. In 2024/25, the tariff payment was set at £11,172,962. An analysis of the estimated Baseline Funding Levels for future years following the Local Government Provisional Finance Settlement is shown in Table 6 below.

Table 6 – Analysis of Baseline Funding Level

BASELINE FUNDING LEVEL	2025/26	2026/27	2027/28	2028/29	2029/30
	£	£	£	£	£
Base Budget Forecast November 24	2,526,009	2,576,529	2,628,060	2,680,621	2,734,233
MTFS Forecast Provisional Settlement	2,576,331	2,627,858	2,680,415	2,734,023	2,788,704
Increase / (Decrease)	50,322	51,329	52,355	53,402	54,470

- 5.8 The Government’s assessed Business Rates Baseline for the authority is only based on an adjusted average income figure going back to 2013/14. The actual income received is higher than this due to growth, which means that the provisional settlement no longer provides the real funding level for authorities.
- 5.9 If the actual amount of income received from business rate collection (due to growth), exceeds the Baseline Funding Level, the difference is split as follows:

Table 7 – Split of Business Rates Growth

	%
Tamworth BC	40
Central Pool	25
Staffordshire BR Pool (Section 5.11)	25
County Council	9
Fire	1
Total	100

- 5.10 New Burdens (Section 31) Grant is receivable from the Government to compensate the Council for business rate reliefs that form part of government policy (such as Small Business Rate Relief). Any section 31 grant that relates to growth will be split 50% to the Council and 50% to the Staffordshire Business Rate Pool.
- 5.11 The Council has been member of the Staffordshire and Stoke on Trent Business Rates pool since its inception in 2013/14. The pool charges a levy to its members equivalent to 25% of growth (as set out in table 7 above) plus 50% of Section 31 relief compensation grant. The levies are held in a reserve to pay out member authorities should their Business Rate income fall below the floor level set by the Government. Any excess funding can be distributed back to its member authorities by agreement with Members.
- 5.12 Business Rate charges usually increase annually in line with September Consumer Price Inflation (CPI) – 1.7% for September 2024. This is achieved

by increasing the Business Rate multiplier which is then multiplied with the rateable value of a property to determine the level of Business Rates to be paid to the Council.

- 5.13 For several years now the business rates multiplier has been frozen to minimise the impact of business rate increases on businesses during and since Covid-19. The Government has compensated the Council for loss of income by way of additional Section 31 grant.
- 5.14 The Budget in October 2024 confirmed that the small business rates multiplier will be frozen again at 49.9p, but the standard multiplier, which is used for other businesses, will increase in line with CPI at 1.7% (from 54.6p to 55.5p). As in previous years, the Council will be compensated for the lost inflation increase and so this should not affect the income that the Council receives.

Business Rates Reset

- 5.15 The Business Rate Reset will see the national redistribution of business rates so that any retained growth (since 2013/14) will be consumed into the national pot for redistribution. It is expected that Tamworth BC will lose significant growth.
- 5.16 These reforms were originally due to be in place by 2019/20 but have been deferred several times. The Draft Budget report presented to Cabinet on 21st November 2024 assumed the reforms would come into place in 2026/27 and this has been confirmed in the provisional Local Government Finance Settlement (published on 18th December 2024). This means that the Council faces losing this growth in the future and needs to plan accordingly.
- 5.17 The business rates forecast income is subject to confirmation / finalisation over the next few weeks – the latest estimates are detailed below:

Table 8 Business Rate Income Forecast

BUSINESS RATES INCOME FORECAST	2025/26	2026/27	2027/28	2028/29	2029/30
	£	£	£	£	£
MTFS Forecast (January 2025):					
Retained Business Rates	14,877,204	15,174,748	15,478,243	15,787,808	16,103,564
Less: Tariff payable	(11,311,088)	(12,546,890)	(12,797,828)	(13,053,785)	(13,314,860)
Total Settlement Funding Assessment	3,566,116	2,627,858	2,680,415	2,734,023	2,788,704
% Change from previous year	15.35%	-26.31%	2.00%	2.00%	2.00%
Base Budget Forecast (November 2024):					
Retained Business Rates	15,407,082	15,715,224	16,029,528	16,350,119	16,677,121

Less: Tariff payable	(12,361,073)	(13,138,695)	(13,401,468)	(13,669,498)	(13,942,888)
Total Settlement Funding Assessment	3,046,009	2,576,529	2,628,060	2,680,621	2,734,233
% Change from previous year	-1.47%	-15.41%	2.00%	2.00%	2.00%
Increase / (Decrease)	520,107	51,329	52,355	53,402	54,470

5.18 The reduction in 2026/27 estimates reflect the removal of business rates income over and above the baseline in anticipation of the business rates reset.

5.19 There are still significant uncertainties around Business Rate funding - specifically the treatment of:

- Forecast levels of growth / contraction in business rates – including the level of void properties and unpaid business rates for 2025/26;
- The estimated level of mandatory and discretionary reliefs;
- The estimated level of refunds of Business Rates following the Appeal process – especially following the planned changes in rateable values arising from the Business Rates Revaluation from April 2023;
- 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 on the likely tariff levels for future years.

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

Specific Grants

5.21 Specific Grants received by Tamworth BC are detailed below:

- **Reduced:** New Homes Bonus (NHB) - £286k. NHB is a grant paid to local councils to reflect and incentivise housing growth in their areas. The future of NHB has been very uncertain and it was expected that 2024/25 might be the last year that it was paid. However, further grant has been released for 2025/26 although Tamworth's grant has reduced from £503k to £286k. The Government intends that 2025/26 will be the final year of NHB in its current format and no income has been assumed for 2026/27 onwards.
- **Reduced:** Minimum Funding Guarantee – Tamworth received £540k in 2024/25. This grant is now referred to as 'Funding Floor' and for Tamworth is

£321k in 2025/26 reflecting the reduced national allocation from £269m in 2024/25 to £121m in 2025/26. The Funding Floor is intended to guarantee that no local authority would see a reduction in their Core Spending Power (the money made available to local authorities through the settlement), which is less generous than in 2024/25, where a 3% floor was in place (before assumptions on council tax rate increases).

- **New:** Recovery Grant – in the provisional Local Government Settlement the Government announced a new one year £600m fund targeted to those local authorities with greater need and demand for services. Tamworth has been allocated £279k for 2025/26.
- **New:** Compensation for increased cost of National Insurance Contributions. This grant will be distributed to local authorities as part of the final local government finance settlement, and allocations to individual Councils have not yet been published. However, it is not expected to cover the full cost of the increase and will also not be applicable to the HRA.

Extended Producer Responsibility funding

5.22 Local authorities were expecting to receive additional income from the Extended Producer Responsibility for packaging (EPR) scheme for 2024/25. The scheme has been delayed but we have now been notified of indicative payments for 2025/26, Tamworth's provisional allocation is £721k. The payments are expected to compensate Councils for the additional costs of maximising the collection and recycling of packaging materials in order to support the transition to a circular economy, and to enable local authorities to meet their obligations in relation to the collection of packaging materials as part of Simpler Recycling, and the Separation of Waste Regulations. These payments are not included within Core Spending Power and are expected to offset additional costs to the Council which have not yet been confirmed, although work is ongoing with Lichfield District Council as part of the Joint Waste Unit and with Staffordshire County Council to understand the implications.

Council Tax

- 5.23 The Localism Act 2011 introduced requirements on a Council to hold a local referendum if it increases its council tax by an amount exceeding the principles determined by the Secretary of State and agreed by the House of Commons (confirmed as the higher of £5 or 3% for 2025/26).
- 5.24 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.
- 5.25 The Council Tax Base of 23,596 was approved by Cabinet on 12th December 2024. This is lower by approximately 100 properties than previously anticipated. The MTFs has been updated to include revised council tax base figures over the 5 year period.

- 5.26 The draft Budget and Medium Term Financial Strategy is based on a council tax increase of 2.99% (£6.06) for 2025/26 followed by increases at 2.99% p.a. thereafter.
- 5.27 Each £1 increase in the band D Council Tax would raise approximately £24k per annum. For each 1% increase in Council Tax, the Council will receive £48k in additional income per annum.

SECTION 6 - OUTLOOK FOR 2025/26 TO 2029/30

6.1 The Council is required to set the Council Tax precept at its meeting on 25th February 2025. The Draft Base Budget Forecasts 2025/26 to 2029/30 report considered by Cabinet on 21st November 2024 identified three options for increasing Council Tax levels for 2025/26:

- £5.00 – 2.47%
- £6.06 – 2.99%
- £0.00 – 0%

6.2 Given the referendum limit identified in the provisional finance settlement is the highest of £5 or up to 3%, the options considered in this report are a £5, 2.99% and nil increase. The impact on Council Tax Band D levels are shown in Table 9 below.

Table 9 – Council Tax Options Analysis

	Amount £	Increase £	Additional Income £'000
Current Band D Council Tax	202.70		
£5 Increase	207.70	5.00	118
2.99% Increase	208.76	6.06	143
Zero increase	202.70	0.00	0

6.3 The impact of the different options on the budget deficit position is considered in the tables below.

Table 10: Option 1 - £5.00 (2.47%) increase in Council Tax 2025/26 to 2029/30

Year:	2025/26	2026/27	2027/28	2028/29	2029/30
Forecast:	£'000	£'000	£'000	£'000	£'000
Net Cost of Services	9,908	13,268	13,303	13,554	13,928
RSG	(363)	(370)	(378)	(385)	(393)
Business Rates net income	(3,473)	(2,628)	(2,680)	(2,734)	(2,789)
Council Tax	(4,901)	(5,040)	(5,180)	(5,322)	(5,464)
Collection Fund Surplus	(33)	(33)	(33)	(33)	(33)
Surplus (-) /Deficit	1,138	5,197	5,031	5,080	5,249
Balances Remaining (-) / Overdrawn	(7,447)	(2,250)	2,781	7,861	13,111
£ Increase	5.00	5.00	5.00	5.00	5.00
% Increase	2.47%	2.41%	2.35%	2.30%	2.25%
Note: Resulting Band D Council Tax	207.70	212.70	217.70	222.70	227.70

6.4 If a £5.00 council tax increase is approved in 2025/26, there would be a deficit of £1.1m in 2025/26, £5.2m in 2026/27 and £5.0m in 2027/28. In the short term, these can be met from General fund reserves for two years only. It should be noted that expenditure at this level is unsustainable in the long term with a potential shortfall in balances of £13.6m over the 5 year period (including minimum balances of £500k). Further savings of approx. £3.4m per annum would have to be saved from 2026/27. A Financial Resilience Plan needs to be developed in the short/medium term to ensure the long term viability of the Council.

Table 11: Option 2 – 2.99% (£6.06) increase in Council Tax 2025/26 to 2029/30

Year:	2025/26	2026/27	2027/28	2028/29	2029/30
Forecast:	£'000	£'000	£'000	£'000	£'000
Net Cost of Services	9,908	13,268	13,303	13,554	13,928
RSG	(363)	(370)	(378)	(385)	(393)
Business Rates net income	(3,473)	(2,628)	(2,680)	(2,734)	(2,789)
Council Tax	(4,926)	(5,095)	(5,269)	(5,449)	(5,636)
Collection Fund Surplus	(33)	(33)	(33)	(33)	(33)
Surplus (-) /Deficit	1,113	5,142	4,943	4,953	5,077

Balances Remaining (-) / Overdrawn	(7,472)	(2,330)	2,613	7,565	12,643
£ Increase	6.06	6.24	6.43	6.62	6.82
% Increase	2.99%	2.99%	2.99%	2.99%	2.99%
Note: Resulting Band D Council Tax	208.76	215.00	221.43	228.05	234.87

6.5 If a 2.99% maximum council tax increase is approved in 2025/26, there would be a deficit of £1.1m in 2025/26, £5.1m in 2026/27 and £4.9m in 2027/28. These can be met from General Fund reserves for two years only. From 2027/28 there are insufficient balances to balance the budget. It should be noted that expenditure at this level remains unsustainable in the long term with a potential shortfall in balances of £13.1m over the 5 year period (including minimum balances of £500k). Further savings of approx. £3.3m per annum would have to be found from 2026/27. A Financial Resilience Plan is still needed in the short/medium term to ensure the long term viability of the Council, even with the maximum available increase in Council Tax.

Table 12: Option 3 – Nil increase in Council Tax 2025/26 to 2029/30

Year:	2025/26	2026/27	2027/28	2028/29	2029/30
Forecast:	£'000	£'000	£'000	£'000	£'000
Net Cost of Services	9,908	13,268	13,303	13,554	13,928
RSG	(363)	(370)	(378)	(385)	(393)
Business Rates net income	(3,473)	(2,628)	(2,680)	(2,734)	(2,789)
Council Tax	(4,783)	(4,803)	(4,823)	(4,844)	(4,864)
Collection Fund Surplus	(33)	(33)	(33)	(33)	(33)
Surplus (-) /Deficit	1,256	5,434	5,388	5,558	5,849
Balances Remaining (-) / Overdrawn	(7,329)	(1,896)	3,493	9,051	14,900
£ 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	202.70	202.70	202.70	202.70	202.70

- 6.6 If no Council Tax increase is approved in 2025/26, there would be a deficit of £1.3m in 2025/26, £5.4m in 2026/27 and £5.4m in 2027/28. Existing General Fund reserves would be insufficient to cover deficit levels beyond 2026/27 as balances would fall below the minimum approved level of balances (£500k). Major cuts to services would need to be considered to ensure the long term viability of the Council due to the expected shortfall in funding being in excess of £15.0m by 2029/30.
- 6.7 It should be noted that Tamworth Borough Council, as the billing authority, also collect Council Tax on behalf of the County Council, Office of the Police and Crime Commissioner (OPCC) and Fire & Rescue Authority who are due to finalise their budgets for 2025/26 during February 2025. Indications of the potential impact of the Borough Council Tax proposals is shown for each Council Tax Band in Appendix H.

Sensitivity Analysis

- 6.8 A review has been undertaken regarding the sensitivity of the factors within the forecasts, pay award & inflation, and a summary is shown in the table below:

Table 13: Sensitivity analysis of assumptions underlying the budget.

Effect of x% movement:	% + / -	Impact over 1 year +/- £'000	Impact over 3 years +/- £'000	Impact over 5 years + / - £'000
Pay Award (GF)	0.50%	62	376	950
Pay Award (HRA)	0.50%	21	124	312
National Insurance (GF)	1.00%	123	750	1,897
National Insurance (HRA)	1.00%	41	247	625
Pension Costs (GF)	0.50%	62	376	950
Pension Costs (HRA)	0.50%	21	124	312
Inflation / CPI (GF)	0.50%	21	129	326
Inflation / CPI (HRA)	0.50%	43	265	675

7 GENERAL FUND SUMMARY AND CONCLUSIONS

- 7.1 The budget proposals reflect the need to compensate for reduced income levels arising from the uncertain economic conditions and potential significant reductions in Government funding. This is set against 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.
- 7.2 The increase in Council Tax is limited to the highest of £5 or up to 3% in order to avoid the need to hold a referendum. Three options for increasing Council Tax have been considered: £5.00, 2.99% and nil increase. The results are summarised in Table 14 below.

Table 14 – Comparison of different Council Tax Options

Year:	2025/26	2026/27	2027/28	2028/29	2029/30
Forecast:	£'000	£'000	£'000	£'000	£'000
Impact of increases in Council tax of £5.00					
Surplus (-) /Deficit	1,138	5,197	5,031	5,080	5,249
Balances Remaining (-) / Overdrawn	(7,447)	(2,250)	2,781	7,861	13,111
Impact of 2.99% increases in Council tax					
Surplus (-) /Deficit	1,113	5,142	4,943	4,953	5,077
Balances Remaining (-) / Overdrawn	(7,472)	(2,330)	2,612	7,565	12,642
Impact of Zero increases in Council tax					
Surplus (-) /Deficit	1,256	5,434	5,388	5,558	5,849
Balances Remaining (-) / Overdrawn	(7,329)	(1,896)	3,493	9,051	14,900

- 7.3 All options leave the Council in an in year deficit position in 2025/26 and beyond.
- 7.4 Existing General Fund reserves will be insufficient to cover deficit levels beyond 2026/27.
- 7.5 A council tax increase of 2.99% will ensure that the maximum amount of council tax income is achieved without triggering the need for a referendum. However, there will still remain a significant ongoing deficit. Whilst this can be met from General Fund reserves over the short term, savings of over £3.3m per year are required from 2026/27 in order to balance the budget
- 7.6 The development of a Financial Resilience Plan is required in order to meet the significant financial challenges facing the Council. Members will be required to make difficult decisions about funding services in the future.

7.7 A General Fund five year revenue budget summary assuming a 2.99% (£6.06) increase in Council Tax for 2025/26 onwards is shown in Appendix G and summarised in Table 15 below.

Table 15 – 5 Year Base Budget forecast assuming 2.99% (£6.06) increase in Council Tax

Summary	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000
Estimated Net Cost of Services	10,870	12,896	13,178	13,558	14,044
Proposed Policy Changes / Additional Costs Identified	(962)	373	125	(3)	(116)
Net Expenditure	9,908	13,269	13,303	13,555	13,928
Financing:					
RSG	363	370	378	385	393
Collection Fund Surplus/(Deficit) (Council Tax)	33	33	33	33	33
Collection Fund Surplus/(Deficit) (Business Rates)	(93)	-	-	-	-
Tariff Payable	(11,311)	(12,547)	(12,798)	(13,054)	(13,315)
Non Domestic Ratepayers	14,877	15,175	15,478	15,788	16,104
Council Tax Income	4,926	5,095	5,269	5,449	5,636
Gross Financing	8,795	8,126	8,360	8,601	8,851
Surplus(-)/Deficit	1,113	5,143	4,943	4,954	5,077
Balances Remaining (-) /Overdrawn	(7,473)	(2,330)	2,613	7,567	12,644

8 HOUSING REVENUE ACCOUNT

HRA Technical Adjustments

- 8.1 Revisions / updates have been made to the 2024/25 base budget in order to produce an adjusted base for 2025/26 and forecast base for 2026/27 onwards. These changes, known as technical adjustments, have been informed by feedback from budget managers and calculated to take account of:
- The assumed increase in rent of 2.7% in line with the latest rent standard guidance.
 - virements approved since the base budget was set.
 - the removal of non-recurring budgets from the base.
 - the effect of inflation.
 - changes in payroll costs and annual payroll increments.
 - changes in expenditure and income following decisions made by the Council.
 - other changes outside the control of the Council such as changes in insurance costs and reduction in grant income.
 - The 'Zero base budgeting' review of income levels.
- 8.2 These have not changed since the Draft Base Budget Forecast report considered by Cabinet on 21st November 2024 and are detailed in Appendix D2. Any new changes have been incorporated into the updated Policy Changes.
- 8.3 The following table illustrates the current position before the effect of policy changes:

Table 16 – Housing Revenue Account Technical Adjustments Summary

Technical Adjustments	2025/26	2026/27	2027/28	2028/29	2029/30
	£'000	£'000	£'000	£'000	£'000
Base Budget B/Fwd	(1,054)	(966)	(1,320)	(1,612)	(1,902)
Committee Decisions	(221)	119	67	2	-
Inflation	201	207	238	245	253
Other	(259)	(666)	(697)	(633)	(653)
Pay Adjustments	367	(14)	100	96	94
Revised charges for non-general fund activities	-	-	-	-	-
Virements	-	-	-	-	-
Total / Revised Base Budget	(966)	(1,320)	(1,612)	(1,902)	(2,208)

Policy Changes

8.4 Further updates to the budgets have been made to reflect changes in policy or developments that were not included in the 2024/25 MTFS or Technical Changes approved by Cabinet on 21st November 2024. A full list of Policy Changes is attached at Appendix F.

Policy Changes in excess of £50k in 2025/26 are shown in below:

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			25/26	26/27	27/28	28/29	29/30
			£'000	£'000	£'000	£'000	£'000
HRA 3	Discretionary HRA recharge	Remove whilst undertake HRA business plan review and assess longer term viability, costs need to be developed to understand what this contribution covers	229.55	-	-	-	-
HASS 1	Service transformation and resourcing of the assets team delivering housing repairs, improvements and compliance works.		311.76	(46.24)	-	-	-
HASS 2	Increase in budgets for housing repairs and voids to reflect changes in the contractual arrangements.	Day to Day Repairs and Voids	988.00	-	-	-	-

8.5 It should be noted that the Policy Changes do not reflect the anticipated cost pressures arising from the ongoing work in updating the 30 year HRA business plan. Modelling undertaken in 2023/24 indicates a shortfall in HRA balances over 30 years of £35m plus a significant and unsustainable increase in HRA debt levels arising from the capital programme pressures (of over £387m over 30 years). This is modelling is currently being refreshed for 2025/26.

Rent Setting Policy

8.6 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.

8.7 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.

8.8 For 2025/26 (and in the medium term), should rents be set in line with the approved policy including a general increase of the consumer price index (CPI) measure of inflation of plus 1% - this would equate to a 2.7% increase (followed by forecast increases of 3% p.a.), due to the increased cost pressures currently being experienced. The 2024/25 MTFS included a forecast increase of 3% p.a. based on the formula allowed under the Rent Setting Guidance of CPI plus 1%. Given the current level of CPI of 1.7% (September 2024), the forecast increase for 2025/26 will be 2.7% in line with the maximum allowed by the Government's Rent Standard (that social housing rents can increase to include 'up to' a factor of the consumer price index (CPI) measure of inflation (for September of the preceding year) plus

1% for five years from 2020) - in order to support the continued investment in the housing stock. Each 1% increase would equate to additional income of c.£226k p.a. (£2.0m over 5 years).

- 8.9 Assuming increases in Rent capped CPI+1% 2.7%) allowed by the Government's recent rent setting guidance, the proposals will mean that balances will remain above the approved minimum level of £0.5m over the five year period.

Table 17 Impact on HRA Balances after Policy Changes

<i>Figures exclude internal recharges which have no bottom line impact.</i>	Base Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29	Budget 2029/30
	£	£	£	£	£	£
HRA Summary	(6,218,000)	(5,996,820)	(6,328,000)	(6,703,720)	(7,087,180)	(7,486,400)
ED Communities	28,960	38,980	41,160	43,790	46,460	49,180
AD People	297,270	305,890	310,030	314,440	318,980	323,640
AD Env, Culture & Wellbeing	419,370	443,650	454,840	465,300	475,380	485,800
AD Assets	223,510	1,523,870	1,513,510	1,544,730	1,575,190	1,604,200
AD Neighbourhoods	4,195,090	4,348,560	4,311,270	4,406,190	4,490,770	4,574,960
Net Cost of Services	(1,053,800)	664,130	302,810	70,730	(180,400)	(448,620)
Balances B/Fwd	(2,275,475)	(3,329,275)	(2,665,145)	(2,362,335)	(2,291,605)	(2,472,005)
Balances C/Fwd	(3,329,275)	(2,665,145)	(2,362,335)	(2,291,605)	(2,472,005)	(2,920,625)

- 8.10 Table 17 shows that Housing Revenue Account (HRA) balances are expected to be £2.9m at the end of 2027/28. Whilst these balances would appear to be significant, they are required to build up reserves in order to meet the long term costs of the capital programme included in the 30 year HRA business plan (see section 8.5).

Other Options Considered

- 8.11 The impact of 2 further options for setting rent at CPI and no increase have been modelled and the impact is detailed in the table below for information.

Table 18 impact of alternative rent setting models

	2025/26	2026/27	2027/28	2028/29	2029/30
	£	£	£	£	£
Option 1: CPI + 1%					
Rent (52 Weeks)	102.06	105.12	108.27	111.52	114.87
Rent (48 Weeks)	110.57	113.89	117.31	120.83	124.45
% Increase	2.70%	3.00%	3.00%	3.00%	3.00%
5 year impact					<u>0</u>
Option 2: CPI					
Rent (52 Weeks)	101.07	103.6	106.5	109.48	112.55
Rent (48 Weeks)	109.49	112.23	115.37	118.6	121.92
% Increase	1.70%	2.50%	2.80%	2.80%	2.80%
Reduced Rent compared to Option 1	226,470	347,410	403,720	462,710	524,490
5 year impact					<u>1,964,800</u>
Option 3: No increase					
Rent (52 Weeks)	99.38	99.38	99.38	99.38	99.38
Rent (48 Weeks)	107.66	107.66	107.66	107.66	107.66
% Increase	0.00%	0.00%	0.00%	0.00%	0.00%
Reduced Rent compared to Option 1	611,470	1,305,400	2,016,040	2,743,820	3,489,220
5 year impact					<u>10,165,950</u>

8.12 Table 18 shows that the 5 year impact of increasing by CPI rather than CPI + 1% is £2.0m. If no rent increase were applied, the 5 year impact would be £10.2m. Either of these options would have a significant impact on the long term funding of the HRA account leaving it with a significant funding deficit. This would require significant cuts, most likely in the capital programme which would affect the ability to maintain the current standard of housing stock.

CORPORATE CAPITAL STRATEGY

1 INTRODUCTION

- 1.1 This Capital Strategy is a key corporate document that outlines how the Council intends to optimise the use of available capital resources to help achieve its objectives. Capital expenditure is a major cost to the Council and as a result it is necessary to ensure that key programmes of work requiring capital expenditure have been properly identified, evaluated and prioritised.
- 1.2 The Strategy sits alongside the Medium Term Financial Strategy (MTFS), Asset Management Plan and HRA business plan. 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.
- 1.3 As part of the Council's business planning process, Heads of Service and Assistant Directors are required to consider the capital resources needed to deliver their services now and into the future (5 year timeframe).

Summary Capital Investment Plan

- 1.4 The draft General Fund capital programme will require borrowing of £2.1m over the next 5 years subject to the exploration and availability of alternative funding.

Capital Programme	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £'000
General Fund	2,512	1,286	1,041	1,142	1,183	7,163

- 1.5 Key Schemes include:
- Disabled Facilities Grants, £800k (£4.2m over 5 years, including £547k p.a. BCF Grant);
 - Balancing Ponds, £300k (£700k over the 5 years);
 - Refurbishment of Play Areas £75k (£375k over the 5 years);
 - Joint Waste Service Food Waste £635k fund by New Burdens Grant
 - Snowdome Footbridge £215k;
 - Technology upgrades including replacement hardware and system upgrades/renewals £160k (£400k over 5 years)
 - Contingency project for Anker Valley Changing Rooms subject to external funding being received.
- 1.6 The draft HRA capital programme will require borrowing of £9.5m over the next 5 years subject to the exploration and availability of alternative funding.

Capital Programme	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £'000
HRA	11,148	10,567	10,822	9,146	9,365	51,047

1.7 Key HRA Schemes include:

- HRA Business plan works to dwellings, £25.4m;
- Disabled Facilities Adaptations £3.8m;
- High Rise works £7.7m;
- Regeneration & Affordable Housing, £1.3m;
- Fire Risk mitigation works, £2.4m;
- Sheltered Schemes (including lifts) £1.3m;
- Decarbonisation works to achieve Zero Carbon, £5.4m.

Impact on Medium Term Financial Plan

1.8 The General Fund capital programme will require unsupported borrowing of £2.1m over the next 5 years which will be funded through internal borrowing (with an associated loss of investment interest) and will require provision for debt repayment.

1.9 Should the draft HRA capital programme proceed without amendment, there will be a significant funding gap for the HRA capital programme, requiring unsupported borrowing of £9.5m. There are no debt repayment costs for the HRA. The current HRA Capital Financing Requirement (CFR) stands at £72.16m with planned borrowing in 2024/25 of £1.651m. However, it should be noted that the additional borrowing associated with unsupported costs will mean higher debt interest costs for the HRA.

Summary of Risk Assessment

1.10 Risks specific to the capital programme and the capital strategy are managed in accordance with the Council's Risk Management Policy and are recorded and monitored through the Pentana Performance Management system. Risks are monitored on an ongoing basis as part of routine risk management practices and are reviewed and updated where appropriate as part of the refresh of the Capital Strategy. Risks specific to the capital strategy are included in a table at **Annex C**. They align with other corporate risk registers and are informed by project/ programme level risks to ensure risks are monitored and managed from operational through to strategic level.

THE CAPITAL STRATEGY

2.1 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. However, should a significant situation arise, whether it be a policy matter, an investment opportunity or a new risk for example, an update to the Capital Strategy will be presented to Members as part of the quarterly performance report.

2.2 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 a 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 where appropriate 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.

2.3 The capital strategy informs the strategic direction of capital investment through consideration of strategic priorities and objectives. It 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.

2.4 The Strategy is supported by the leadership of the Council, including the Chief Executive and the Leader of the Council. The CIPFA Prudential Code requires that 'the chief finance officer should report explicitly on the affordability and risk associated with the capital strategy and where appropriate have access to specialised advice to enable them to reach their conclusions.' The statement below is the response of the interim Executive Director Finance:

Affordability and risk are key considerations within this capital strategy. The key principles articulated are that the strategy must support the financial viability of the Council, and that payback should be a key consideration of the strategy.

The capital investments detailed within the strategy provide for several regeneration opportunities. Robust risk management is also a requirement of our strategy. Business cases for new schemes are required to ensure that risks are adequately considered. The most significant risks are currently the

potential for increased costs due to the ongoing impact of inflationary pressures in the current economic climate; capacity to deliver individual projects; and adequately identifying resources required at the commencement of projects.

Over the next five years the strategy is expected to see in the region of £58.2m of capital expenditure (both General Fund and HRA). The HRA capital programme is a key element of the 30 year HRA Business Plan. Within this financial context and considering the Council's balance sheet and asset base, and its track record in acquiring, managing and disposing of assets where required to support its objectives, the capital strategy as a whole is proportionate to the Council's overall activities and financial position.

Specialised external advice is obtained where required with regard to specific schemes, for example to support commercial acquisitions or in considering the financial implications of major schemes included within the strategy. The Council also utilises our treasury management advisors, Link Asset Services, to consider the implications of the Prudential Code and the impact on the treasury management strategy.

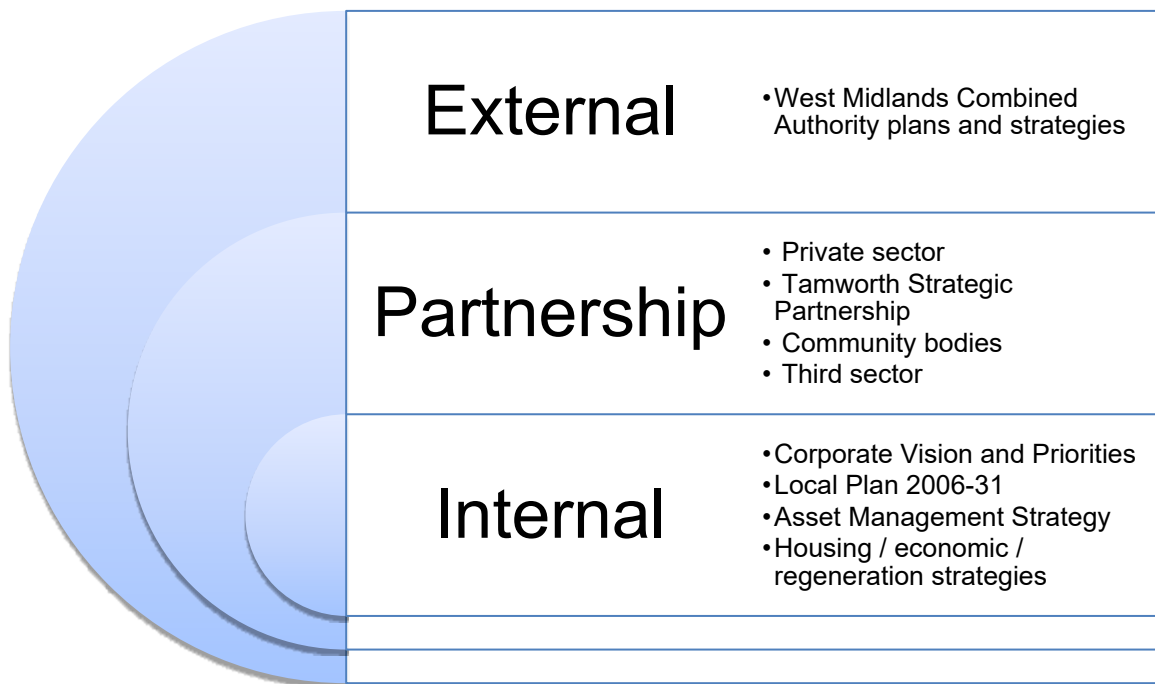
The strategy includes regeneration ambitions, new infrastructure and significant investment in Housing as well as smaller schemes. The strategy also leaves space for consideration of new income streams that fit with our ambitions as a Council and support areas in which we already have skills and knowledge.

Background

- 2.5 The Council has an ongoing capital programme of over £51m for 2024/25 and an asset base valued at £303m (as at 31st March 2024).
- 2.6 Traditionally the Council's capital programme has been set and approved for a five year period, with a 30 year HRA business plan setting out future plans for the Council's housing stock. In order to improve longer term strategic planning, so that the Council can better prioritise spending and align with local, regional and national priorities, 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.
- 2.7 The process for the consideration of capital expenditure within the MTFs process has been reviewed and refined to ensure that there are provisional plans for expenditure out to a 10 year timeframe where appropriate, with an indication of requirements out to 20-30 years.

Influences

- 2.8 The following diagram illustrates some of the main internal and external influences on the Council's capital strategy, including our partners. Consideration of these plans and strategies in the context of our own capital ambitions is important because it may provide new opportunities for investment or funding.



2.9 The Council’s corporate priorities are an integral influence in informing the Capital Strategy and set the scene for how capital projects and individual proposals are assessed.

2.10 The Council is committed to working with its public, peers and partners in order to:

- a) Sustain essential services at agreed standards for those in greatest need;
- b) Deliver a programme of projects, planned initiatives and work streams designed to achieve outcomes against the Corporate Priorities;
- c) Adopt a commercial approach to growth and investment designed to generate a sustainable income to support a) and b); and
- d) Continue its excellent performance in financial planning, management and investment. By being ‘Risk Aware’ rather than ‘Risk Averse’, the Council will consider all opportunities to improve and/or sustain services.

The Capital Appraisal Process

2.11 The capital appraisal process is important as it helps to prioritise schemes in order to target spending in a challenging funding climate, and to ensure that the Council is spending on projects which help to deliver its strategic priorities.

2.12 As part of the Council’s business planning process, Heads of Service 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.

- 2.13 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 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.
- 2.14 The current de-minimis for capital expenditure is £10k per capital scheme.
- 2.15 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.
- 2.16 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).
- 2.17 Corporate Management Team and Heads of Service identify the potential need for capital investment, in light of external influences, internal strategies and plans, service delivery plans and, in particular, the Asset Management Strategy and plans. This is seen as a core influence on the Capital Strategy, and informs the priorities and schemes considered as it takes account of issues such as the condition of council owned assets and future maintenance requirements. Other key considerations are health and safety requirements, statutory obligations of the council, operational considerations and emerging opportunities for investment including possible sources of external financing.
- 2.18 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.

- 2.19 It was previously 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. Consideration of service units' capital requirements should now form part of the business planning process. The capital appraisal process and associated documentation has been updated to ensure proper consideration is given to whole life costs of scheme, and is reviewed annually to ensure it continues to be fit for purpose and meets the requirements set out in CIPFA Capital Strategy guidance.

Monitoring of Approved Capital Schemes

- 2.20 Each capital scheme has a budget holder/project manager who is responsible for ensuring progress against scheme in line with agreed timescales and for ensuring adherence to the approved budget. The Collaborative Planning (CP) system is used to monitor spend against budget and to inform the projected outturn position. The budget holder/project manager will hold monthly meetings with his/her Accountant to update budget monitoring information on the system and provide a brief commentary as to the progress of each project. Projected capital slippage and potential re-profiling of associated budgets is also reported. The monitoring of progress on individual schemes is reported to Corporate Management Team on a monthly basis and to Cabinet and Corporate Scrutiny quarterly as part of Financial and Performance Healthcheck reports.
- 2.21 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.
- 2.22 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.
- 2.23 The Asset Strategy Steering Group meet on a Quarterly basis to scrutinise the completed post implementation reports and review the management and monitoring of the capital programme with appropriate feedback and challenge – identifying improvements to the future management of the capital programme.

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

[Financial guidance | Infozone \(tamworth.gov.uk\)](#)

Review of Asset Management Plan

- 2.25 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.
- 2.26 During 2021, the Council contracted Michael Dyson Associates to undertake a review of our Corporate Asset Management Strategy, which had previously been updated in 2015, in order to identify potential areas for improvement. Their subsequent report found that we had a robust asset management strategy in place with a relatively small number of improvements required to meet the general conditions of good practice as outlined by CIPFA. The main areas identified for improvement were evidence based policies and procedures to underwrite a new asset management strategy. As a result, work was undertaken to review and update the Council's Asset Management Strategy, Asset Management Plans, Disposals and Acquisitions policies. These were reviewed by the Asset Strategy Steering Group and Corporate Scrutiny, and were approved by Cabinet 21st November 2024.
- 2.27 The survey carried out by Michael Dyson Associates during 2021 determined the current condition and extent of repair and maintenance required. The overall planned maintenance cost for the assets over the 30-year period amounts to £5,611,576, an average of £37,916 per surveyed asset (over the portfolio of 178 non-HRA properties which include a mix of commercial premises, shops and corporate properties).
- 2.28 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. Asset Management plans for each class of asset are to be developed in order to inform options appraisal and decision making.

HRA BUSINESS PLAN

- 2.29 Indications are that Housing targets for the Borough under the new Local Plan requirements as set out by the Government are in excess of 400 new homes per year. This represents an extremely challenging target for the Council, particularly given the lack of available land within the Borough.

- 2.30 The HRA Business Plan has the potential to assist with achieving this target, for example by continuing to review the potential for unused garage sites to be redeveloped, and by working in partnership with private developers. However this is dependent to a large extent on the resources available within the HRA.
- 2.31 The current Asset Management strategy identifies HRA housing stock and garages with a value of £249m as at 31st March 2024. The stock condition survey report received from Michael Dyson Associates as at April 2019 surveyed 850 properties and identified overall planned maintenance costs over the 30 year period of £27.5m, equating to an average of £32k per surveyed property. When this was extrapolated across the entire housing stock, the planned maintenance profile increased to a total estimated cost of £128m over the 30 year period.
- 2.32 The 30 year HRA business plan is currently under review following the decision by the Government to cap social housing rent increases at 2.7% (CPI +1%) for 2024/25, and in light of the net zero/carbon reduction agenda which would require significant capital spend on the housing stock. Modelling undertaken during 2023/24 indicated a potential shortfall over 30 years of £37m plus a significant and unsustainable increase in HRA debt levels arising from the capital programme pressures (of over £387m over 30 years).
- 2.33 This deterioration in the long term financial position for the HRA is common across other local authorities and has been caused by a combination of:
- High levels of inflation. This has particularly impacted on building costs, which have risen by more than the recent high rates of general inflation.
 - Inclusion in the projected capital programme of significant levels of additional investment in decarbonisation works.
 - Expectations for the interest rates chargeable on new borrowing have increased.
- 2.34 The baseline shows the HRA to be financially sustainable and affordable over the medium term. However, underlying cost pressures and a reliance on borrowing to deliver the capital programme cause the HRA to become unaffordable over the long term. The Council needs to take corrective action over the medium term to correct this situation and secure an HRA that is able to manage and maintain the existing housing stock sustainably over the long term.
- 2.35 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.

DEBT AND BORROWING AND TREASURY MANAGEMENT

- 2.36 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

Capital Funding Streams

- 2.37 Decisions on capital investment should be made in the context of limited resources. The capital programme is currently reliant on funding from capital receipts and third party contributions/external grants. Other potential funding opportunities for future consideration include external borrowing and direct revenue funding (from other sources such as revenue contribution).
- 2.38 **External Grants** – external grant allocations are received from central government, for example Disabled Facilities Grant, and also other organisations such as the Future High Streets Fund (which part-funded the Town Centre Regeneration project).
- 2.39 **Section 106, CIL and External Contributions** – S106 contributions from developers can support Leisure and open space programmes in the Borough.
- 2.40 **Capital Receipts** – the Council is able to generate capital receipts through the sale of surplus assets such as land and buildings and has benefitted from The potential for future sales will be determined as part of the Council’s Asset Management Strategy and individual Asset Management Plans. Any further capital receipts generated will be reinvested in the capital programme.
- 2.41 **Reserves** – the Council has a level of reserves which are earmarked to be used to support delivery of the Corporate Plan or Invest to Save projects.
- 2.42 **Revenue Funding** – the Council can use revenue resources to fund capital projects by making a ‘revenue contribution to capital,’ however continuing revenue budgetary constraints mean this option is limited.
- 2.43 **Prudential Borrowing** – the introduction of the Prudential Code in 2004 allows Councils to undertake unsupported borrowing which is subject to the requirements of the Prudential Code for Capital Expenditure. The Council must ensure that unsupported borrowing is affordable, prudent and cost effective. This type of borrowing has revenue implications for the Council in the form of financing costs.

APPROACH TO RISK MANAGEMENT

- 2.44 The Council 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. The risks considered in the capital strategy are considered with reference to the corporate risk management policy and practices. The Risk Management Strategy and further information can be accessed at the following link:-

[Risk Management | Infozone \(tamworth.gov.uk\)](https://www.tamworth.gov.uk/infozone/risk-management)

Risk Appetite

- 2.45 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 Council will manage the risks by reducing, preventing, transferring, eliminating or accepting the risk.
- 2.46 Whilst the Council 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).

Risk Management Roles and Responsibilities

- 2.47 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.
- 2.48 The agreed roles and responsibilities within the risk management framework are outlined in the table below:

Group /Individual	Role
Corporate Management Team	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • To provide strategic direction with regard to risk management.
Directors / Assistant Directors	<ul style="list-style-type: none"> • 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.
Heads of Service	<ul style="list-style-type: none"> • To ensure that all risks are identified, recorded and effectively managed in their area of responsibility.

Group /Individual	Role
	<ul style="list-style-type: none"> To review and update their risk register on at least a quarterly 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	<ul style="list-style-type: none"> To ensure that risk is effectively managed in their areas. To ensure that they notify their managers of new and emerging risks.
Assistant Director – Finance	<ul style="list-style-type: none"> 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.

2.49 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.

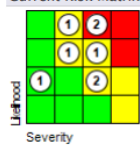
2.50 Specific capital risks are contained within a register as detailed below

Corporate Capital Strategy Risk Register



Generated on: 20 January 2025

Current Risk Matrix



Code	Title	Assessment Code and Title	Trend	Status	Date Reviewed
CSRR1920_001	Risk of not identifying capital requirements	6 serious-unlikely	▬	⚠	20-Jan-2025
CSRR1920_002	Risk of insufficient funds to meet capital needs, including impact of external financial pressures	12 serious - very likely	▬	🔴	20-Jan-2025
CSRR1920_003	Risk of inadequate resources to deliver capital programme	9 serious-likely	▬	⚠	20-Jan-2025
CSRR1920_004	Risk of significant budget re-profiling/timescales slipping	8 significant - very likely	▬	⚠	20-Jan-2025
CSRR1920_005	Risk of significant overspends	6 serious-unlikely	▬	⚠	20-Jan-2025
CSRR1920_006	Risk of investments (including property funds) under-performing and income falling	12 serious - very likely	▬	🔴	20-Jan-2025
CSRR1920_007	Risk of inadequate PIR/required outcomes of a capital scheme not achieved	2 minor-unlikely	▬	✅	20-Jan-2025
CSRR1920_008	Risk of legislative changes/changes in Government policy having an impact on funds available or accounting treatment	6 significant-likely	▬	⚠	20-Jan-2025

COMMERCIAL ACTIVITY

2.51 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.

2.52 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 details of existing material investments and risk exposure.

Investment in Property Funds

2.53 The Council has invested 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. This was with the aim to generate returns of around 4% pa, and long-term asset growth, with the proviso that these would represent long term investments of between 5 – 10 years (minimum) in order to make the necessary returns (after set up costs).

2.54 To date, the Council has invested £1.85m with Schrodgers UK Real Estate Fund, £6.057m with Threadneedle Property Unit Trust, and £4.057m with Hermes Federated Property Unit Trust, total investment £11.962m. As at 30th December 2024 the valuation stands at £10.367m, with an overall loss of £1.596m. It should be noted that investments in property are subject to fluctuations in value over the economic cycle and should yield capital growth in the longer term as the economy grows.

Fund Valuations	Investment	Valuation 31/03/2022	Valuation 31/03/2023	Valuation 31/03/2024	Valuation 31/12/2024
Schrodgers UK Real Estate Fund	1,848,933	2,139,618	1,727,176	1,567,521	1,561,070
Valuation Increase / (reduction)		290,685	(412,442)	(281,412)	(287,863)
Threadneedle Property Unit Trust	2,000,249	2,097,097	1,732,373	1,648,601	1,704,623
Valuation Increase / (reduction)		96,848	(364,724)	(351,648)	(295,626)
Threadneedle Property Unit Trust	4,056,536	4,407,163	3,640,676	3,464,625	3,582,357
Valuation Increase / (reduction)		350,627	(766,487)	(591,912)	(474,180)

Hermes Federated Property Unit Trust	4,056,500	4,450,808	3,741,712	3,462,647	3,518,647
Valuation Increase / (reduction)		394,308	(709,096)	(593,853)	(537,853)
Total	11,962,218	13,094,687	10,841,937	10,143,394	10,366,696
Valuation Increase / (reduction)		1,132,469	(1,120,280)	(1,818,824)	(1,595,521)

2.55 The following table details the dividend returns achieved from the property fund investments, which support the revenue budget. The Council received £488k in dividends from its property fund investments in 2023/24 (£458k in 2022/23), and has received £337k for the current financial year as at 30th December 2024.

Fund Valuations	Investment	Dividend Returns 31/03/2022	Dividend Returns 31/03/2023	Dividend Returns 31/03/2024	Dividend Returns 31/12/2024
Schroders UK Real Estate Fund	1,848,933	61,655	71,962	72,644	50,482
Threadneedle Property Unit Trust	2,000,249	79,231	83,373	92,111	52,101
Threadneedle Property Unit Trust	4,056,536	70,417	175,213	193,576	109,493
Hermes Federated Property Unit Trust	4,056,500	57,352	127,182	129,515	124,464
Total		268,655	457,730	487,846	336,539
Annual Revenue % Return		2.2%	3.8%	4.1%	3.8%

2.56 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.

2.57 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 funds. With regard to the growth (or contraction) in the overall asset value – over the past 12 months the value of the funds has started to stabilise following the significant volatility within financial markets during 2022/23 due to the tumultuous geopolitical and macroeconomic events, such as the Truss Government’s mini-budget and resultant gilts crisis and market correction (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 £1.12m is also available to mitigate any losses.

Regeneration of Town Centre and Purchase of Gungate site

- 2.58 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 and a Council run pay and display car park leased to the Council on a peppercorn lease until 2062. This was funded from a £4million capital budget financed from capital receipts from the sale of the Golf Course. In January 2024 the lease with NCP who were operating part of the car park was terminated and is now back under Council control.
- 2.59 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.
- 2.60 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 master planning 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 were for a mixed housing/leisure development.
- 2.61 The Council worked with Aspinall Verdi and Altair to develop options for the site, and resources were secured from the Local Government Association (LGA) to pay for 40 days’ consultancy; and an £80k grant was received from the Greater Birmingham and Solihull Local Enterprise Partnership. This resulted in the development of a masterplan for the Gungate North site and following the Government announcement of a further round of bidding for funds under their Levelling Up Fund Round 2 programme, a business case and bid was submitted for a scheme to regenerate the Gungate North site. The scheme comprised a high quality, net zero, sustainable office development, a convenience store, multi-storey car park and a college facility for students with high support needs. The bid for Government Levelling Up Funds was for £19.7m, with £6.3m Council funding, of which £4m is re-

purposed from the Solway capital allocation, and including £1.4m expected capital receipt from the sale of land at Solway Close. Unfortunately, we were not successful in our bid for Levelling Up Funds, although work is progressing to conclude land ownership and assembly in order to mobilise the Gungate regeneration project, as approved by Council in July 2023.

- 2.62 Work continues on land assembly for the Gungate North site, working with Staffordshire County Council to purchase the Magistrates court, Tamworth and 56 Albert Road from them. To allow the disposal of the Tamworth centre to Tamworth Borough Council the County Council have had confirmation from the Charities Commission that this is acceptable, a process that has taken 3.5 years in total. Work is underway to achieve vacant possession prior to building disposal to Tamworth. Discussions continue with the new ATIK landowner on the possibility of splitting the building away from Buzz Bingo. On Gungate South the Borough Council purchased the lease of the NCP car park and began to operate the site early in 2024.
- 2.63 A member briefing in December on the Gungate site was the precursor for further discussions to determine the level of ambition and the type of development that could be achieved on the site. Discussions are ongoing with potential end users who have shown an interest in the possibility of developing the site including market housing, later living, transport infrastructure and health. The Council are also progressing work on the need for new leisure facilities which also could be located on this site.

Future High Streets Fund

- 2.64 During December 2020, the Government confirmed that the Council had been awarded £21.65m, from the Government's £1bn Future High Streets Fund to renew and reshape town centres, to deliver a number of projects designed to create a town centre that meets the needs of 21st century residents, shoppers and visitors. It will bring town centre landowners, businesses, councils and other partners together, working on the common goal of reshaping the town centre into a place that Tamworth residents are proud of, that is economically successful and that draws visitors from around the country.
- 2.65 There are three main schemes of work now underway under the Future High Street Fund projects – Castle Gateway; Middle Entry and College Quarter. The Castle Gateway scheme includes work to redevelop empty shop units; demolish an unsightly building enabling the opening up of the Castle bridge and public realm landscaping. The Middle Entry project comprises the redevelopment of shop units into a flexible space with associated public realm works. The College Quarter involves the demolition of part of the Co-Op building and construction of a new college on the site, with the remaining building being redeveloped into an Enterprise Centre.
- 2.66 Each of the projects is now progressing well, and the Council is on track to spend all but £186k of FHSF grant by the spend deadline of 31st March 2025. There have been delays with the projects, particularly around the Middle Entry due to constraints and additional costs with regard to the removal of the

canopy and bridge links. Construction costs have also been higher than expected due to inflation and the increased cost of materials, and additional contingency funds have been earmarked to mitigate risks associated with the works. A report to Council in February 2024 approved the allocation of UKSPF, CIL and S106 funds to the programme, and the release of £3.1m additional funding from Golf Course capital receipts, plus the virement of £1.5m from the Gungate development scheme budget. Should these funds not be required in full, they will be returned to the Gungare scheme.

Commercial and Industrial Property

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

INVESTMENT	Valuation at 31/03/2023	Income 2023/24 £	Rate of Return %	Valuation at 31/03/2024	Estimated Income 2024/25 £	Rate of Return %
Amington Industrial Estate (ground rents)	7,132,000	302,720	4.24	6,052,000	302,720	5.00
Lichfield Industrial Estate (ground rents plus 1 leased plot)	3,541,000	135,200	3.82	3,006,000	135,200	4.50
Local Centre Shops	2,363,500	236,153	9.99	2,349,300	245,289	10.44
Misc Corporate Property	15,215,444	1,189,030	7.81	14,425,630	1,192,405	8.27
Sandy Way Industrial Units	3,790,500	301,116	7.94	3,735,800	304,929	8.16
Tamworth Business Centre	1,227,000	125,206	10.20	997,000	129,454	12.98
Town Centre Shops	1,697,502	133,132	7.84	2,142,002	164,582	7.68
TOTAL	34,966,946	2,422,558	6.93	32,707,732	2,474,579	7.57

2.68 A survey was carried out by Michael Dyson Associates during 2021 to determine the current condition and extent of repair and maintenance required. The overall planned maintenance cost for the assets in the next 30-year period amounts to £5,611,576, an average of £37,916 per surveyed asset (over the portfolio of 178 non-HRA properties which include a mix of commercial premises, shops and corporate properties).

2.69 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.

2.70 The Council also has a Building Repairs Fund of c.£360k p.a. which should be included in the planned approach to asset management.

KNOWLEDGE AND SKILLS

- 2.71 Treasury Management staff are either AAT or CCAB qualified and the 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; guidance/review of the draft Capital Strategy in December 2018; and an investment review in July 2024.
- 2.72 Training for Members with regard to treasury management is undertaken on a regular basis, most recently in February 2024. In February 2018, there was also a presentation to Members from Link Asset Services with regard to our investments in property funds.
- 2.73 With regard to non-treasury investments, the Council employs qualified and experienced staff such as accountants, solicitors and surveyors. It is fully supportive in providing access to courses both internal and external to enable those staff to complete their Continuing Professional Development (CPD) requirements.
- 2.74 The Council ensures that its Members are qualified to undertake their governance role by providing training opportunities and access to workshops, etc.
- 2.75 The Council also procures expert advice and assistance such as financial and legal advice as and when required.

CAPITAL PROGRAMME 2025/26 – 2029/30

Following a review of the Capital Programme approved by Council on 28th February 2024, a revised programme has been formulated including additional schemes which have been put forward for inclusion.

Proposals have been reviewed by the Asset Strategy Steering Group and Corporate Management Team, and some changes have been made since base budget report was approved by Cabinet in November, in order to reduce the need for unsupported borrowing.

General Fund	
1)	<p>Food Waste Caddies and Vehicles Project score 0 Description of project <i>National requirement to introduce weekly food waste services to households. New Burdens funding has been provided for the procurement of food waste caddies and vehicles associated with this. Further Phase 2 and 3 new burdens funds is anticipated but timescale and value of this is yet to be confirmed by the government.</i></p>
2)	<p>Tamworth Castle Structural Repairs (Contingency) Project Score: 32 In December 2023 Tamworth Castle was placed on the Heritage at Risk Register. The project will tackle the highest priority structural repairs reflected in the updated condition report (Donald Insall 2024). The works consist of repairs to the internal and external masonry, timber structure, plaster work, leaded light windows, cast iron rainwater goods, lead gutters and roofs. There are also below ground drainage works proposed and some accessibility improvements to meet legal requirements. Project forms part of match funding for proposed grant application. Grant funding has been applied for and the capital bid is therefore contingency should this be unsuccessful. A further £190K in match funding is already ringfenced via a previous capital bid. Total value of the project £1,906,933. Capital bid request is £1,716,238 <i>Removed from draft capital programme – if MEND funding is not received then this project would be subject to further business case/options appraisal.</i></p>
3)	<p>Capital works required to General Fund Assets Project Score: 36 Delivery of planned investment works in line with updated HRA Business plan. To deliver a planned program of improvements to the Housing Property portfolio ensuring that properties meet the Decent Homes Standard and remain fit for occupation. There is a need for the authority to remain compliant and therefore the compliance works are mandatory.</p>

£96.8k Refurbishment of Walkways at Caledonian and
£73.9k Refurbishment Walkways at Ellerbeck

4) Energy efficiency works to Commercial and Industrial units

Project Score: 4

Energy efficiency improvement works to commercial and industrial property to ensure that properties meet the required energy performance standards for relet. This is a budget that is spend on an ad-hoc basis as and when units that fail to meet the required standards become void.

Budgets reduced to £20k pa

5) Disabled Facilities Grants (DFG)

Project Score: 24

£800k pa increasing by inflation each year

The provisional program included £650k p.a. part funded by redistributed Better Care Fund (BCF) grant of £547k.

The provisional capital program has been reviewed – updated appraisal forms are still awaited for the following schemes:

6) Technology Improvement/Replacement (Replacement PCs, Servers & Printers)

Project Score: 12 (2024/25)

The provisional program included £60k p.a. years 1-4

Revised Appraisal received after ASSG increase to £100k in 2025/26 and to £60k thereafter

7) Endpoint Protection and Web-Email Filter

Project Score: 60 (2024/25)

The provisional program included £40k year 1 only

8) AI and Automation

Project Score: 48

Revised Appraisal received after ASSG to introduce new project £20k in 2025/26 only

9) Street Lighting

The provisional program included £50,960 in 2025/26

No further requirements for 2026/27 through to 2029/30 as per rolling program

10) Play Area Refurbishment

Project Score: 12 (2024/25)

The provisional program included £50k p.a. years 1-3

Looking for an increased budget to £75k across all five years

11) Balancing ponds and sustainable drainage systems

Project Score: 63 (2024/25)

The provisional program included £300k 2025/26, £220k 2026/27 and £80k in 2028/29

Propose a further £100k 2029/30 in line with current lifetime program

A 30 year rolling program of works was approved for inclusion in the capital program, for the 8 ponds at Stonydelph, Belgrave, Lakeside, Peelers Way.

Part funded by existing reserves of £604k, and capital receipts of £328k

12) CCTV Upgrades

The provisional program included £45.71k p.a. years 1 & 2

13) General Fund Capital Contingency Budget

The remaining 2024/25 contingency budget totaling £2.250m will be rolled forward to 2025/26. Of this £2m relates to FHSF contingencies which will be returned to the Gungate project if not required,

14) Anker Valley Changing Rooms (Contingency)

Project Score:

Contingency budget as may be an opportunity to attract match funding at short notice.

Housing Revenue Account

1) Council House Adaptations

Project Score 36

Delivery of planned investment works in line with updated HRA Business plan. To deliver a planned program of improvements to the Housing Property portfolio ensuring that properties meet the Decent Homes Standard and remain fit for occupation. There is a need for the authority to remain compliant and therefore the compliance works are mandatory.

Structural Works (ad-hoc)
Bathroom Renewals
Heating Upgrades
Kitchen Renewals
Major Roofing Work
Windows & Doors
Neighbourhood Regeneration Works
Disabled Adaptations
Lift Renewals
Electrical upgrade works include CO and Smoke Detector renewals
Works to sheltered schemes
Damp and Mould related works
Lift Renewals
Regeneration and Affordable Housing Growth
Insulation and Net Zero related works
Fire risk mitigation works for work arising from FRA
Improvements to communal areas of blocks
High-Rise Parapet, structural, roofing and ventilation works
Works to Eringden Block
Walkways at Caledonian
Walkways at Ellerbeck
Walkways at Magnolia

Budgets reduced for Bathroom Renewals, Gas Central Heating Upgrades and Renewals, Kitchen Renewals, Window and Door Renewals, following updated survey data. Capital Salaries reduced based on latest forecasts. Neighbourhood Regeneration and Sheltered Schemes budgets removed.

2) Install Fire Doors High Rise

The provisional program included £404,800 in years 1- 3

3) Capital Salaries

The provisional program included £200k p.a but will need to be revisited
Increased to £400k to cover increased recharges, **subsequently reduced to £350k**

4) Street Lighting

The provisional program included £76,440 in 2025/26
No further requirements for 2026/27 through to 2029/30 as per rolling program

Draft General Fund Capital Programme 2025/26 to 2029/30

Draft General Fund Capital Programme	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £	Total £
Replacement PC's, Servers and Printers	100,000	60,000	60,000	60,000	60,000	340,000
Endpoint Protection and Web-Email Filter	40,000	-	-	-	-	40,000
AI and Automation	20,000	-	-	-	-	20,000
Street Lighting	50,960	-	-	-	-	50,960
Refurbishment of Play Areas	75,000	75,000	75,000	75,000	75,000	375,000
Balancing Ponds	300,000	220,000	-	80,000	100,000	700,000
Snowdome Footbridge	215,000	-	-	-	-	215,000
Joint Waste Service Food Waste Caddies and Vehicles	634,900	-	-	-	-	634,900
GF Capital Salaries	45,000	45,000	45,000	45,000	45,000	225,000
Disabled Facilities Grant	800,000	820,000	840,500	861,500	883,000	4,205,000
Energy Efficiency Upgrades to Commercial and Industrial Units	20,000	20,000	20,000	20,000	20,000	100,000
Roofing and renewal of walkways to	8,800	-	-	-	-	8,800
Roofing and renewal of walkways to	6,700	-	-	-	-	6,700
CCTV Upgrades	45,710	45,710	-	-	-	91,420
Anker Valley Changing Rooms	150,000	-	-	-	-	150,000
Total General Fund Capital	2,512,070	1,285,710	1,040,500	1,141,500	1,183,000	7,162,780
Proposed Financing:						
Grants - Disabled Facilities	546,890	546,890	546,890	546,890	546,890	2,734,450
General Fund Capital Receipts	145,000	103,110	48,610	45,000	-	341,720
Sale of Council House Receipts	334,820	287,710	200,000	199,610	-	1,022,140
General Fund Capital Reserve	324,960	-	-	-	-	324,960
Other Contributions	650,400	-	-	-	-	650,400
Unsupported Borrowing	510,000	348,000	245,000	350,000	636,110	2,089,110
Total	2,512,070	1,285,710	1,040,500	1,141,500	1,183,000	7,162,780

Key:

Capital appraisal received with New Scheme for 2025/26 or adjusted figures supplied

Figure agreed to previous years report or ongoing scheme assumed at same amount

No appraisal received figure to come from Recharges

Draft Housing Revenue Account Capital Programme 2025/26 to 2029/30

Draft Housing Revenue Account Capital Programme	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £	TOTAL £
Structural Works	205,000	210,100	215,400	220,800	226,300	1,077,600
Bathroom Renewals	471,520	483,300	495,400	507,800	520,500	2,478,520
Gas Central Heating Upgrades and Renewals	562,080	576,100	590,500	605,300	620,400	2,954,380
Kitchen Renewals	574,000	588,400	603,100	618,200	633,700	3,017,400
Major Roofing Overhaul and Renewals	2,306,250	2,363,900	2,423,000	2,483,600	2,545,700	12,122,450
Window and Door Renewals	369,000	378,200	387,700	397,400	407,300	1,939,600
Disabled Facilities Adaptations	717,500	735,400	753,800	772,600	791,900	3,771,200
Rewire	281,880	288,900	296,100	303,500	311,100	1,481,480
Works to Achieve zero Carbon	1,025,000	1,050,600	1,076,900	1,103,800	1,131,400	5,387,700
Works to Eringden Block	317,000	-	-	-	-	317,000
Roofing and renewal of walkways to Caledonian shops (HRA)	11,900	-	-	-	-	11,900
Roofing and renewal of walkways to Ellerbeck (HRA)	14,850	-	-	-	-	14,850
Renew Walkways Magnolia	410,000	-	-	-	-	410,000
Install Fire Doors High Rise	414,920	425,300	435,900	446,800	458,000	2,180,920
Fire Risk Mitigation Works	461,250	472,800	484,600	496,700	509,100	2,424,450
Damp and Mould Works	102,500	105,100	107,700	110,400	113,200	538,900
High Rise Structural Works	1,800,000	1,845,000	1,891,100	-	-	5,536,100
Improvements to Communal Areas of Blocks	164,000	168,100	172,300	176,600	181,000	862,000
Sheltered Lifts and Stairlift Renewals	256,250	262,700	269,300	276,000	282,900	1,347,150
Capital Salaries	350,000	350,000	350,000	350,000	350,000	1,750,000
Street Lighting	76,440	-	-	-	-	76,440
Regeneration & Affordable Housing	256,250	262,700	269,300	276,000	282,900	1,347,150
Total HRA Capital	11,147,590	10,566,600	10,822,100	9,145,500	9,365,400	51,047,190
Proposed Financing:						
Major Repairs Reserve	4,823,850	3,574,200	3,657,900	3,615,700	3,615,400	19,287,050
HRA Capital Receipts	347,500	463,000	420,000	420,000	421,700	2,072,200
Regeneration Revenue Reserves	2,887,550	2,387,100	2,834,600	2,587,200	2,587,900	13,284,350
Capital Receipts from Additional Council House Sales (1-4-1)	256,250	262,700	269,300	276,000	282,900	1,347,150
Regeneration Reserve	718,690	428,000	530,000	481,800	480,000	2,638,490
Affordable Housing Reserve	788,750	400,000	397,300	401,000	402,500	2,389,550
Other	125,000	125,000	125,000	75,000	75,000	525,000
Unsupported Borrowing	1,200,000	2,926,600	2,588,000	1,288,800	1,500,000	9,503,400
Total	11,147,590	10,566,600	10,822,100	9,145,500	9,365,400	51,047,190

Key:

- Capital appraisal received with New Scheme for 2025/26 or adjusted figures supplied
- Figure agreed to previous years report or ongoing scheme assumed at same amount
- Amended since Base Budget report

General Fund – Technical Adjustments 2025/26

		Technical Adjustments								Total Adjusted Base 2025/26 £
		Budget 2024/25 £	Virements £	Committee Decisions £	Inflation £	Other £	Pay Adjustments £	Changes in Recharges £	Total Adjustments £	
Chief Executive	GCEXE	270,450	-	(6,490)	(530)	880	9,070	-	2,930	273,380
AD Growth & Regeneration	GGROW	662,250	-	(39,040)	(3,680)	(54,380)	71,490	-	(25,610)	636,640
ED Organisation	GACE	93,050	-	(5,880)	50	(460)	8,780	-	2,490	95,540
AD People	GPEO	2,782,780	-	(11,000)	23,520	18,000	73,190	-	103,710	2,886,490
AD Policy & Performance	GPP	595,840	-	-	15,130	(41,530)	5,590	-	(20,810)	575,030
AD Env, Cult & Wellbeing	GOPSL	5,758,020	-	(65,660)	(10,930)	82,070	249,400	-	254,880	6,012,900
ED Finance	GDIRF	93,320	-	(2,440)	60	(590)	5,060	-	2,090	95,410
AD Finance	GFIN	(3,983,880)	-	1,646,080	5,530	443,190	82,420	-	2,177,220	(1,806,660)
ED Communities	GCENV	-	-	-	-	-	-	-	-	-
AD Assets	GASS	46,950	-	14,340	19,510	(146,950)	67,870	-	(45,230)	1,720
AD Neighbourhoods	GNEI	813,030	(1,740)	(9,150)	6,200	193,800	18,890	-	208,000	1,021,030
AD Partnerships	GPAR	1,051,280	1,740	(12,160)	(3,360)	310	40,930	-	27,460	1,078,740
Grand Total		8,183,090	-	1,508,600	51,500	494,340	632,690	-	2,687,130	10,870,220

*The figures above **exclude** the proposed Policy Changes for 2025/26 onwards

Housing Revenue Account – Technical Adjustments 2025/26

		Technical Adjustments							Total Adjusted Base 2025/26	
		Budget 2024/25 £	Virements £	Committee Decisions £	Inflation £	Other £	Pay Adjustments £	Changes in Recharges £	Total Adjustments £	Total Adjusted Base 2025/26 £
HRA Summary	HR5001	(6,218,000)	-	99,970	156,440	(281,030)	-	-	(24,620)	(6,242,620)
ED Communities	HR1100	28,960	-	(2,440)	60	(510)	10,090	-	7,200	36,160
AD People	HPEO	297,270	-	(2,720)	210	(3,120)	10,410	-	4,780	302,050
AD Env, Cult & Wellbeing	HOPSL	419,370	-	(5,590)	1,540	(970)	22,750	-	17,730	437,100
AD Assets	HASS	223,510	-	(58,720)	3,950	(8,220)	43,270	-	(19,720)	203,790
AD Neighbourhoods	HNEI	4,195,090	-	(251,800)	39,540	34,820	280,340	-	102,900	4,297,990
Housing Repairs	HS	-	-	-	-	-	-	-	-	-
Grand Total		(1,053,800)	-	(221,300)	201,740	(259,030)	366,860	-	88,270	(965,530)

*The figures above **exclude** the proposed Policy Changes for 2025/26 onwards

Main Budget Assumptions

Inflationary Factors	2025/26	2026/27	2027/28	2028/29	2029/30
Inflation Rate – Pay Awards	2.50%	2.50%	2.50%	2.50%	2.50%
National Insurance	10.00%	10.00%	10.00%	10.00%	10.00%
Superannuation	22.10%	22.10%	22.10%	22.10%	22.10%
Inflation Rate (RPI)	2.50%	2.50%	2.80%	2.80%	2.80%
Inflation Rate (CPI)	2.50%	2.50%	2.80%	2.80%	2.80%
Investment income rate	4.00%	3.00%	2.50%	2.50%	2.50%
Base Interest Rates	4.50%	3.50%	3.00%	3.00%	3.00%
NNDR increase	2.00%	2.00%	2.00%	2.00%	2.00%
Assumed Council Tax Increase %	2.99%	2.99%	2.99%	2.99%	2.99%

1. Local Government pay for 2024/25 was agreed in October 2024 which saw an increase of £1,290 on all pay points up to and including SCP43, with a 2.5% increase for all pay above this point. Future years remain uncertain, but a 2.5% p.a. increase has been assumed for 2025/26 and future years.
2. Overall, Fees and Charges will rise generally by 2.5% in 2025/26 (2.5% p.a. thereafter) 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. At this stage no changes to the level of recharges between funds has been included;
5. Revenue Support Grant of £362,961 will increase annually by inflation. The impact for the Council will be confirmed by MHCLG as part of the *Local Government Finance Settlement* with a provisional announcement in December 2024.
6. The New Homes Bonus scheme, which has been extended for 2025/26 will end pending consultation on the future of the scheme;
7. An increase of 2.99% p.a. in Council Tax - current indications are that increases of 3.00% or £5.00 and above risk 'capping';
8. Future Pension contribution levels – following an option to 'freeze' the 'lump sum' element for the 3 years from 2023/24 (after the triennial review during 2022), with a further freeze to 2025/26 followed by 1% p.a. year on year increases included from 2026/27;
9. Given the current level of CPI of 1.7% (September 2024), the budgeted rent increase for 2025/26 will be 2.7% in line with the maximum allowed by the Government's Rent Standard (that social housing rents can increase to include 'up to' a factor of the consumer price index (CPI) measure of inflation (for September of the preceding year) plus 1%. This has been the case since 2020, and we have assumed that this will continue for 2025/26.

10. Forecasts have been informed by the Bank of England Inflation report (August 2024), HM Treasury – Forecasts for the UK Economy (August 2024)). Any significant variances will be considered later in the budget setting process.

Policy Changes 2025/26 to 2029/30

SERVICE AREA	Budget Changes 25/26 £'000	Budget Changes 26/27 £'000	Budget Changes 27/28 £'000	Budget Changes 28/29 £'000	Budget Changes 29/30 £'000
CHIEF EXECUTIVE	6.97	-	-	-	-
GROWTH & REGENERATION	155.85	(50.00)	(1.52)	12.46	-
EXECUTIVE DIRECTOR ORGANISATION	2.87	-	-	-	-
PEOPLE	8.37	165.64	1.94	(87.74)	(85.85)
POLICY & PERFORMANCE	61.79	1.45	4.25	5.18	-
ENVIRONMENT, CULTURE AND WELLBEING	136.84	134.00	(121.00)	(24.00)	-
EXECUTIVE DIRECTOR FINANCE	2.47	-	-	-	-
FINANCE	(1,439.72)	840.80	(63.82)	(34.17)	(27.22)
EXECUTIVE DIRECTOR COMMUNITIES	-	-	-	-	-
ASSETS	248.87	242.41	-	-	-
NEIGHBOURHOODS	3.02	-	-	-	-
PARTNERSHIPS	(149.07)	-	(67.38)	-	-
TOTAL	(961.74)	1,334.30	(247.53)	(128.27)	(113.07)
Cumulative Cost / (Saving)	(961.74)	372.56	125.03	(3.24)	(116.31)

HOUSING REVENUE ACCOUNT	Budget Changes 25/26 £'000	Budget Changes 26/27 £'000	Budget Changes 27/28 £'000	Budget Changes 28/29 £'000	Budget Changes 29/30 £'000
HRA - SUMMARY	245.80	39.62	59.70	38.37	38.66
HRA - ENVIRONMENT	2.82	-	-	-	-
HRA - ASSETS	1,320.08	(46.24)	-	-	-
HRA - NEIGHBOURHOODS	50.57	-	-	-	-
HRA - ENV CULTURE & WELLBEING	6.55	-	-	-	-
HRA - PEOPLE	3.84	-	-	-	-
TOTAL	1,629.66	(6.62)	59.70	38.37	38.66
Cumulative Cost / (Saving)	1,629.66	1,623.04	1,682.74	1,721.11	1,759.77

Policy Changes Summary Staffing Implications

SERVICE AREA	Budget Changes 25/26 FTE	Budget Changes 26/27 FTE	Budget Changes 27/28 FTE	Budget Changes 28/29 FTE	Budget Changes 29/30 FTE
CHIEF EXECUTIVE	-	-	-	-	-
GROWTH & REGENERATION	1.0	-	1.0	-	-
EXECUTIVE DIRECTOR ORGANISATION	-	-	-	-	-
PEOPLE	-	-	-	-	-
POLICY & PERFORMANCE	3.0	(2.0)	-	-	-
ENVIRONMENT, CULTURE AND WELLBEING	-	-	-	-	-
EXECUTIVE DIRECTOR FINANCE	-	-	-	-	-
FINANCE	-	-	-	-	-
EXECUTIVE DIRECTOR COMMUNITIES	-	-	-	-	-
ASSETS	-	-	-	-	-
NEIGHBOURHOODS	-	-	-	-	-
PARTNERSHIPS	-	-	-	-	-
TOTAL	4.0	(2.0)	1.0	-	-

HOUSING REVENUE ACCOUNT	Budget Changes 25/26 FTE	Budget Changes 26/27 FTE	Budget Changes 27/28 FTE	Budget Changes 28/29 FTE	Budget Changes 29/30 FTE
HRA - SUMMARY	-	-	-	-	-
HRA - ENVIRONMENT	-	-	-	-	-
HRA - ASSETS	5.0	-	-	-	-
HRA - NEIGHBOURHOODS	-	-	-	-	-
HRA - ENV CULTURE & WELLBEING	-	-	-	-	-
HRA - PEOPLE	-	-	-	-	-
TOTAL	5.0	-	-	-	-

2025/26 Budget Process - Policy Changes

CHIEF EXECUTIVE

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			25/26 £'000	26/27 £'000	27/28 £'000	28/29 £'000	29/30 £'000
CE 1	Budget Savings Year on Year		(0.33)	-	-	-	-
CE 2	Increase in Employers National Insurance - announced as part of the Autumn Statement		7.30	-	-	-	-
Total New Items / Amendments			6.97	-	-	-	-

GROWTH & REGENERATION

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			25/26 £'000	26/27 £'000	27/28 £'000	28/29 £'000	29/30 £'000
G&R 1	Re-evaluation of estimated Car Parking Income	Outside car parks/season tickets	207.00	(50.00)	-	-	-
G&R 2	Economic Development and Regeneration		(90.00)	-	-	-	-
G&R 3	To make the Climate Officer post, which is currently a fixed term 3 year post, permanent		-	-	58.48	-	-
G&R 4	To make temp Staff in Planning Policy Team permanent (part funded till Dec 2026) utilising reserves and savings from Temp Staff budget (£7k) and Conservation Grant (GS0404 30404 £24k)		-	-	-	12.46	-
G&R 5	Building Control Partnership (as per AM Email 03/10/24)		60.00	-	(60.00)	-	-
G&R 6	Budget Savings Year on Year		(51.57)	-	-	-	-
G&R 7	Economic Development and Regeneration - Enterprise Centre		Room Hire - additional income in respect of further 12 boxes in response to waiting list	(5.76)	-	-	-
G&R 8	Development Management - Street Name & Numbering		Increased fee to bring Council in line with others	(1.20)	-	-	-
G&R 9	Increase in Employers National Insurance - announced as part of the Autumn Statement			37.38	-	-	-
Total New Items / Amendments			155.85	(50.00)	(1.52)	12.46	-

STAFFING IMPLICATIONS

Item No	Proposal/(Existing Budget)	Implications	25/26 FTE	26/27 FTE	27/28 FTE	28/29 FTE	29/30 FTE
G&R 3	To make the Climate Officer post, which is currently a fixed term 3 year post, permanent		-	-	1.00	-	-
G&R 4	Temp Staff in Planning Policy Team till end of June 2026 (part funded till Dec 2026) and Grant savings from Proposed from Conservation Grant		1.00	-	-	-	-
TOTAL			1.00	-	1.00	-	-

EXECUTIVE DIRECTOR ORGANISATION

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			25/26 £'000	26/27 £'000	27/28 £'000	28/29 £'000	29/30 £'000
OR 1	Increase in Employers National Insurance - announced as part of the Autumn Statement		2.87	-	-	-	-
Total New Items / Amendments			2.87	-	-	-	-

PEOPLE

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			25/26 £'000	26/27 £'000	27/28 £'000	28/29 £'000	29/30 £'000
PE 1	Annual Azure hosting	The Azure hosting costs are an ongoing commitment. This will facilitate moving the majority of our server estate to Microsoft's Cloud services. The current server and storage infrastructure is reaching capacity and either requires replacing or in line with the ICT Strategy, migrating to Cloud services	80.00	-	-	-	-
PE 2	Corporate Training Budgets	Increased costs and training requirements	5.00	-	-	-	-
PE 3	Review of Elections budgets from a zero-base, factoring in the anticipated schedule of elections and ability to run joint elections/claim a share of costs from SCC/Gov't/OPCC where appropriate, the following budget adjustments are requested.	Increase budget for automated HEF Fees utilisation increased Rents Printing & Stationery Postage Election Staff Canvasser Modern Democracy / Express	3.50 (14.60) (15.82) (11.18) (70.63) (5.00) 8.19 (17.49)	15.43 18.05 21.60 110.56 -	- 0.76 1.18 -	(7.72) (12.58) (11.16) (50.28) -	(7.72) (6.23) (11.62) (60.28) -
PE 4	Budget Savings Year on Year					(6.00)	-
PE 5	Increase in Employers National Insurance - announced as part of the Autumn Statement		46.40	-	-	-	-
Total New Items / Amendments			8.37	165.64	1.94	(87.74)	(85.85)

POLICY & PERFORMANCE

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			25/26 £'000	26/27 £'000	27/28 £'000	28/29 £'000	29/30 £'000
PP 1	New Policy & Performance team including permanent AD post and two temporary officer posts, incl homeworking allowance, car user allowance and net of £100k reserve and salaries budget savings from vacant Performance and Insight Officer hours		60.17	1.45	4.25	5.18	-
PP 2	Budget Savings Year on Year		(2.11)	-	-	-	-
PP 3	Increase in Employers National Insurance - announced as part of the Autumn Statement		3.73	-	-	-	-
Total New Items / Amendments			61.79	1.45	4.25	5.18	-

STAFFING IMPLICATIONS

Item No	Proposal/(Existing Budget)	Implications	25/26 FTE	26/27 FTE	27/28 FTE	28/29 FTE	29/30 FTE
PP 1	AD Policy & Performance and two Grade G Officer posts temp for 12 months		3.00	(2.00)	-	-	-
TOTAL			3.00	(2.00)	-	-	-

ENVIRONMENT, CULTURE AND WELLBEING

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			25/26 £'000	26/27 £'000	27/28 £'000	28/29 £'000	29/30 £'000
OPS 1	Waste Management Contract / Recycling Credit (Policy Change)	Recycling credits budget disparity to be included	93.81	147.00	(3.00)	(24.00)	-
OPS 2	Assembly Rooms Policy Change for Income and Performer Costs / Spektrix		TBC	-	-	-	-
OPS 3	Health & Safety - Increase in revenue budget for 12 months to support	Reduce backlog in employee workplace stress risk assessments	13.00	(13.00)	-	-	-
OPS 4	Budget Savings Year on Year		(25.87)	-	-	-	-
OPS 5	Outdoor Events	Additional Income from Catering wagon	(12.00)	-	-	-	-
OPS 6	Increase in Employers National Insurance - announced as part of the Autumn Statement		67.90	-	-	-	-
OPS 7	Remove Snowdome contribution to public swimming at end of current contract		-	-	(118.00)	-	-
TOTAL			136.84	134.00	(121.00)	(24.00)	-

EXECUTIVE DIRECTOR FINANCE

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			25/26 £'000	26/27 £'000	27/28 £'000	28/29 £'000	29/30 £'000
ED 1	Budget Savings Year on Year Increase in Employers National Insurance - announced as part of the Autumn Statement		(0.25)	-	-	-	-
ED 2			2.72	-	-	-	-
Total New Items / Amendments			2.47	-	-	-	-

FINANCE

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			25/26 £'000	26/27 £'000	27/28 £'000	28/29 £'000	29/30 £'000
FIN 1	New Homes Bonus to continue for a further year from Draft Settlement	Confirmed in provisional settlement one year only	(286.31)	286.31	-	-	-
FIN 2	Funding Floor (previously Local Government Services Grant and Lower Tier Services Grant)		(321.13)	321.13	-	-	-
FIN 3	Recovery Grant	Confirmed in provisional settlement one year only	(279.46)	279.46	-	-	-
FIN 4	Revs & Bens Zero Based Budgeting including Restructure of Teams	Repayment of debt (4%) on unsupported borrowing / lost investment income	(88.57)	-	-	-	-
FIN 5	Impact of IFRS16		TBC	-	-	-	-
FIN 6	Revenue Impact of Capital programme	Increased Item 8 DR recharge to HRA	20.40	(6.48)	(4.12)	4.20	11.44
FIN 7	Revenue Impact of Capital programme		(11.25)	(39.62)	(59.70)	(38.37)	(38.66)
FIN 8	Budget Savings Year on Year		(11.12)	-	-	-	-
FIN 9	Increase in Employers National Insurance - announced as part of the Autumn Statement		37.72	-	-	-	-
FIN 10	Service Review Savings		(500.00)	-	-	-	-
Total New Items / Amendments			(1,439.72)	840.80	(63.82)	(34.17)	(27.22)

ASSETS

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			25/26 £'000	26/27 £'000	27/28 £'000	28/29 £'000	29/30 £'000
AST 1	Reverse savings relating to Marmion House per BWP 048 2023/24 Marmion House R&R Deferral. Usage of Marmion House is expected to increase starting with the re-opening of the Reception area in January 2025. Council meetings currently taking place at the Town Hall are also due to move to back to being held at Marmion House	Following a change of political control in May 2024 face to face customer services are being brought back. Savings previously identified for Marmion House in 2026/27 budget to be reversed as usage of the building will increase resulting in a loss of predicted savings	-	14.52	-	-	-
			-	7.28	-	-	-
			-	8.31	-	-	-
			-	12.69	-	-	-
			-	40.57	-	-	-
			-	18.06	-	-	-
			-	(47.50)	-	-	-
			-	109.96	-	-	-
			-	1.75	-	-	-
			-	3.53	-	-	-
			-	0.70	-	-	-
			-	12.60	-	-	-
			-	1.48	-	-	-
			-	62.47	-	-	-
			-	0.91	-	-	-
-	0.24	-	-	-			
-	3.57	-	-	-			
-	0.20	-	-	-			
-	0.50	-	-	-			
-	3.87	-	-	-			
-	(13.30)	-	-	-			
AST 2	Ankerside Income Shortfall net of contingency funding £460k		243.00	-	-	-	-
AST 3	Budget Savings Year on Year		(6.88)	-	-	-	-
AST 4	Increase in Employers National Insurance - announced as part of the Autumn Statement		12.75	-	-	-	-
Total New Items / Amendments			248.87	242.41	-	-	-

NEIGHBOURHOODS

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			25/26 £'000	26/27 £'000	27/28 £'000	28/29 £'000	29/30 £'000
NEI 1	Budget Savings Year on Year		(7.390)	-	-	-	-
NEI 2	Increase in Employers National Insurance - announced as part of the Autumn Statement		10.410	-	-	-	-
Total New Items / Amendments			3.02	-	-	-	-

PARTNERSHIPS

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			25/26 £'000	26/27 £'000	27/28 £'000	28/29 £'000	29/30 £'000
PAR 1	To reduce income budget on car park enforcement to £57,000	The use of car parks dropped during the pandemic lockdown and beyond, thereby reducing car park enforcement and income from penalty charge notices. Current income budget of £121,350 is not achievable (for 2025/26 £124,380) Remove whilst undertake HRA business plan review and assess longer term viability, costs need to be developed to understand what this contribution covers	67.38	-	(67.38)	-	-
PAR 2	Budget Savings Year on Year		(6.32)	-	-	-	-
PAR 3	GF Housing - remove discretionary HRA recharge		(229.55)	-	-	-	-
PAR 4	Increase in Employers National Insurance - announced as part of the Autumn Statement		19.42	-	-	-	-
Total New Items / Amendments			(149.07)	-	(67.38)	-	-

HRA - SUMMARY

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			25/26 £'000	26/27 £'000	27/28 £'000	28/29 £'000	29/30 £'000
HRA 1	Revenue Impact of Capital programme	Increased Item 8 DR recharge to HRA Remove whilst undertake HRA business plan review and assess longer term viability, costs need to be developed to understand what this contribution covers	11.25	39.62	59.70	38.37	38.66
HRA 2	Increase in Contribution to GF for Corporate Training as PE 5		5.00	-	-	-	-
HRA 3	Discretionary HRA recharge		229.55	-	-	-	-
Total New Items / Amendments			245.80	39.62	59.70	38.37	38.66

HRA - ENVIRONMENT

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			25/26 £'000	26/27 £'000	27/28 £'000	28/29 £'000	29/30 £'000
HENV 1	Increase in Employers National Insurance - announced as part of the Autumn Statement		2.82	-	-	-	-
Total New Items / Amendments			2.82	-	-	-	-

HRA - ASSETS

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			25/26 £'000	26/27 £'000	27/28 £'000	28/29 £'000	29/30 £'000
HASS 1	Service transformation and resourcing of the assets team delivering housing repairs, improvements and compliance works.	Service Transformation £35,000 (one off) Disrepairs Technical Officer Disrepairs Administrative Officer Head of Compliance Repairs Administrative Officer Compliance Administrative Officer	311.76	(46.24)	-	-	-
HASS 2	Increase in budgets for housing repairs and voids to reflect changes in the contractual arrangements.	Day to Day Repairs and Voids	988.00	-	-	-	-
HASS 3	Budget savings - year on year underspends		(1.77)	-	-	-	-
HASS 4	Increase in Employers National Insurance - announced as part of the Autumn Statement		22.09	-	-	-	-
Total New Items / Amendments			1,320.08	(46.24)	-	-	-

STAFFING IMPLICATIONS

Item No	Proposal/(Existing Budget)	Implications	25/26	26/27	27/28	28/29	29/30
			FTE	FTE	FTE	FTE	FTE
HASS 1	Service transformation and resourcing of the assets team delivering housing repairs, improvements and compliance works	Disrepairs Technical Officer (Grade F) Disrepairs Administrative Officer (Grade D) Head of Compliance (Grade I) Repairs Administrative Officer (Grade D) Compliance Administrative Officer (Grade D)	1.00 1.00 1.00 1.00 1.00	- - - - -	- - - - -	- - - - -	- - - - -
TOTAL			5.00	-	-	-	-

HRA - NEIGHBOURHOODS

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			25/26 £'000	26/27 £'000	27/28 £'000	28/29 £'000	29/30 £'000
HNEI 1	Regulator of Social Housing's annual fees	The Regulator of Social Housing regulates registered providers of social housing in England to ensure the deliver good quality housing services to tenants.	28.50	-	-	-	-
HNEI 2	Budget savings - year on year underspends		(25.22)	-	-	-	-
HNEI 3	Increase in Employers National Insurance - announced as part of the Autumn Statement		47.29	-	-	-	-
Total New Items / Amendments			50.57	-	-	-	-

HRA - ENV CULTURE & WELLBEING

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			25/26 £'000	26/27 £'000	27/28 £'000	28/29 £'000	29/30 £'000
HOPS 1	Increase in Employers National Insurance - announced as part of the Autumn Statement		6.55	-	-	-	-
Total New Items / Amendments			6.55	-	-	-	-

HRA - PEOPLE

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			25/26 £'000	26/27 £'000	27/28 £'000	28/29 £'000	29/30 £'000
HPEO	Increase in Employers National Insurance - announced as part of the Autumn Statement		3.84	-	-	-	-
Total New Items / Amendments			3.84	-	-	-	-

General Fund Five Year Revenue Budget Summary

<i>Figures exclude internal recharges which have no bottom line impact.</i>	Base Budget 2024/25 £	Budget 2025/26 £	Budget 2026/27 £	Budget 2027/28 £	Budget 2028/29 £	Budget 2029/30 £
Chief Executive	270,450	280,350	288,480	296,330	304,360	312,260
AD Growth & Regeneration	662,250	792,490	806,750	767,940	818,682	854,032
ED Organisation	93,050	160,200	164,330	171,340	179,330	182,200
AD People	2,782,780	2,894,860	3,139,580	3,197,950	3,188,080	3,179,610
AD Policy & Performance	595,840	575,030	595,660	617,540	640,010	661,010
AD Env, Culture & Wellbeing	5,758,020	6,149,740	6,301,520	6,049,870	6,097,660	6,157,570
ED Finance	93,320	97,880	100,440	103,060	105,730	108,460
AD Finance	(3,983,880)	(3,246,380)	(299,516)	(82,778)	(40,738)	131,532
ED Communities	-	-	-	-	-	-
AD Assets	46,950	250,590	141,930	175,450	208,520	240,750
AD Neighbourhoods	813,030	1,024,050	1,049,620	1,076,340	1,104,370	1,133,000
AD Partnerships	1,051,280	929,670	979,360	929,850	948,420	967,620
Net Cost of Services	8,183,090	9,908,480	13,268,154	13,302,892	13,554,424	13,928,044
Transfer to / (from) Balances	(1,134,859)	(1,113,001)	(5,142,293)	(4,942,561)	(4,952,598)	(5,077,375)
Collection Fund Surplus (Council Tax)	(27,070)	(33,143)	(33,143)	(33,143)	(33,143)	(33,143)
Collection Fund Deficit (Business Rates)	1,151,630	92,642	-	-	-	-
Revenue Support Grant	(322,012)	(362,961)	(370,220)	(377,625)	(385,177)	(392,881)
Business Rates S.31 Grants						
Business Rates Levy						
Retained Business Rates	(14,264,548)	(14,877,204)	(15,174,748)	(15,478,243)	(15,787,808)	(16,103,564)
Tariff Payable	11,172,962	11,311,088	12,546,890	12,797,828	13,053,785	13,314,860
Council Tax Requirement	(4,759,193)	(4,925,901)	(5,094,640)	(5,269,148)	(5,449,483)	(5,635,941)

Figures include proposed Policy Changes

Estimated Council Tax levels at each band for 2025/26

Authority:	Tamworth Borough Council Tax £	Tamworth Borough Council £	* Staffordshire County Council £	* Office of the Police & Crime Commissioner (OPCC) Staffordshire £	* Staffordshire Commissioner Fire and Rescue Authority £	Total 2025/26 £	Total Council Tax £
Demand/Precept on Collection Fund		4,925,901	37,537,212	6,761,906	2,165,405	51,390,424	
Council Tax Band							
A	135.13	139.17	1,060.55	191.05	61.18	1,451.95	1,384.30
B	157.66	162.37	1,237.31	222.89	71.38	1,693.95	1,615.02
C	180.18	185.56	1,414.07	254.73	81.57	1,935.94	1,845.73
D	202.70	208.76	1,590.83	286.57	91.77	2,177.93	2,076.45
E	247.74	255.15	1,944.35	350.25	112.16	2,661.91	2,537.88
F	292.79	301.54	2,297.86	413.93	132.56	3,145.90	2,999.32
G	337.83	347.93	2,651.38	477.62	152.95	3,629.88	3,460.75
H	405.40	417.52	3,181.66	573.14	183.54	4,355.86	4,152.90
% increase	2.95%	2.99%	4.99%	5.14%	5.76%	4.85%	3.16%

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

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Equality, Social Inclusion and Health Impact Assessment (ESHIA)

An ESHIA is a review of a new or existing policy, strategy, project, report or service change to establish whether this has a differential impact on specific equality groups and identifies how we can improve equality of opportunity for different groups of people.

An ESHIA aims at improving Tamworth Borough Council’s work, by promoting equality, social inclusion, health and wellbeing by ensuring that the proposed or existing policy promotes equality and can benefit a wide range of people.

Details

Title of the proposal	Draft Budget and MTFS 2025/26 – 2029/30	
Director responsible for the project or service area	Jo Goodfellow	
Officer completing the assessment	Jo Goodfellow	
Date conducted	17/01/25	
Who are the main stakeholders?	Corporate Management Team (CMT) and Elected Members, Precepting Authorities, Businesses, Council Taxpayers, Residents, Housing tenants	
What is being assessed?	A decision to review or change a service	
	A strategy, policy, report or procedure	x
	A function, service, or project	
What kind of assessment is it?	New	x
	Review of existing	

Part One - Initial screening:

This section should be used to carry out an initial screening of changes or decisions to help to decide whether a full ESHIA is required.

The following six screening questions are designed to assess whether this proposed change is likely to have an impact on equality, social inclusion, health and wellbeing.

		Yes	No
1	Does this new or revised project, proposal, policy, report, procedure likely to have an impact?		X
2	Does the proposal seek agreement to a key decision involving allocation of resources, such as changes in funding or resources, initiation of a new programme or project or procurement?		X
3	Does the proposal seek agreement on restructuring or reorganising of staffing?		X

4	Will this policy or proposed change have any impact on potential suppliers?		x
5	Does this policy or proposed change impact on any HR policy or practice within the council?		x
6	Does this policy or proposed change have any implications for equalities, social inclusion and health and wellbeing not covered above?		x

1. If the answer is **no** to all the questions, please provide a summary below outlining why this conclusion has been reached.
2. If the answer is **yes** to any of the questions, please conduct the full ESHIA as detailed in Part two.

If you are unsure of any of the answers, please seek advice from Human Resources.

Summary of initial screening outcome:

The report seeks the approval of the draft Medium Term Financial Strategy to consult with the Joint Scrutiny Committee (Budget) on 28th January 2025 and receive their feedback on the:

- General Fund Revenue (GF) Budget and Council Tax for 2025/26;
- Housing Revenue Account (HRA) Budget for 2025/26;
- Capital Programme – General Fund & HRA.

Proposals within the budget will impact council taxpayers and housing residents in terms of the council tax increase and housing rent increase, other proposals in terms of policy changes increases/decreases in budgets may also impact staff and residents. At this stage the proposals are subject to finalisation of the Budget report by Full Council in February 2025, and there is no impact as a direct result of this report.

Decision	Yes	No
Initial screening only	x	
Proceed to Part Two, full assessment		

Initial screening completed by	Jo Goodfellow
Date	17/01/25

Full screening completed by	
Date	

Equality, Social Inclusion and Health Impact Assessment (ESHIA)

Part Two: Full assessment

Section 1

The purpose of the project, proposal or decision required. Set out the aims, objectives, purpose and outcomes of the area being impact assessed. Are any other functions, policies or services linked to this assessment?

Section 2

Evidence used and considered. Include analysis of any missing data.

Section 3

Consultation undertaken with interested parties who will/may be affected proposal? What were the outcomes of the consultation?

Section 4

What are the potential or actual impacts of the proposal? Please consider both the direct and indirect impact and refer to the guidance for additional information.

Impact Area	Impact? Positive (P) Negative (N) Neutral (Ne)	Details of the impact	Action to address negative impact
Protected Characteristic, as outlined in the Equality Act 2010			
Age			
Disability			
Gender reassignment			
Marriage and civil partnership			
Pregnancy and maternity			
Race			
Religion or Belief			
Sex			
Sexual Orientation			

Are there socio-economic groups likely to be affected? If yes, please provide detail below			
Other social exclusion			
Digital exclusion			
Veterans and serving members of the armed forces and their families			
Young people leaving care			
Health and Wellbeing: Individuals and communities in Tamworth	Impact: Positive (P) Negative (N) Neutral (Ne)	Explanation	Action to address negative impact
Will the proposal have a direct impact on an individual's health, mental health and wellbeing?			
Will the proposal directly impact on housing?			
Will there be a likely change in demand for or access to public services such as health and social care services?			
Will there be an impact on diet and nutrition?			
Will there be an impact on physical activity?			
Will there be an impact on transport, travel and connectivity?			
Will there be an impact on employment and income?			

Will there be an impact on education and skills?			
Will there be an impact on community safety?			
Will there be an impact on the environment, air quality, climate change?			

If there are no adverse impacts or any issues of concern or you can adequately explain or justify them, please move to section 6.

Section 5

Where a potential negative impact has been identified, can continuation of the proposal be objectively justified? If yes, please explain your reasons.

Section 6: Decisions or actions proposed

The assessment may result in some recommendations or suggestions to mitigate any negative impact and maximise positive impacts or actions to reduce the risk of an adverse impact.

Section 7: Monitoring arrangements

Who will be responsible for monitoring	
Frequency of monitoring	
Where will the impact assessment be reported to?	
Where this impact assessment will be stored and for how long	

Section 8: Summary of actions to mitigate negative impact (if required)

Impact Area	Action required	Lead officer/responsible person	Target date	Progress

