



CABINET

21 November 2012

A Meeting of the CABINET will be held on Wednesday, 28th November, 2012, 6.00 pm in Committee Room 1 Marmion House, Lichfield Street, Tamworth

A G E N D A

NON CONFIDENTIAL

1 Apologies for Absence

2 Minutes of the Previous Meeting (Pages 1 - 6)

3 Declarations of Interest

To receive any declarations of Members' interests (pecuniary and non-pecuniary) in any matters which are to be considered at this meeting.

When Members are declaring a pecuniary or non-pecuniary interest in respect of which they have dispensation, they should specify the nature of such interest. Members should leave the room if they have a pecuniary or non-pecuniary interest in respect of which they do not have a dispensation.

4 Matters Referred to the Cabinet in Accordance with the Overview and Scrutiny Procedure Rules (Pages 7 - 10)

(Update from the Chair of Healthier and Safer Scrutiny following the meeting of 18 October 2012)

(Update from the Chair of Aspire and Prosper Scrutiny following the meeting of 6 November 2012)

5 Anti Social Behaviour Victim and Witness Champion (Pages 11 - 14)

(Report of the Portfolio Holder for Community Development)

6 Relocation of Structured Exercise Gym (Pages 15 - 20)

(Report of the Portfolio Holder for Economic Development and Enterprise)

- 7 Localising Support for Council Tax - Consultation Responses for Consideration & DCLG Transitional Grant Funding (2013 / 14) Proposal**
(Pages 21 - 66)
(Report of the Portfolio Holder for Core Services and Assets)
- 8 Council Tax Base 2013/14** (Pages 67 - 68)
(Report of the Portfolio Holder for Core Services and Assets)
- 9 Software Support/Development for the Local Council Tax Support Scheme**
(Pages 69 - 70)
(Report of the Portfolio Holder for Core Services and Assets)
- 10 Treasury Management Strategy Statement and Annual Investment Strategy Mid-year Review Report 2012/13** (Pages 71 - 90)
(Report of the Portfolio Holder for Core Services and Assets)
- 11 Write Offs 01/4/12 - 30/9/12** (Pages 91 - 96)
(Report of the Portfolio Holder for Core Services and Assets)
- 12 Draft Base Budget Forecasts 2013/14 to 2017/18** (Pages 97 - 128)
(Report of the Leader of the Council)
- 13 Quarter 2 2012/13 Performance Report** (Pages 129 - 164)
(Report of the Leader of the Council)

Restricted

NOT FOR PUBLICATION because the report could involve the disclosure of exempt information as defined in Paragraphs 1, 3 and 9 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended)

- 14 Outcome of Feasibility Studies- Tinkers Green and Kerria, Amington** (Pages 165 - 278)
(Report of the Portfolio Holder for Housing)
- 15 Garages at Tinkers Green** (Pages 279 - 288)
(Report of the Portfolio Holder for Housing)
- 16 Designation of Landlord Properties** (Pages 289 - 306)
(Report of the Portfolio Holder for Housing)

Yours faithfully



Chief Executive

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

To Councillors: D Cook, R Pritchard, L Bates, S Claymore, S Doyle, M Greatorex and J Oates

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MINUTES OF A MEETING OF THE CABINET HELD ON 17th OCTOBER 2012

PRESENT: Councillor D Cook (Chair), Councillors R Pritchard, S Claymore, M Greatorex and J Oates

The following officers were present: John Wheatley (Executive Director Corporate Services), Anica Goodwin (Director - Transformation/Corporate Performance), Rob Barnes (Director - Housing and Health), Stefan Garner (Director of Finance), Robert Mitchell (Director - Communities, Planning and Partnerships), Michael Buckland (Head of Revenues), Neil Mason (Community Leisure Manager), Matthew Fletcher (Economic Development Officer) and Jane Eason (Senior PR Officer)

67 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor S Doyle and Anthony Goodwin (Chief Executive)

68 CORPORATE UPDATE

The Director (Finance) and Head of Revenues gave a presentation on Business Rates Retention Scheme.

69 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 26 September 2012 were approved and signed as a correct record.

(Moved by Councillor R Pritchard and seconded by Councillor S Claymore)

70 DECLARATIONS OF INTEREST

There were no Declarations of Interest.

71 MATTERS REFERRED TO THE CABINET IN ACCORDANCE WITH THE OVERVIEW AND SCRUTINY PROCEDURE RULES

None

72 BUDGET CONSULTATION REPORT

The Report of the Leader of the Council informing Cabinet of the outcomes arising from consultation undertaken with residents, tenants, businesses and voluntary sector in accordance with the Corporate budget setting process was considered.

RESOLVED: That the report be endorsed by Cabinet and the findings along with other sources of information be taken into account when setting out the 2013/14 Budget.

(Moved by Councillor D Cook and seconded by Councillor R Pritchard)

73 BUSINESS RATE POOLING OPTIONS

The Report of the Portfolio Holder for Core Services and Assets seeking to endorse the decision to 'pool' Business Rates under the business rate retention scheme, effective from 1 April 2013, with the Greater Birmingham & Solihull Local Enterprise Partnership pool, in order to comply with the revised deadline of 9 November 2012 set by the Department for Communities & Local Government (DCLG) and to endorse the response to the DCLG 'Business Rates Retention Technical Consultation' was considered.

RESOLVED: That:

- 1 The Decision to 'pool' Business Rates under the business rate retention scheme, effective from 1 April 2013, with the Greater Birmingham & Solihull pool be endorsed;
- 2 The response to the DCLG 'Business Rates Retention Technical Consultation' document be endorsed, and;
- 3 The Chief Executive, in consultation with the Leader of the Council and Cabinet Member with portfolio for Core Services and Assets, be authorised to agree the governance arrangements for the pooling arrangement with the Greater Birmingham & Solihull pool, to submit to DCLG by the revised deadline of 9 November 2012.

(Moved by Councillor R Pritchard and seconded by Councillor D Cook)

74 TECHNICAL REFORM OF COUNCIL TAX

The Report of the Portfolio Holder, Core Services and Assets seeking Cabinet approval for proposed amendments to Council Tax discounts and outlining several reforms to the Council Tax system arising from the Local Government Finance Bill 2012 was considered.

RESOLVED: That:

- 1 The following changes to Council Tax discounts and

exemptions with effect from 1 April 2013 be approved:

- a. The removal of the 50% second homes discount so that all second homes are liable for full Council Tax, and;
 - b. The granting of 50% discount on properties undergoing structural work for up to 12 months, and;
 - c. The granting of 100% discount for 2 months on dwellings which are empty and unfurnished. After this period a full charge shall apply, and;
 - d. The levying of the maximum allowable additional premium of 50% on properties that have been empty for two or more years.
- 2 The other technical matters identified be endorsed;
 - 3 The potential requirement for additional resources be acknowledged. This will be subject to approval by the Head of Paid Services or Appointments and staffing depending upon scale and cost, and;
 - 4 With effect 1 April 2013 the Authority will charge recovery costs of £60 on the issue of a summons and a further £35 if a liability order is awarded to allow for increased recovery costs (as identified in 3. above).

(Moved by Councillor R Pritchard and seconded by Councillor D Cook)

75 TAMWORTH LOCAL PLAN SUBMISSION VERSION

The Report of the Portfolio Holder for Economic Development & Enterprise seeking to update members on the Tamworth Local Plan Submission to Secretary of State was considered.

RESOLVED: That
If the matter arises, authority be delegated to the Director of Communities Planning and Partnerships and Head of Planning & Regeneration, in consultation with the Portfolio Holder for Economic Development and Enterprise, under Section 20 (7C) of the Town and Country Planning Act 2004 (Amended) to make a request to the appointment Inspector to recommend modifications to the plan to make it one that is sound, and to undertake any consultation required as a result of modifications.

(Moved by Councillor S Claymore and seconded by Councillor R Pritchard)

76 GBSLEP ECONOMIC STRATEGY CONSULTATION

The Report of the Portfolio Holder for Economic Development outlining to Members the contents of the GBSLEP Strategy for Growth White Paper and the consultation arrangements and seeking delegated authority to respond on behalf of the Authority was considered.

- RESOLVED:** That:
- 1 The White Paper be endorsed and delegated authority be given to the Director Communities Planning and Partnerships in conjunction with the Head of Planning and Regeneration to formulate and agree a response with the Portfolio Holder for Economic Development before submitting to the GBSLEP;
 - 2 The proposed local engagement arrangements to seek further responses to the GBSLEP be endorsed, and;
 - 3 Current GBSLEP related projects taking place in Tamworth be endorsed.
- (Moved by Councillor S Claymore and seconded by Councillor D Cook)*

77 CASTLE HLF UPDATE AND RELEASE OF FINANCES

The Portfolio Holder for Economic Development and Enterprise updating members on the project building works at the Castle and seeking approval for the release of additional funds provided by the Heritage Lottery Fund was considered.

- RESOLVED:** That:
- 1 The progress of the project building works to date be noted, and;
 - 2 The increase in the budget for the Castle Capital Scheme by £364,650 to be met wholly from additional HLF Grant funding to enable the work to be completed be approved.
- (Moved by Councillor S Claymore and seconded by Councillor R Pritchard)*

78 REVISED APPROACH TO LANDLORD ACCREDITATION

The Report of the Portfolio Holder for Housing providing members with the rationale for reviewing the Private Sector Landlord Accreditation Scheme and putting forward a proposal to end the scheme was considered.

- RESOLVED:** That the Private Sector Landlord Accreditation Scheme be ended.
- (Moved by Councillor M Greatorex and seconded by Councillor R Pritchard)*

79 A SOCIAL LETTINGS AGENCY FOR TAMWORTH

The Report of the Portfolio Holder for Housing seeking approval for the implementation of a pilot project to introduce a social lettings agency for Tamworth was considered.

- RESOLVED:** That a 12 month pilot of the social lettings agency involving

no more than 10 properties be approved.

(Moved by Councillor M Greateux and seconded by Councillor D Cook)

EXCLUSION OF PRESS AND PUBLIC

RESOLVED: That members of the press and public be now excluded from the meeting during consideration of the following item on the grounds that the business involves the likely disclosure of exempt information as defined in Paragraph 1 and 3, Part 1 of Schedule 12A to the Local Government Act 1972 (as amended).

80 REVIEW OF BANK HOLIDAYS

The Report of the Leader & Chairman of the Appointments and Staffing Committee seeking contingency provision in order to implement the recommendations associated with the report as presented to the Appointments and Staffing Committee on 19 September 2012 was considered.

RESOLVED: That the Members approved the release of the amount as detailed in the report from the specific contingency budget.

(Moved by Councillor D Cook and seconded by Councillor R Pritchard)

Leader

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CABINET

28 November 2012

REPORT OF THE CHAIR OF HEALTHIER AND SAFER SCRUTINY

RECOMMENDATIONS TO CABINET

That :

- (1) Cabinet be asked to consider having a permanent collection point for the Food Bank in TBC reception area, and;
- (2) Cabinet be asked to invite the new PCC to meet with the whole of the Council (as a seminar) to inform us what their plans are for the Tamworth area.

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CABINET

28 November 2012

Report of the Chair of Aspire and Prosper Scrutiny

Recommendations to Cabinet

That :

- (1) Cabinet be asked to look potential sites to enable the Business Roadshow event to be hosted in Tamworth - could use schools in school holidays/Drayton Manor;
- (2) The Portfolio Holder for Economic Development be asked to provide the Committee with information to pursue opportunities for local businesses who are able to support the future of Whittington Barracks, and;
- (3) Cabinet be asked to push for rail links to Jaguar Land Rover through the airport.

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28 November 2012

REPORT OF THE PORTFOLIO HOLDER FOR COMMUNITY DEVELOPMENT**ANTI SOCIAL BEHAVIOUR VICTIM AND WITNESS CHAMPION****EXEMPT INFORMATION**

None

PURPOSE

To seek approval to continue the grant funding of this post for a further three years.

RECOMMENDATIONS

1. That cabinet approve further spend of the grant funding from the LPSA2 reward grant (received for tackling anti social behaviour and ring fenced for ASB) to continue the Victim and Witness Champion service for a further three years.
2. That Cabinet authorises the Director Communities Planning and Partnerships in consultation with the Portfolio Holder for Community Development to tender the service and procure a provider.

EXECUTIVE SUMMARY

On 1st July 2010 a pilot scheme was implemented in Tamworth with the introduction of a ASB victims and witness champion service. This was enabled due to Tamworth being specifically selected by the Home Office due to the level of community perceptions of ASB which attracted funding for a half post for the year 2010/2011. Grant funding from LPAS2 reward for tackling anti social behaviour was used to secure the post for a further 2 years. The current contract is due to finish 31st March 2013. This original contract went out to tender for a service to provide 20 hours per week. The successful provider was Victim Support who deliver the service for an annual sum of £18K.

The current champion has offered practical and emotional support to victims and others affected by anti-social behaviour. This has involved an outreach service to victims in their own homes, at drop in centres and at victim support offices. The service has been victim led and the post holder has responded to need accordingly.

There is clear support for the role, as evidenced by the testimonials from clients and partners to help co-ordinate services and to establish responsibilities to move cases forward. Often the cases are long running disputes and it is recognised that agencies need to work together to resolve the situation. Working in silos does not remove the problem and this role has developed the required partnerships to be able to channel solutions.

The proposal is that for the service to continue for a further three years commencing April 2013. The service if approved will be commissioned through the Council procurement process.

RESOURCE IMPLICATIONS

The funding for the post will not effect internal Council budgets.

The costs for the project will not exceed £60K, which is a maximum of £20K per year. All costs will be met by the LPSA2 grant funding.

LEGAL/RISK IMPLICATIONS BACKGROUND

Any decision made needs to have due regard to section 17 Crime and Disorder Act 1998

SUSTAINABILITY IMPLICATIONS

Since the commencement of the post it has been grant funded and the proposal is to continue grant funding. The option of mainstreaming this post either by a single agency or a collective of agencies will need to be made in 2016.

BACKGROUND INFORMATION

The purpose of the role is to support victims and witnesses of ASB and act as a 'critical friend' to various agencies involved to recommend action and accountability. Responsibilities shall include:

- a. provision of comprehensive and quality support and outreach service to victims and witnesses of antisocial behaviour;
- b. ensuring more victims and witnesses of ASB receive enhanced support;
- c. adding value to existing services by ensuring they are joined up and not duplicated;
- d. acting as a referral point for ASB teams for cases that need extra help;
- e. ensuring statutory agencies fulfil their responsibilities to the victim or witness by championing their cause;
- f. developing how victim and witness awareness in ASB is tackled locally;
- g. supporting the victim/witness at court and attending where required, making use of witness support facilities and support services (e.g., pre court visits etc)

Since the current Champion commenced her role they have supported 178 victims of anti social behaviour. A breakdown of the referrals is as follows;
July to December 2010 – 41 cases.

Hub ASB Team	19
Victim support	7
TBC Housing	5
Police	4
Self referral	4
Street Wardens	1
RSL	1

January to December 2011 – 78 cases

Police	27
Hub ASB Team	24
TBC Housing	11

Victim Support	6
Bromford Floating Support	5
Self Referral	2
RSL	2
Street Warden	1

January to October 2012 – 59 cases

TBC Housing	20
Police	16
Hub ASB Team	12
Self referral	6
Street Wardens	2
Councillor	1
Victim Support	1
Family Justice Centre	1

The Champion has developed methods of working which involves contacting ASB victims/witnesses, either by telephone or letter, to offer the service and act as a single point of contact for support and information and conduct assessments of risk with particular reference to home visits to ASB victims. The Champion will provide one to one support to victims and witnesses of antisocial behaviour and support victims over 12 years of age, with parental consent.

The Champion will also follow up work on behalf of victims of antisocial behaviour by contacting other agencies and obtaining expert and specialist advice where necessary and develop and monitor referral processes to ensure all ASB victims/witnesses attending court have access to a pre court visit and support on the day. It is the independence of the role which is crucial with the Champion acting as an advocate for the victims.

The role of the Champion is well evidenced by the testimonials received from victims they have worked with. Extracts from the letters include the following;

'I have been so worried of late but XXXX has given me such a lift knowing I could talk to her about my concerns'

'..is vital asset and without her professional support and advice me and my family would have struggled and perhaps given up hope'

'At the time we were at our wits end and did not know who to turn to or what to do for the best, XXXX filled that gap between police, local authority and others'

'The work you do is invaluable as without your support I would have sat in the corner and cried'

'..for being on the end of a phone it made me feel better and safe'

'You have dealt with the situation in a professional but sympathetic manor'

'At one point we pretty much gave up as the problems escalated and got more intense so much so it was effecting our work as well as our home lives but a meeting with XXXX.....we moved forward to where we are now, which is a much better place.'

The report on the recent successful TBC Housing Respect accreditation highlighted;

Summary of good practice examples

A number of examples of good practice in the area of ASB were identified during the assessment and these are summarised below:

Building Block 1.5

Partnership working is strength within Tamworth. The Tamworth Community Safety Partnership approach is centred on a well developed and effective hub based at Tamworth Police Station. The hub facilitates the co-location of key partners including Landlord Services who work together to investigate and tackle ASB.

The Champion works in the Community Safety Hub as an integral part of the ASB Team with police and Council ASB and Housing staff.

REPORT AUTHOR

Dave Fern

LIST OF BACKGROUND PAPERS

APPENDICES

DATE OF COMMITTEE
28th November

REPORT OF THE PORTFOLIO HOLDER FOR ECONOMIC DEVELOPMENT AND
ENTERPRISE

RELOCATION OF STRUCTURED EXERCISE GYM

EXEMPT INFORMATION

None

PURPOSE

To seek approval to relocate the gym currently housed in the Castle Grounds Activity Centre to the Corner Post Education Centre (the new base of Tamworth Boxing Club) on Orchard Street B79 7RH and allow the Director of Communities Planning and Partnerships to enter into a legal operating agreement with the club.

RECOMMENDATIONS

- 1. To approve the relocation of the Structured Exercise Gym to the Corner Post Education Centre and**
- 2. Authorise the Director Communities Planning and Partnerships in consultation with the Portfolio Holder Economic Development and Enterprise to enter into a legal agreement with Tamworth boxing Club**

EXECUTIVE SUMMARY

As part of the service redesign project which developed the Castle Grounds Activity Centre in 2008 a grant was obtained from South Staffs PCT to create a gym with the specific use for Structured Exercise & Cardiac Rehabilitation. A 14 station gym was created in a room within the Castle Grounds Activity Centre that was previously unused. Structured Exercise & Cardiac Rehabilitation has operated out of the Activity Centre since this point, operating for 20 hours per week with a throughput in excess of 150 people per week. People attending sessions have a variety of medical conditions including obesity, diabetes, high blood pressure, a history of cardiac events and chronic obstructive pulmonary disease. Over time the gym has suffered from issues of damp, which have been assessed by Property Services but due to the nature of the void space below where the gym is located no solution can be found for this problem. The void beneath the gym is where the old swimming pool plant room was located. The Castle Grounds is also limited in terms of access as the door widths at this location make it inaccessible to people in wheelchairs.

Tamworth Amateur Boxing Club has recently secured a long term lease of the building that used to be St. Johns Social Club in Orchard Street. The Boxing Club have had a successful application to the Sport England Inspired Facilities fund to renovate and update the facility making it fit for purpose as a thriving sports and community hub. As part of the renovation a large space on the first floor has become available to potentially house the structured exercise gym, this has been agreed in principle with the Boxing Club Committee. This would provide a venue for the gym that is newly renovated, fit for purpose and DDA compliant, as a lift and disabled toilet have already been installed to the facility.

The operating times of the gym for structured exercise and cardiac rehabilitation will remain the same and sole use of the gym during these times will be maintained. The boxing club will open the gym for public use at other times with suitably qualified staff which will mean an affordable gym facility which is accessible to the local community. This will help to increase rates of participation in physical activity among adults in the Borough and be another positive step towards trying to combat obesity rates in Tamworth. As part of the proposed gym move the boxing club have also offered to house the community exercise classes we run during the day helping us to reduce hall hire cost that we incur at various community venues, enabling classes to remain cost effective.

Once the room at the Castle grounds has been vacated the intention of the Community Leisure service is to utilise this space with the expansion of the recently formed Paddle Board Club which has been a tremendous success and requires additional space for equipment and club business. This club does not have an issue with the conditions of the room as their activity and equipment is water based.

RESOURCE IMPLICATIONS

The resources needed to run the gym in its potential new location are the equal to those already in place to support the gym in its existing format; the only additional one off resource needed will be to move the gym equipment. There are no on going financial implications as staffing costs will remain the same & ongoing maintenance costs of the equipment will be shared with Tamworth Boxing Club, details of which will be in the service level agreement. The removal costs for the relocation will be met by current sports development budgets GY080130351 –approx 2K and assistance will be given by the boxing club in the form of employee assistance in kind. Future resources needed to operate the gym will remain in place (e.g. Servicing) however the general running cost related to usage will be shared by Tamworth Council and the Boxing Club. The details of this will be contained within the operating agreement.

LEGAL/RISK IMPLICATIONS BACKGROUND

1. There is a risk that future referrals may feel uncomfortable entering the environment of the boxing club. However the users of the service are referred by the Health authority Lifestyles team and the sessions are exclusive to our users with a separate entrance to the building. The Community Leisure team have also consulted with current users and they did not see the move causing any issues and even welcomed the opportunity to relocate to an upgraded venue
2. Risk of Injury – all the staff will be suitably qualified. In the event of any claims against each the relevant insurance levels are adequate. The boxing clubs levels of insurance are 5 Million (PL)
3. If members approve the relocation of the gym, the relevant amendments to the Councils insurance requirements will be made by colleagues in Accountancy..

SUSTAINABILITY IMPLICATIONS

Tamworth Boxing Club secured a long term lease from the Archdiocese of Birmingham. The referral gym is financed by the Health Authority in the form of an agreed payment to Tamworth Council on a per head basis. Should this contract cease the gym will still be able to operate within its new environment serving the

boxing club and any future service provision required by Tamworth Borough Council. The Community Leisure team and the Boxing Club will also work in partnership working towards obtaining investment opportunities that will extend the lifespan of the equipment and increase exercise stations ensuring long term sustainability of the service

BACKGROUND INFORMATION

Cabinet 2008

REPORT AUTHOR

N Mason

LIST OF BACKGROUND PAPERS

APPENDICES

1. Photos of Castle Grounds Activity Centre internal walls

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CABINET

28th November 2012

REPORT OF THE PORTFOLIO HOLDER FOR CORE SERVICES AND ASSETS

LOCALISING SUPPORT FOR COUNCIL TAX - CONSULTATION RESPONSES FOR CONSIDERATION & DCLG TRANSITIONAL GRANT FUNDING (2013 / 14) PROPOSAL

EXEMPT INFORMATION

This proposal is not exempt information for the purposes of Part 1 of Schedule 12 (A) to the Local Government Act 1972

PURPOSE

For Cabinet to consider

1. DCLG Council Tax Transitional Grant payment proposals together with the risks and implications associated with the grant conditions and impact on the proposed local support for Council Tax Scheme proposals, and
2. The responses to the consultation made with the Public about the proposed Local Council Tax Support Scheme for Tamworth from 1st April 2013. Cabinet should then decide, taking into account funding reductions, which proposals to include, exclude or amend before the final scheme is considered and endorsed at full Council on 13th December 2012.

RECOMMENDATIONS

That Cabinet endorse

1. That the Authority does not apply for the Council Tax Transitional Grant payment, and
2. The proposed Local Council Tax Support scheme (as per Localisation of Council Tax Consultation Final Report – **Appendix 4** attached), having given consideration to the consultation responses.

EXECUTIVE SUMMARY

This report details the key issues arising from the Local Support for Council Tax Scheme together with the Department for Communities and Local Government's Council Tax Transitional Grant payment scheme.

1. Local Support for Council Tax Scheme

- 1.1 The Welfare Reform Act 2012 confirmed that Council Tax Benefit will be abolished from 1 April 2013, to be replaced by a new Localised Council Tax Support scheme. Grant funding will be reduced by 10% and distributed via the Department for Communities and Local Government rather than by the Department for Work and Pensions.

The Government have specified that Pensioners must be protected from any grant cuts. Accordingly, regulations that mirror the current *Council Tax Benefit (Persons who have attained the qualifying age for state pension credit) 2006* will be devised for Pensioners, which must be adhered to. For Working Age customers, Councils are free to decide their schemes, which will be subject to an overall 10% reduction in grant funding currently received.

The Authority has worked closely with all other Staffordshire District Councils, Staffordshire County Council and the Fire Authority, to design an over arching scheme. Local considerations were then also separately made by each Authority to achieve the savings requirements, based on each area's demographic make up and budgetary restrictions.

1.2 Consultation

An eight week consultation period then commenced with the public, focus groups and all other stakeholders to gauge views about the proposals. A total of 10 drop in events were held, both with the public and various groups. The drop in sessions attracted almost 800 visitors.

- ❖ 828 responses were received, which is a statistically robust number. This represents 1.075% of Tamworth's population, which compares favourably to the response rate of all other Staffordshire Local Authorities of between 0.3% and 0.6% of their residents/groups.
- ❖ The degree of endorsement for the proposals was varied, with most support being received for Proposal 9, which provides continued protection for those entitled to a Severe Disability Premium. Least support was received to Proposal 4 under which the Second Adult Rebate would be removed and those of a working age would be responsible for paying 100% of their Council Tax bill. There was a high level of support for five out of the ten proposals as outlined below:

1.3 High level of support

- Level of support for pensioners, severely disabled and in receipt of a Severe Disability Premium, claimants with disabled children and claimants receiving a War Pension (Proposal 1);
- Continuing to disregard childcare costs (Proposal 5);
- Claimants and the level of savings allowed (Proposal 6);
- Continuing to exclude Child Benefit payments (Proposal 7);
- Continuing to protect those claiming a Severe Disability Premium (Proposal 9).

1.4 There was a moderate level of support for the remaining five of the ten proposals as outlined below;

Moderate level of support

- calculation of support based on 75% of Council Tax liability rather than 100%, meaning everyone who is not proposed to be protected from any reductions has to pay at least 25% of their Council Tax liability (Proposal 2);
- limit the calculation of support to no more than 75% of Band D liability (Proposal 3);
- removal of Second Adult Rebate for all working age customers (Proposal 4);
- inclusion of maintenance payments as income (Proposal 8);
- increased non dependant charges of £5 per week (currently £3.30 pw) and £10 per week (currently £6.55 - £9.90 pw, depending on gross pay received).

Please refer to **Appendix 4** – Localisation of Council Tax Consultation Final Report for full details of the consultation responses

2. DCLG's Council Tax Transitional Grant Payment Scheme

2.1 On 18th October, DCLG made an unexpected announcement about an additional £100m “transitional funding” being made available to Local Authorities (LAs) “to help support them in developing well-designed Council Tax Support Schemes and maintain positive incentives to work”. This grant will be available to those LAs “who do the right thing” in the design of their local scheme.

DCLG would award a grant for 2013/14 only, provided certain conditions are met. The grant applicable to this Authority and Staffordshire County Council is £134.2k. The grant is a means of reducing the potential impact for 2013/14 of the 10% cut in Council Tax Benefits Subsidy.

2.2 Notification of the scheme was received towards the end of the Authority's consultation process in respect of its proposed Local Scheme, approved by Cabinet 15th August 2012. Consultation took place from 3rd September – 28th October 2012. The conditions imposed by the DCLG grant would result in material changes to the proposed Local Support to Council Tax Scheme and would not provide sufficient savings to match the estimated Council Tax Benefit Subsidy reductions;

2.3 To comply with the Transitional Grant conditions would require significant changes to the Authority's proposed scheme which would require further consultation, affecting the ability of the Authority to deliver a scheme in line with Government deadlines (31st January 2013). The new grant cannot be applied for until after 31st January 2013.

2.4 The proposed Local Support Scheme is based on a reduction in benefit for unprotected groups of 25%. To qualify for the grant the maximum reduction

would have to be restricted to 8.5%. In 2013/14 the Authority would be required to undertake further consultation (if transitional grant applied) to increase the maximum reduction to 25% (in line with proposed scheme), to be adopted 2014/15. The deferral of the hardship would then impact in a year of local elections.

- 2.5 This funding is intended to be a 'voluntary grant' where the Local Authority has agreed a Local Council Tax Support scheme which meets the 'best practice criteria' set out by the Government. This best practice contains 3 conditions / rules which must be complied with to qualify for the grant (see detailed background data);

Rule :

1. Those who would be on 100% support under current council tax benefit arrangements pay between zero and no more than 8.5% of their council tax liability;
2. The taper rate does not increase above 25%; and
3. There is no sharp reduction in support for those entering work - for claimants currently entitled to less than 100% support, the taper will be applied to an amount at least equal to their maximum eligible award.

- 2.6 Implications of above scheme conditions on proposed local scheme

The Authority's proposed scheme is not the existing default scheme and we would have to re-visit our proposals in line with the 3 grant eligibility criteria.

The Authority's proposed scheme does not meet the eligibility criteria set by DCLG.

Under qualifying condition 1 - The 8.5% maximum contribution relates mainly (but not exclusively) to the level of eligible liability under a local scheme. The Authority's proposed scheme is to base support on 75% of Council Tax liability for most working age people. Analysis shows that to reduce this from 75% to no more than 8.5% for passported claims would give benefit reductions/ savings of £436.8k rather than the £718k that the proposed scheme would bring.

The DCLG grant incentive is contradictory, as the criteria stipulates that those who do not work should be protected from more than an 8.5% reduction. It is not conducive to the 'make work pay' agenda.

For standard claims, the effect of the taper, tariff income from capital, Non dependant deductions etc would result in a greater than 8.5% contribution - however these claims would not have had 100% Council Tax Benefit, again due to the effects of tapers, Non dependant deductions, tariff income etc, and therefore would not fall under rule 1.

Any current passported claim where a Non Dependant deduction is applied would not be getting 100% support currently and would not fall under rule 1.

The Authority's proposed scheme includes limiting the eligible liability to the level of Band D. This would exclude the Authority from meeting the criteria in rule one.

Protecting passported claims from higher Non dependant deductions and capital limits but applying them to standard claims would not comply with rule 3 as it could create a sharp reduction for those entering work.

The main aim of rule 3 is to prevent LAs from having a 91.5% or higher eligible liability for passport benefit claims but to have a lower rate of maximum eligible liability for other claims. Such a situation would create a 'cliff edge' for those starting work as, under such a local scheme, a person out of work would have their Local Council Tax Support assessed based on 91.5% of liability, but as soon as they started work the starting point for assessment would be reduced to 75%.

Rule 3 therefore suggests that the eligible liability for support under local schemes would have to be set at 91.5% or higher for all claims and that this forms the starting point for the taper reductions for those starting work.

By applying the maximum 8.5% contribution as required for the transitional grant will impact on collection costs so that the additional costs of collecting the even smaller amount of Council Tax may outweigh any savings achieved.

The overall effect therefore may be additional costs to LAs despite receipt of the transitional grant.

The conditions of the grant payment scheme are open to interpretation and for this reason financial modelling has been undertaken on Passport Cases Only – delivering estimated benefit reductions of £436.8k – **Appendix 3** and Aligning All Working Age Claimants delivering estimated reductions of £296.7k (only) – **Appendix 2**.

RESOURCE IMPLICATIONS

The proposed scheme has been modelled on delivering an estimated benefit reduction in the region of £700k.

Based on recent caseload, the proposed scheme would deliver estimated benefit reductions of £718k (**Appendix 1**). If the conditions attached to the transitional relief are applied to the model this would result in revised estimated benefits reductions of £436.8k (Applying changes to passport cases only – **Appendix 3**) and £296.7k (Aligning all working age claimants – **Appendix 2**). The above shortfall would be reduced (2013/14 only) by the Transitional Grant of £134.2k resulting in gross deficits of £129k & £269.1k respectively.

As the grant is only applicable for one year, the current scheme would need to be adopted for future years if Council Tax Support reductions are not to have adverse financial impact in future years (2014/15 onwards). The shortfalls are the gross impact affecting the Collection Fund of which this Authority's current share is 10.5%.

Financial resources are in place to support changes to the Capita System in line with proposed scheme changes – release of resource to support IT changes to the Capita System is subject to a separate Cabinet report.

CONCLUSIONS

Proposed Local Council Tax Support Scheme

The scheme as endorsed for consultation (Cabinet 15th August 2012) delivers the estimated grant reduction (Appendix 1) required under the new Local Council Tax Support Scheme (10 % reduction on previous grant payments).

The results of the consultation are detailed in the Localisation of Council Tax Consultation Final Report – **Appendix 4** (attached). There are no material implications raised following the consultation – as detailed above (Executive Summary), if the proposed scheme is endorsed without further amendment.

DCLG – Transitional Grant Scheme

In light of the risks identified above and subject to any further changes being identified, the risks and uncertainties affecting both finances and operations outweigh the short term benefits of a one year transitional grant. I would not be advocating that we expose the Authority to the risks by taking up the transitional grant offer. The proposed scheme, which has been consulted on will, on our estimates, deliver the required savings without adversely affecting the Medium Term Financial Strategy (2013/14 onwards). The change in scheme required to comply with the scheme conditions would expose the Authority to additional and unnecessary risk.

The three rules leave little discretion to achieve these savings from elsewhere in our local scheme. We would be unable to limit the eligible liability by a percentage over 8.5% or by banding and we are being discouraged from increasing Non dependant deductions.

The only options available therefore would be to

- Remove or reduce unearned income disregards, e.g. Child Benefit, war pensions etc (our proposal already specifies the inclusion of maintenance)
- Reduce earnings disregards
- Cap maximum support for those not currently on 100% Council Tax Benefit
- Increase the taper amount to 25%, the maximum under rule 2

These options impact most on those in work and remove some of the incentives to work as per the Universal Credit ethos. This is despite DCLG's statement that the £100m is intended "to support local authorities in developing well-designed Council Tax Support schemes and maintain positive incentives to work."

This means that any additional savings requirements may therefore have to be found from elsewhere than the LCTS scheme, through additional efficiency savings, savings from other services or additional contributions from the General Fund.

Furthermore, the currently proposed local scheme seeks to protect those who have a Severe Disability Premium, those with disabled children and those with a War Widows/War Disablement Pension.

LEGAL/RISK IMPLICATIONS

Full Equality Impact Assessments were considered and taken into account when the scheme proposals were drafted.

If the Authority's Local Support to Council Tax Scheme is not endorsed or in place by the 31st January 2013 then the default scheme will have to be applied. The implementation of a default scheme would result in the Authority having to implement the existing scheme, financing the 10% reduction and suffering additional benefit cost in 2013 /14 (onwards) as the existing benefit limits would be up-lifted by inflation.

Risks Associated with adopting the proposed Government Transitional Grant Scheme

The following risks have been identified :-

Ref	Associated Risk	Risk Factor
1	Budgets will have to be set before grant notification received	High / Medium
2	The local scheme would need to be approved before confirmation of grant payment was received <i>Although DCLG say that the funding amounts listed for each LA in the Annex to the DCLG document are almost guaranteed, there is no guarantee that that amount will be payable.</i>	High / Medium
3	Adoption of Grant would result in further financial strain on the Medium Term Financial Strategy based on estimated shortfall in achievement of estimated grant reductions / (10.5% Scheme Shortfall / 89.5% Preceptors)	Medium
4	Possibility of equalities challenges / judicial review – dependant on groups affected – resulting in deferral of scheme implementation / additional legal costs / failure to deliver planned savings	High
5	Failure to adopt a local scheme by 31 st January 2013 would result in the default scheme being imposed which we cannot afford. System needs to be in place re January 31 st deadline	High / Medium
6	Impact / costs associated with system changes 2014/15 onwards (including potential further consultation)	Medium
7	Political risk – the proposal appears only to relate to 2013/14 (County Elections) full impact of the 25% would hit in 2014/15 (Local Elections)	High
8	The late notification of the payment and required changes to the proposed scheme (Local Support) would require a further round of consultation – there is insufficient time to undertake further consultation and obtain appropriate	High

approvals in time to comply with the DCLG timeframe deadlines (31 st January 2013).	
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A straw-poll (local area) of Authorities has indicated that the vast majority are not considering taking up the grant.

SUSTAINABILITY IMPLICATIONS

Funding for the replacement of the current Council Tax Benefit scheme will be changed from AMEY (unrestricted reimbursement of Council Tax Benefit subsidy) to DEL (restricted, pre allocated grant figure). The Council must be aware that there will be little room for contingency if, for instance, a major local employer goes into administration.

REPORT AUTHORS

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LIST OF BACKGROUND PAPERS

Cabinet Report / Slides – Cabinet 15th August 2012
DCLG Transitional Grant Payment Scheme – Briefing Report

APPENDICES

Proposed Local Council Tax Scheme – Estimated Benefit Reduction – **Appendix 1**
Implications of DCLG Transitional Grant Payment Scheme (Passport Cases Only – **Appendix 2** & Aligning all Working Age Claimants – **Appendix 3**)
Localisation of Council Tax Consultation Final Report (**Appendix 4**)

BACKGROUND INFORMATION

a) Council Tax Local Support Scheme Proposals 2013/14 (onwards)

1. The Government is committed to retaining Council Tax Support for the most vulnerable in society and taking forward plans for Councils to develop local Council Tax reduction schemes. The Welfare Reform Act 2012 contains provisions for the abolition of Council Tax Benefit, paving the way for new localised schemes. On 17th May 2012, *Localising Support for Council Tax – A Statement of Intent* was published.

2. The Statement of Intent sets out policy statements of intent for the regulations to be provided under the Local Government Finance Bill for England and explains the policy intent of the regulations and how they will enable the delivery of local Council Tax support. The document is specific in the rules for pensioners but has given Local Authorities little direction regarding policy for Working Age customers.

3. Consideration of the Department for Communities and Local Government policy intention document - *Localising Support for Council Tax Vulnerable people – key Local Authority Duties* was also made when devising the proposed Local Council Tax Support scheme.

4. *Localising Support for Council Tax – Funding Arrangements Consultation* gave details of how funding for a Council Tax reduction scheme will be reduced from 2013 onwards. Accordingly, regard for these budgetary cuts must also influence the design of a Local Council Tax Support scheme.

5. *Localising Support for Council Tax - Taking Work Incentives into Account* was also considered when drafting the policy.

6. If Councils do not have a local scheme in place by 31st January 2013, the Government will impose a 'default scheme' which is the current Council Tax Benefit scheme. This option is not sustainable as the current scheme is fully subsidised by the Department for Work and Pensions, regardless of caseload and any new scheme will have a fixed annual grant *only* which will be at least 10% less than it is now.

b) DCLG Transitional Grant Payment Scheme (2013/ 14 only)

1. On 16th October, DCLG made an unexpected announcement about an additional £100m "transitional funding" being made available to Local Authorities (LAs) "to help support them in developing well-designed Council Tax Support Schemes and maintain positive incentives to work". This grant will be available to those LAs "who do the right thing" in the design of their local scheme.

2. DCLG would award a grant for 2013/14 only, provided certain conditions are met. The grant applicable to this Authority and Staffordshire County Council is £134.2k. The grant is a means of reducing the potential impact for 2013/14 of the 10% cut in Council Tax Benefits Subsidy.

3. Applications can only be made after the deadline for adopting a local scheme. The deadline for making an application is 15th February 2013 and the grant payment will be made in March 2013. However, there is a risk that any amendments might not satisfy DCLG interpretation of conditions and expose the Authority to further financial risk.

It is not yet clear what data or verification of schemes DCLG will require from LAs as part of the grant application process in order to assess whether the scheme meets the qualifying rules.

4. Notification of the scheme was received towards the end of the Authority's consultation process in respect of its proposed Local Scheme, approved by Cabinet 15th August 2012. Consultation took place from 3rd September – 28th October 2012. The conditions imposed by the DCLG grant would result in material changes to the proposed Local Support to Council Tax Scheme and would not provide sufficient savings to match the estimated Council Tax Benefit Subsidy reductions.

5. To comply with the Transitional Grant conditions would require significant changes to the Authority's proposed scheme which would require further consultation which could affect the ability of the Authority to deliver a scheme in line with Government

deadlines (31st January 2013). The new grant cannot be applied for until after 31st January 2013.

6. The proposed Local Support Scheme is based on a reduction in benefit for unprotected groups of 25%. To qualify for the grant, the maximum reduction would have to be restricted to 8.5%. In 2013/14 the Authority would be required to undertake further consultation (if transitional grant applied) to increase the maximum reduction to 25% (in line with proposed scheme), to be adopted 2014/15. The deferral of the hardship would then impact in a year of local elections.

7. This funding is intended to be a 'voluntary grant' where the Local Authority has agreed a Local Council Tax Support scheme which meets the 'best practice criteria' set out by the Government. This best practice contains 3 conditions / rules which must be complied with to qualify for the grant;

Rule :

1. Those who would be on 100% support under current Council Tax Benefit arrangements pay between zero and no more than 8.5% of their council tax liability;
2. The taper rate does not increase above 25%; and
3. There is no sharp reduction in support for those entering work - for claimants currently entitled to less than 100% support, the taper will be applied to an amount at least equal to their maximum eligible award.

8. Implications of above scheme conditions on proposed local scheme

Because the Authority's proposed scheme is not the existing default scheme we would have to re-visit our proposals in line with the 3 grant eligibility criteria.

The Authority's proposed scheme does not meet the eligibility criteria set by DCLG.

9. Qualifying Conditions

Under qualifying condition 1 - The 8.5% maximum contribution relates mainly (but not exclusively) to the level of eligible liability under a local scheme. The Authority's proposed scheme is to base support on 75% of Council Tax liability for most working age people. Analysis shows that to reduce this from 75% to no more than 8.5% for passported claims would give savings of £436k rather than the £700k that the proposed scheme would bring.

The DCLG grant incentive is contradictory, as the criteria stipulates that those who do not work should be protected from more than an 8.5% reduction. It is not conducive to the 'make work pay' agenda.

For standard claims, the effect of the taper, tariff income from capital, Non dependant deductions etc, would result in a greater than 8.5% contribution - however these claims would not have had 100% Council Tax Benefit, again due to the effects of tapers, Non dependant deductions, tariff income etc and therefore would not fall under rule 1.

Any current passported claim where a Non Dependant deduction is applied would not be getting 100% support currently and would not fall under rule 1.

This suggests higher Non dependant deductions may be applied under a local scheme where a Non dependant deduction currently applies, but not where a zero rate applies.

The Authority's proposed scheme includes limiting the eligible liability to the level of Band D. This will exclude us from meeting the criteria in rule one.

This is because the reduction in liability of any households living in properties in higher bands will be greater than the 8.5% and it will not comply with the grant criteria. In such situations we would have to remove the proposal to cap support based on a maximum of Band D.

Protecting passported claims from higher Non dependant deductions and capital limits but applying them to standard claims would not comply with rule 3 as it could create a sharp reduction for those entering work.

However, rule 3 only stipulates the way that the taper must apply to the maximum eligible liability. It further seems to state that the maximum eligible liability must remain at least 91.5% for standard claims. This is unclear, but the assumption must be made that this interpretation is correct. Tamworth's proposed scheme would therefore not comply with rule 3 on this basis.

The main aim of rule 3 is to prevent Local Authorities from having a 91.5% or higher eligible liability for passport benefit claims but to have a lower rate of maximum eligible liability for other claims. Such a situation would create a 'cliff edge' for those starting work as, under such a local scheme, a person out of work would have their Local Council Tax Support assessed based on 91.5% of liability but as soon as they started work the starting point for assessment would be reduced to 75%.

Rule 3 therefore suggests that the eligible liability for support under local schemes would have to be set at 91.5% or higher for all claims and that this forms the starting point for the taper reductions for those starting work.

By applying the maximum 8.5% contribution as required for the transitional grant will impact on collection costs so that the additional costs of collecting the even smaller amount of Council Tax may outweigh any savings achieved.

The overall effect therefore may be additional costs to LA's despite receipt of the transitional grant.

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**TAMWORTH BOROUGH COUNCIL
LOCALISED SUPPORT FOR COUNCIL TAX**

**DCLG - TRANSITIONAL GRANT SCHEME
IMPLICATIONS OF GRANT CONDITIONS ON CONSULTED LOCAL SCHEME**

APPENDIX 1

Scheme Option 1 : Proposed Scheme - as Consulted

Scheme Attributes :

Key Assumptions

- 1 Protection given to Sev Dis Prem/Dis Children/ War Widows and War Dis Pensions - as per proposed scheme
- 2 All other working age = 25% reduction
- 3 Restriction to 75% Band D liability
- 4 Second Adult Rebate has still been removed for all working age
- 5 Capital limit remains £16k
- 6 Non dep charges increased to £5 and £10
- 7 Maintenance is included as income
- 8 Child benefit continues to be excluded as income

Table1 : Estimated Savings identified on current caseload as @ 5th November 2012

Groups Description	Claim	Count	Current Expenditure	Revised Expenditure	Savings	Saving Percentage
Elderly		3541	£2,716,262.41	£2,716,262.41	£0.00	0.00%
Working Age - Passported - Severe Disability		145	£107,197.76	£107,197.76	£0.00	0.00%
Working Age - Passported - Disability		264	£246,017.64	£183,197.23	£62,820.41	25.53%
Working Age - Passported - Disabled Child Premium		102	£90,307.36	£90,307.36	£0.00	0.00%
Working Age - Passported - Other		1949	£1,590,646.73	£1,165,203.46	£425,443.27	26.75%
Working Age - Non-Passported - War Pensioners		2	£1,028.91	£1,028.91	£0.00	0.00%
Working Age - Non-Passported - Severe Disability		23	£16,610.54	£16,610.54	£0.00	0.00%
Working Age - Non-Passported - Disability		179	£120,655.53	£80,576.11	£40,079.42	33.22%
Working Age - Non-Passported - Disabled Child Premium		50	£32,272.16	£32,272.16	£0.00	0.00%
Working Age - Non-Passported - Working		691	£358,666.91	£210,601.81	£148,065.10	41.28%
Working Age - Non-Passported - Other		188	£124,245.18	£81,841.40	£42,403.78	34.13%
Grand Total		7134	£5,403,911.13	£4,685,099.15	£718,811.98	13.38%

APPENDIX 2

Scheme Option 2a :
Scheme Attributes :

Proposed Scheme amended to aligned with Transitional Grant Conditions (ALL WORKING AGE)

Key Assumptions

- 1 8.5% reduction to current CTB for ALL working age, including those with Severe Dis Premium and those with disabled children
- 2 Removal of Band D restriction
- 3 Second Adult Rebate has still been removed for all working age
- 4 Capital limit remains £16k
- 5 Non dep charges increased to £5 and £10
- 6 Child benefit and maintenance continues to be excluded as income

Table2 : Estimated Savings identified on current caseload as @ 5th November 2012

Groups Description	Claim	Count	Current Expenditure	Revised Expenditure	Savings	Saving Percentage
Elderly		3541	£2,716,262.41	£2,716,262.41	£0.00	0.00%
Working Age - Passportd - Severe Disability		145	£107,197.76	£97,437.21	£9,760.55	9.11%
Working Age - Passportd - Disability		264	£246,017.64	£223,982.84	£22,034.80	8.96%
Working Age - Passportd - Disabled Child Premium		102	£90,307.36	£82,198.83	£8,108.53	8.98%
Working Age - Passportd - Other		1949	£1,590,646.73	£1,442,804.80	£147,841.93	9.29%
Working Age - Non-Passported - War Pensioners		2	£1,028.91	£868.01	£160.90	15.64%
Working Age - Non-Passported - Severe Disability		23	£16,610.54	£12,959.78	£3,650.76	21.98%
Working Age - Non-Passported - Disability		179	£120,655.53	£104,287.69	£16,367.84	13.57%
Working Age - Non-Passported - Disabled Child Premium		50	£32,272.16	£27,432.32	£4,839.84	15.00%
Working Age - Non-Passported - Working		691	£358,666.91	£297,068.01	£61,598.90	17.17%
Working Age - Non-Passported - Other		188	£124,245.18	£101,852.65	£22,392.53	18.02%
Grand Total		7134	£5,403,911.13	£5,107,154.55	£296,756.58	5.49%

APPENDIX 3

Scheme Option 2b :
Scheme Attributes :

Proposed Scheme amended to aligned with Transitional Grant Conditions (ONLY PASSPORT WORKING AGE)

Key Assumptions

- 1 8.5% reduction for ONLY passported working age customers, including those with Severe Disabled Children
- 2 All other working age = 25% reduction
- 3 Removal of Band D restriction

- 4 Second Adult Rebate has still been removed for all working age
- 5 Capital limit remains £16k
- 6 Non dep charges increased to £5 and £10
- 7 Child benefit and maintenance continues to be excluded as income

Table3 : Estimated Savings identified on current caseload as @ 5th November 2012

Groups Description	Claim	Count	Current Expenditure	Revised Expenditure	Savings	Saving Percentage
Elderly		3541	£2,716,262.41	£2,716,262.41	£0.00	0.00%
Working Age - Passport - Severe Disability		145	£107,197.76	£97,437.21	£9,760.55	9.11%
Working Age - Passport - Disability		264	£246,017.64	£223,982.84	£22,034.80	8.96%
Working Age - Passport - Disabled Child Premium		102	£90,307.36	£82,198.83	£8,108.53	8.98%
Working Age - Passport - Other		1949	£1,590,646.73	£1,442,804.80	£147,841.93	9.29%
Working Age - Non-Passported - War Pensioners		2	£1,028.91	£709.86	£319.05	31.01%
Working Age - Non-Passported - Severe Disability		23	£16,610.54	£10,465.98	£6,144.56	36.99%
Working Age - Non-Passported - Disability		179	£120,655.53	£80,576.11	£40,079.42	33.22%
Working Age - Non-Passported - Disabled Child Premium		50	£32,272.16	£20,158.70	£12,113.46	37.54%
Working Age - Non-Passported - Working		691	£358,666.91	£210,601.81	£148,065.10	41.28%
Working Age - Non-Passported - Other		188	£124,245.18	£81,841.40	£42,403.78	34.13%
Grand Total		7134	£5,403,911.13	£4,967,039.95	£436,871.18	8.08%

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Localisation of Council Tax Consultation Final Report - Tamworth Borough Council November 2012

DOCUMENT DETAILS

This document has been produced on behalf of Tamworth Borough Council by the Staffordshire County Council Insight Team



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CONTENTS

Title	Page
<i>Document Details</i>	2
<i>Contents</i>	3
1. Executive Summary	4
2. Introduction, Methodology and Respondent Profile	5
3. Results: Key Principles	6
4. Analysis of Proposals	7
Proposal 1: Level of support for pensioners, disabled and working age claimants	7
Proposal 2: Level of benefit for working age claimants	9
Proposal 3: Council Tax Benefit and property band	11
Proposal 4: Changes to the Second Adult Rebate	13
Proposal 5: Continuing to disregard childcare costs	15
Proposal 6: Claimants and the level of savings allowed	17
Proposal 7: Continuing to exclude Child Benefit payments	19
Proposal 8: Including Child Maintenance payments	21
Proposal 9: Continuing to protect those claiming a Severe Disability Premium	23
Proposal 10: Non dependents contributions towards the Council Tax bill	25
Impact of the changes	27
Appendix I: Respondent profile	29

I. EXECUTIVE SUMMARY

The degree of endorsement for the proposals was varied, with most support^l being received for Proposal 9, which provides continued protection for those claiming a Severe Disability Premium. Least support^{ll} was received to Proposal 4 under which the Second Adult Rebate would be removed and those of a working age would be responsible for paying 100% of their Council Tax bill. There was a **high** level of support for five out of the ten proposals and these proposals are outlined below:

- Continuing to protect those claiming a Severe Disability Premium (Proposal 9).
- Continuing to disregard childcare costs (Proposal 5).
- Level of support for pensioners, severely disabled and in receipt of a Severe Disability Premium, claimants with disabled children and claimants receiving a War Pension (Proposal 1).
- Continuing to exclude Child Benefit payments (Proposal 7).
- Claimants and the level of savings allowed (Proposal 6).

In addition, there was a moderate level of backing for all other proposals with least support being received for proposal 4, changes to the Second Adult Rebate under which the rebate would be removed and those of a working age would be responsible for paying 100% of their Council Tax bill.

The results must be considered in the context of the respondents. The majority of respondents identified themselves as either a 'Council Tax Benefit claimant' or a 'Resident of Tamworth' and the results have been analysed by person type to ensure that the views of different groups, including those who are vulnerable are clearly visible. Over half (51%) felt that the results would have a low impact upon them personally or upon the groups that they represent, a fifth (21%) thought the results would have a medium impact and over one quarter (28%) were concerned that the implementation of the proposals were impact highly upon them personally or upon the groups that they represent. Respondents overall were of the view that people should be encouraged to work and that everyone should pay something towards their Council Tax.

Broadly speaking there was little difference in the results when comparing results from 'Residents of Tamworth' and 'all other respondents'. The differences that did exist have been outlined below:

- More support from 'Residents of Tamworth' to Proposal 2, covering the level of benefit for working age people than from 'all other respondents'.
- More support from 'Residents of Tamworth' to Proposal 8, including Child Maintenance payments than from 'all other respondents'.
- Less support from 'Residents of Tamworth' for Proposal 7, continuing to exclude Child Benefit payments than from 'all other respondents'.

Responses for each proposal do also reflect differences by claimant type and these vary between the individual proposals. There is however a lower level of support from respondents claiming Income Support (in four of the ten proposals). The views of vulnerable communities are vital and must be assessed as part of the decision making process and additional vulnerable groups including those on a low income and students were also highlighted during the consultation period.

Those disagreeing with the proposals were slightly more likely to voice their concerns and provide commentaries explaining their viewpoint. These raise interesting issues with themes, including that proposals should purely be based on people's 'ability to pay' with means testing being the fairest way to ensure that those who can afford to pay do so, whilst those that need protecting the most, are duly protected.

Respondents also felt that changes that are implemented should be publicised in advance and be phased in their approach; both allowing time for appeals and for concerns to be dealt with in a timely manner. The cost and time involved in following up non payments also needs to be considered at an early stage and it is key that they are efficient and are not costly to maintain to ensure the savings which need to be made can be achieved.

Respondents also felt that employment opportunities and the availability of suitable affordable housing also need serious consideration due to pressures which arise should the proposals be implemented.

^l Largest proportion of respondents that feel the proposal is 'reasonable' ^{ll} Largest proportion of respondents that feel the proposal is 'unreasonable'

2.1 INTRODUCTION

Local Authorities currently deliver a national Council Tax Benefit scheme on behalf of the Government. This national scheme is being abolished and from April 2013 local authorities across the country will be expected to provide and deliver their own local Council Tax Support Scheme for working age people. The Government will still provide funding for localised schemes, but this will be reduced and in response to this the Council have developed a number of proposals designed to allow the Council to provide a localised scheme which costs less money than the current national scheme.

Tamworth Borough Council has consulted with residents, claimant organisations and other interested parties to ascertain views on the proposals to ensure that their views, and in particular the views of vulnerable residents, are used to shape the development of the future Localised Council Tax Support Scheme.

This report has been produced by Staffordshire County Council on behalf of Tamworth Borough Council and brings together analysis and key themes of all responses received. As this consultation has taken place across all local authorities in Staffordshire, it will be possible to place these results in the wider context and identify local differences. This analysis will be made available in December, once all local consultation has closed.

2.2 METHODOLOGY

The methodologies used to capture views have been diverse and include telephone surveys, face-to-face interviews, online surveys, focus groups and consultation with Tamworth Borough Council's Citizen's Panel. All fieldwork was conducted between 4th September and 28th October 2012. This report brings together analysis from locally collected consultation responses as well as additional responses from telephone and face-to-face surveys undertaken by the market research company MEL.

A total of **511** responses were received through local consultation and **317** were received in response to the telephone and face-to-face surveys undertaken by MEL, resulting in a total of **828** responses. This is a statistically robust number of responses based on the population of Tamworth, resulting in a confidence interval of **+/- 3.4** percentage points at a confidence level of 95%.

Where the 'level of support' is quoted within this report, this is defined as:

- Low: 0% - 24% agree the proposal to be reasonable
- Some: 25% - 49% agree the proposal to be reasonable
- Moderate: 50% - 74% agree the proposal to be reasonable
- High: 75% - 100% agree the proposal to be reasonable

2.3 RESPONDENT PROFILE

Out of the **511** local responses that have been received to the consultation, the largest proportion of responses are from **Council Tax Benefit claimants**. The profile of respondents is outlined below:

- A Council Tax Benefit claimant (67%)
- Resident of Tamworth (63%)
- A relative of a Council Tax Benefit claimant / Other / Housing Association (3% each)
- Resident outside of Tamworth / None of these / Private landlord (2% each)
- A friend of a Council Tax Benefit claimant / Voluntary organisation (1% each)

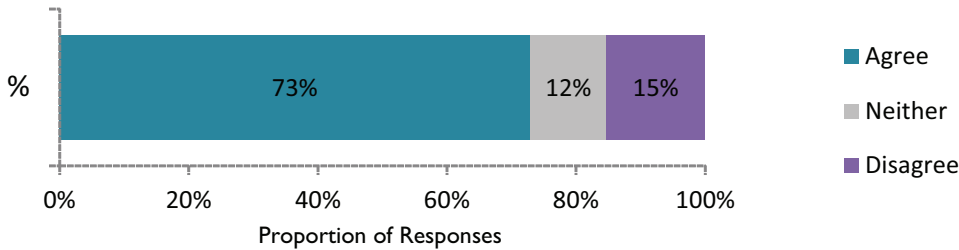
Full respondent profiles can be found in Appendix I.

3. RESULTS - KEY PRINCIPLES

Respondents were invited to state to what extent they agreed or disagreed with the following principles.

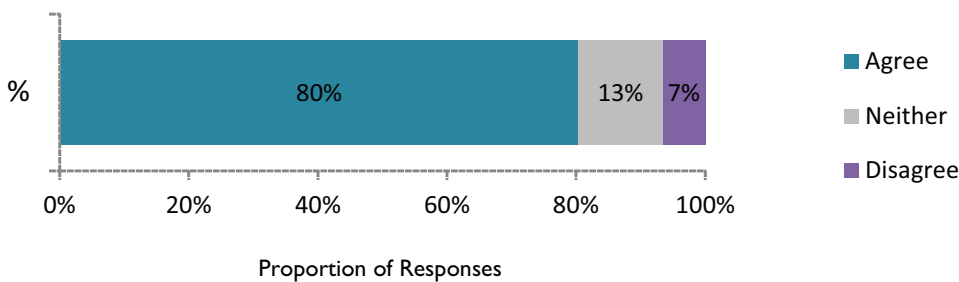
Key Principle 1: Every household with working age members should pay something towards their Council Tax bill.

Consultation responses



Key Principle 2: The Local Council Tax Support scheme should encourage people to work.

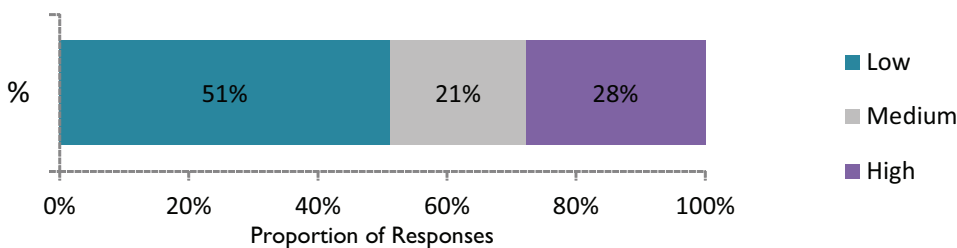
Consultation responses:



Financial Impact of Proposals

Respondents were also asked what impact the proposed changes would have to their financial situation, or the financial situation of those communities they represent

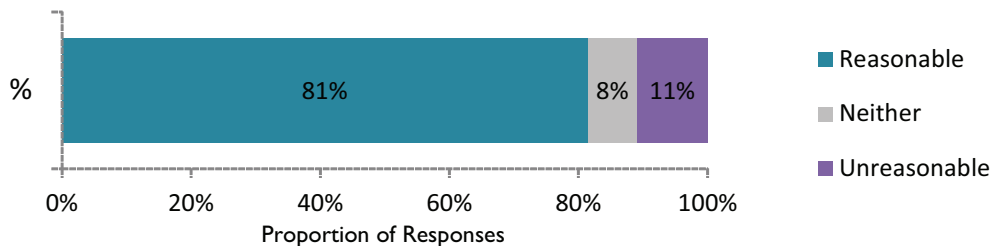
Consultation responses:



4. RESULTS - PROPOSALS

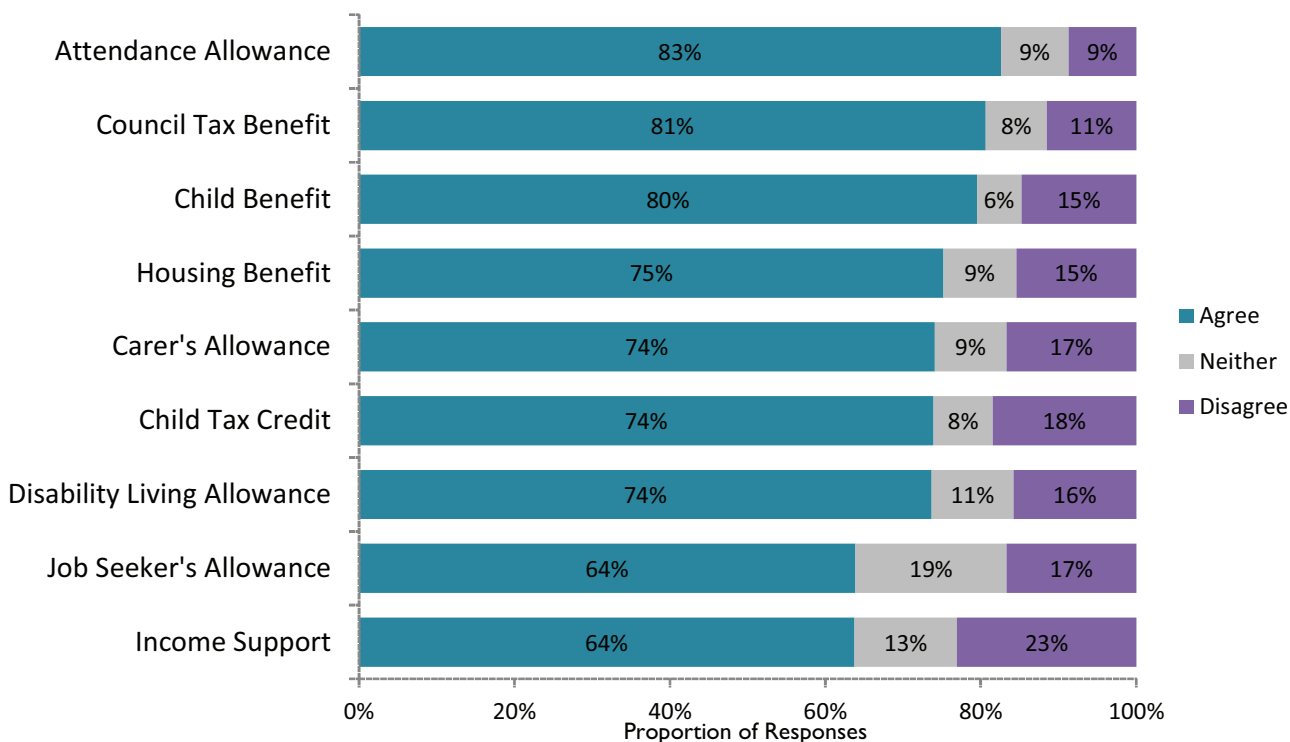
Proposal I: Pensioners would continue to receive support for up to 100% of their Council Tax bill as they will be protected by the Government under a national scheme. We propose to also protect working age claimants classed as severely disabled **and** in receipt of a Severe Disability Premium, claimants with disabled children and claimants receiving a War Pension in the Local Council Tax Support Scheme. This means that pensioners, claimants classed as severely disabled who receive a Severe Disability Premium, claimants with disabled children and claimants receiving a War Pension would be the only claimants that could still receive support for up to 100% of their Council Tax bill. All other working age claimants would be expected to pay something towards their Council Tax bill.

Consultation responses:



There is a **high** level of support for this proposal, with 81% of total respondents believing the proposal to be reasonable. The proportion of respondents who thought the proposal reasonable was similar when comparing 'Residents of Tamworth' with other¹ types of respondent.

The level of support for Proposal I was also dependent on whether the respondents household was in receipt of various benefits². As illustrated below, there was moderate support from recipients of Carer's Allowance, Child Tax Credit, Disability Living Allowance, Job Seeker's Allowance and Income Support.



¹ Council Tax Benefit Claimant, Voluntary organisation, Community group, Housing association, Private landlord, A relative of a Council Tax Benefit claimant, A friend of a Council Tax Benefit claimant, Nationally or locally elected member/MP, Partner organisation, Resident outside of Tamworth, Other.

² It should be noted that households can be in receipt of multiple benefits. See the Appendix for numbers of respondents in receipt of each type of benefit

Comments

There is a high level of support for this proposal and this was partially reinforced through respondents comments, particularly in relation to protecting pensioners with respondents voicing that it was *“a positive move to support the elderly and vulnerable”*.

Whilst some respondents were also supportive of protecting the severely disabled or claimants with disabled children, others were less supportive and felt that apart from the most severely disabled, all others should contribute *“at least something”* towards their Council Tax.

Concerns were also raised about the implications for all other working age claimants with some feeling that they should be supported 100% whilst others conversely felt that they should pay their way if they are of *“working age”* and are *“in good health”*. Means testing was suggested as one way of ensuring that payments are fair and based on people's *“ability to pay”*.

Pensioners

There was a general agreement that *“pensioners”* should be *“protected”* and also those who receive *“war pensions”*. Many pensioners have paid contributions for *“50 years or more”* and they shouldn't be *“penalised because of the current climate”*. *“We need to look after pensioners”*. One did feel that it was *“unfortunate that others have to pay more so that pensioners are protected”*.

Disabled

The inclusion of a clause aimed at protecting claimants classed as severely disabled created a discussion amongst respondents with a number of diverse views being expressed.

Clarity on the *“definition”* of severely disabled was sought and in particular this was because there will be some people who need support but *“are not classed as severely disabled”*. For example someone who has *“24 hour care support may not qualify as they have a carer”*.

Others felt that everyone should contribute *“something”* towards their Council Tax, whether they are disabled or not with another reinforcing this point and adding that people with disabled children should contribute *“unless their parents can't work because they need to look after them”*. Another felt that *“those who were disabled but not severely disabled”* should be *“considered”* and asked to *“contribute”* towards their Council Tax if they could *“afford”* to do so.

Working age claimants

It is *“not possible for people on benefits to pay towards their Council Tax bill on any level”* and they may be forced to *“take money from their food or utilities bill to make ends meet”* with respondents questioning how this could be considered *“reasonable”*. People will *“struggle”* to be able to afford to *“feed and clothe themselves”*. It would also be unreasonable to hit them with *“a high charge”*. Any charge should be *“nominal”*.

Others commented on the current employment crisis and felt that the proposals act to *“penalise everyone who is genuine”*. *“Some people are out of work due to redundancy, not choice. How will you tell which people want to work and which don't?”*

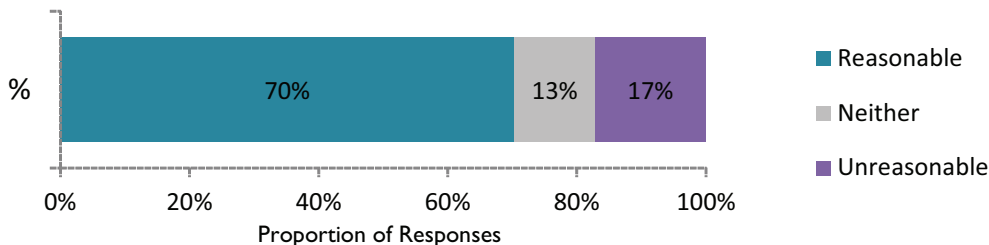
Another did feel that working age claimants should be included and asked to make a contribution if they could *“afford”* to do so but they recognised that if they are on very low benefits that this may cause *“difficulties”*.

Focus group responses

Respondents agree that these were the right groups to be protected. There was a wish for the protection of all disabled claimants but respondents understood that this would put extra pressure on other working age claimants to make up this shortfall. The view was expressed that not all working age claimants that are on Job Seeker's Allowance can work although their illnesses aren't severe enough to receive Disability Living Allowance.

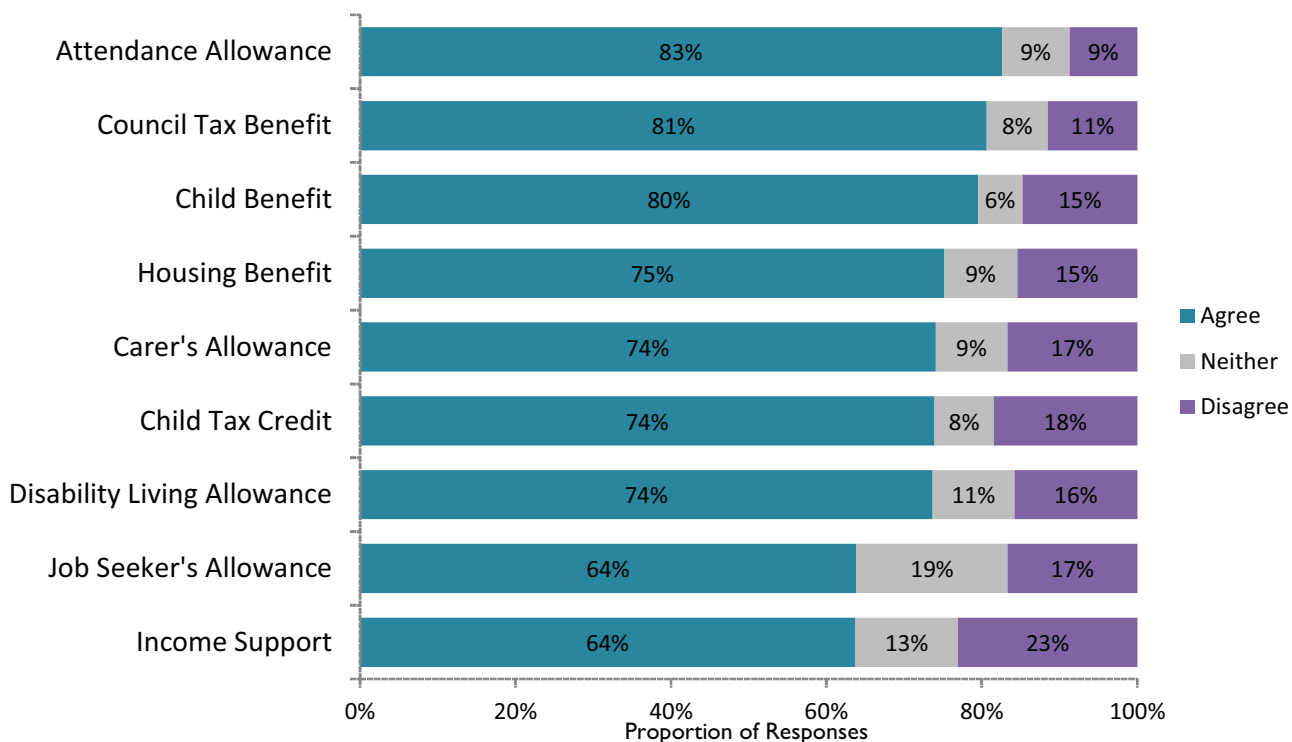
Proposal 2: Under the current scheme, Council Tax Support can be given to those of working age for up to 100% of their Council Tax bill. For the new scheme, we propose to reduce the Council Tax Benefit that people receive to 75%. This means that all working age claimants that are not protected would be expected to pay at least 25% of their Council Tax bill.

Consultation responses:



There is a **moderate** level of support for this proposal, with 70% of total respondents believing the proposal to be reasonable. This proportion increased to a high level of support for ‘Residents of Tamworth’ compared to other³ types of respondent.

The level of support for Proposal 2 was also dependent on whether the respondents household was in receipt of various benefits⁴. There was a high level of support from recipients of Attendance Allowance, Council Tax, Child Benefit and Housing Benefit.



³ Council Tax Benefit Claimant, Voluntary organisation, Community group, Housing association, Private landlord, A relative of a Council Tax Benefit claimant, A friend of a Council Tax Benefit claimant, Nationally or locally elected member/MP, Partner organisation, Resident outside of Tamworth, Other.

⁴ It should be noted that households can be in receipt of multiple benefits. See the Appendix for numbers of respondents in receipt of each type of benefit

Comments

There is moderate support for this proposal, and respondents commented on why the proposal was both reasonable and unreasonable. Respondents were more likely to comment on why the proposal was unreasonable or to ask questions and comment on how the proposal could be adapted or changed to become more reasonable.

25% is a fair amount to pay

Those that commented in support of the proposal felt that 25% wasn't too much to pay and that *"everyone should contribute a little to their Council Tax bill"* as this is *"reasonable"* and *"much better than getting 100%"*. It's *"quite a practical percentage"* and is *"fair enough"*. People should take *"some responsibility for their use of council services"* and this proposal will *"encourage people to work"*.

25% is too much to pay

The majority of those commenting did however focus on questions and concerns that respondents raised in relation to this proposal with some being concerned on a general level that this proposal will just ensure that *"the poor become poorer whilst the well off will remain relatively unaffected"*. Respondents were also concerned that the unemployed *"just wouldn't be able to find the additional money"* and this was even more concerning considering *"the rising food and fuel prices"*. It would also cause difficulties for people going *"back to education"*. 10% would be a more reasonable amount or *"a sliding scale"* which was also suggested as a more appropriate alternative to the 25% payment of Council Tax.

Collection of the money

Respondents questioned how the *"extra money would be collected"* and *"by who"* and *"who would go after the people who will not contribute"*.

Availability of jobs

Respondents commented on the current lack of jobs feeling that *"work is not as easy to come by these days"*. It will be essential for the Council to do something to improve the prospect of *"jobs"* and *"encourage companies"* to *"set up"* in the local area.

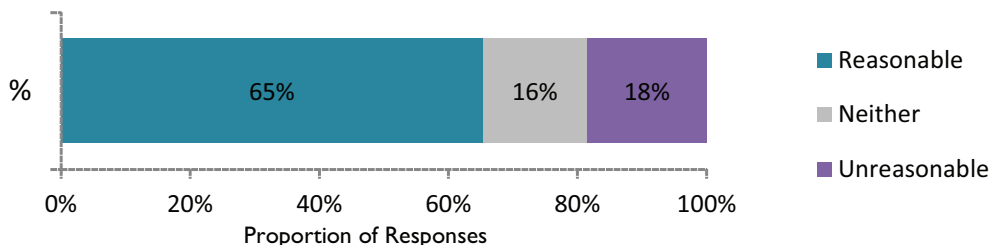
Focus group responses

View from those who do not feel this proposal is reasonable feel that 100% CTB should still be allowed for all claimants as many will not afford to pay this additional bill, especially with the rises in food and energy costs.

Others express the view that the contribution is affordable and people will be able to find this extra money by making small cut backs.

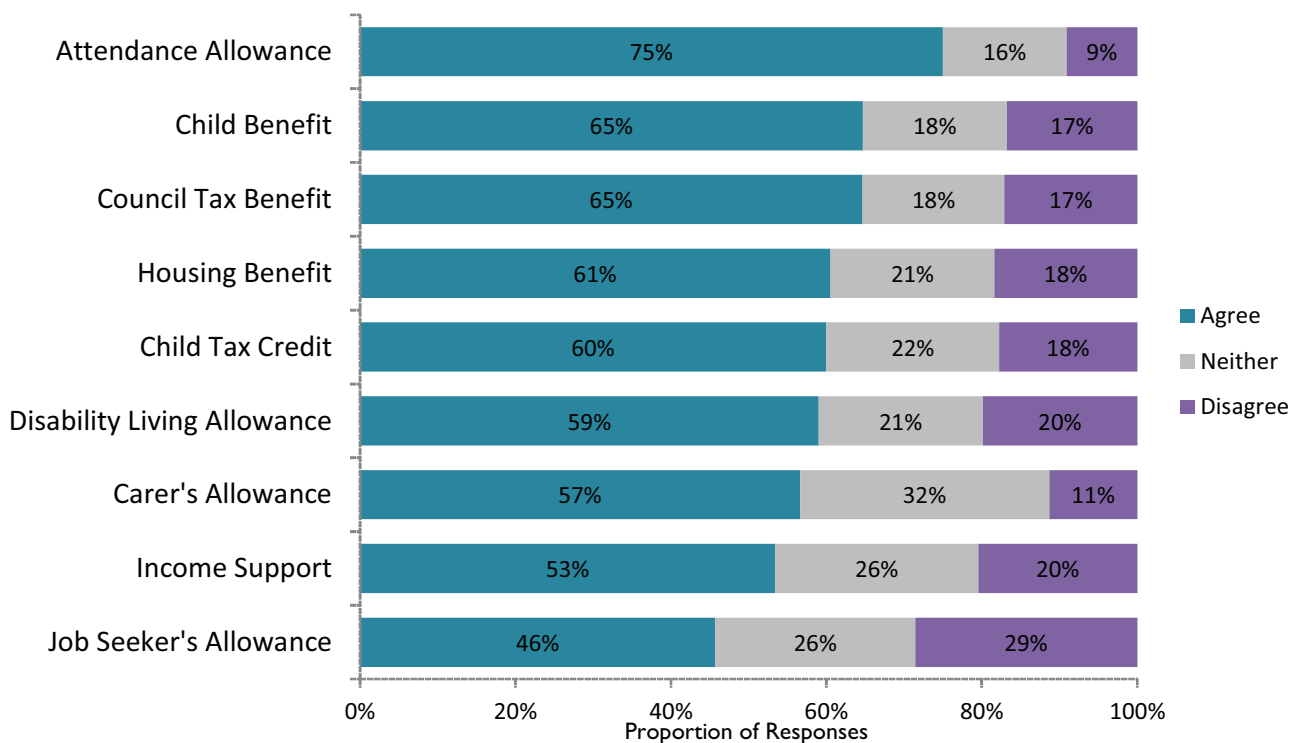
Proposal 3: In the current scheme, a person could get 100% Council Tax benefit no matter how large their house is. We want to change this so Council Tax Support is limited to the level that would be given for a smaller house. We propose that we limit the maximum support offered based on 75% of the Council Tax bill for a Band D property, even if the claimant lives in a property with a higher banding than D. This means that any claimant who lives in a property with a banding higher than D would have their support calculated as if they lived in a Band D property

Consultation responses:



There is a **moderate** level of support for this proposal, with just under two thirds of the total respondents agreeing that the proposal is reasonable. For ‘Residents of Tamworth’, the proportion who thought the proposal was reasonable was similar to other⁵ types of respondent.

The level of support for Proposal 3 was also dependent on whether the respondents household was in receipt of various benefits⁶. There was a high level of support from recipients of Attendance Allowance, with some support from Job Seeker’s Allowance claimants.



⁵ Council Tax Benefit Claimant, Voluntary organisation, Community group, Housing association, Private landlord, A relative of a Council Tax Benefit claimant, A friend of a Council Tax Benefit claimant, Nationally or locally elected member/MP, Partner organisation, Resident outside of Tamworth, Other.

⁶ It should be noted that households can be in receipt of multiple benefits. See the Appendix for numbers of respondents in receipt of each type of benefit

Comments

There is moderate support for this proposal and whilst few of those in support of the proposal provided comments, those that did felt that people should pay according to size and that *“people with bigger houses should pay a bigger bill or they should downsize”*.

Larger houses

If people want to *“keep a larger house”*, *“the Council should not pay for that”*. The Council do however, need to *“make allowances for some people who are stuck where they live, why should they be penalised?”*

Almost a fifth felt the proposal was unreasonable and respondents provided more detailed explanations as to why they felt this was the case. Comments principally focused on concerns raised in regard to residents who are made redundant and the fairness of the proposals.

Redundancy

“If somebody is working and finds themselves redundant, they will be getting less help if they live in a nice house”. These respondents felt that everyone should get *“equal support and help”*, especially considering that *“people who live in large houses will have paid more Council Tax in the past”* and to think that they *“will not receive support in times of need seems unfair”*. Support of *“the same magnitude”* should be provided.

Fairness

“Why punish someone for working hard to gain a large house”. *“You could work all your life, buy a big house then become too ill to work”*. It seems *“unfair”*.

Base proposals on housing need not housing size

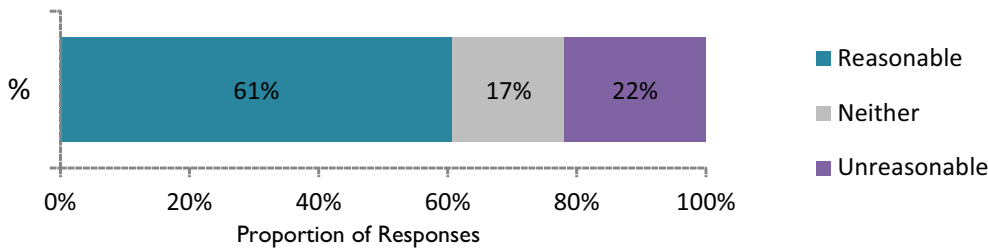
Other respondents felt that the proposal should be *“based on housing need”* and not on *“housing size”*. Some may be able to adequately *“manage with less”* but others may be *“unable”* to do so and this in particular applies to those who live in *“a large household”*. *“Building houses for pensioners to free up larger houses for families”* was a further suggestion.

Focus group responses

Many felt that this could be reduced to a Band C or a Band B property and expressed the view that people living in larger properties should not be subsidised by the tax payer.

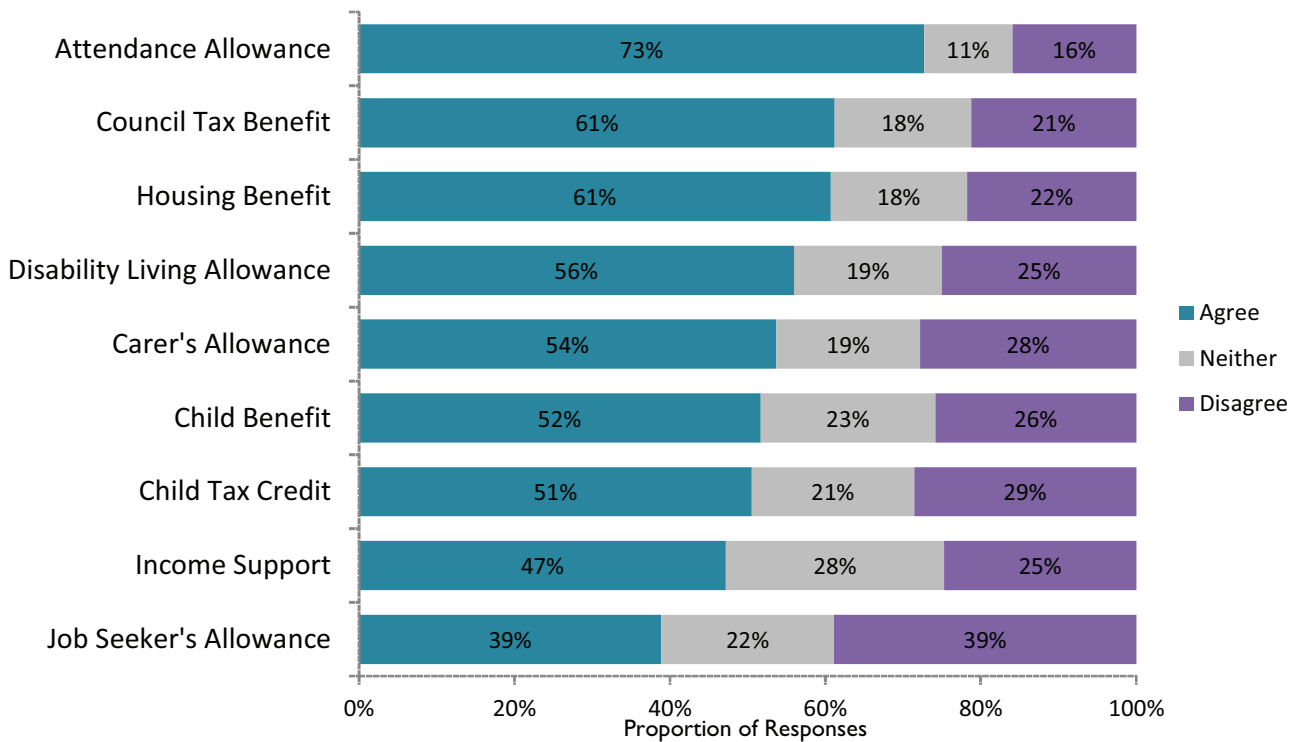
Proposal 4: We propose to remove the Second Adult Rebate under the new scheme which means that all those of working age currently entitled to a Second Adult Rebate may have to pay 100% of their Council Tax bill.

Consultation responses:



There is a **moderate** level of support for this proposal, with 61% of total respondents agreeing that the proposal is reasonable. For ‘Residents of Tamworth’, the proportion who thought the proposal was reasonable was slightly higher than other⁷ types of respondent, at 63%.

The level of support for Proposal 4 was also dependent on whether the respondents household was in receipt of various benefits⁸. There was some support from recipients of Income Support and Job Seeker’s Allowance, with just over half of those on Child Tax Credit and Child Benefit agreeing the proposal to be reasonable.



⁷ Council Tax Benefit Claimant, Voluntary organisation, Community group, Housing association, Private landlord, A relative of a Council Tax Benefit claimant, A friend of a Council Tax Benefit claimant, Nationally or locally elected member/MP , Partner organisation, Resident outside of Tamworth, Other.

⁸ It should be noted that households can be in receipt of multiple benefits. See the Appendix for numbers of respondents in receipt of each type of benefit

Comments

There is moderate support for this proposal and whilst fewer in support of the proposal provided comments, those who did felt that if people were earning a certain amount then it was considered “reasonable” to expect them to “pay their full Council Tax bill”. “They can afford it if two people are working”. “It’s an appropriate thing” and “if they earn a good wage, they should pay 25%”. It’s “not that much” and they do “use the services”. “Families should look after each other” and in some cases, residents may have adult lodgers paying rent which is a second income and in such examples, the Second Adult Rebate should definitely be removed.

Fairness

It would be “unfair” that one member of a household who is either “well paid or thrifty”, would have to “pay another persons Council Tax”. Tax should be calculated on “an individual basis”. People should not be “penalised for saving” with another questioning “where is the incentive to save for one’s retirement, if it is depleted in this way?”

Financial pressures and ability to pay

It is highly likely that the removal of the second adult rebate would apply “more pressure to families” and respondents outlined examples of the likely impacts.

One respondent who had previously relied on the current scheme said that when her daughter was on Jobseeker’s Allowance, “the second adult rebate had been important” and without this she would have been “one hundred pounds a month worse off”.

Anxieties were raised about the effectiveness of this proposal because the implementation could lead to “many so called second adults being asked to leave the other persons property and having to find a place of their own where they would receive a 75% rebate on their Council Tax bill, instead of the 25% they currently receive”. This respondent felt in essence, that it was highly likely that this proposal would “increase the council tax benefit budget” and “not lower it”.

Another highlighted the difficulties for carers supporting people on benefits stressing that this proposal would just make the “financial pressure worse”. More “help is needed”.

Means testing

Others felt that the changes should be purely “income” related and that payments should be based on “a means tested approach”.

Additional considerations

- “Sudden change isn’t too good The second adult scheme protects those on low incomes- again an attack on the poor and in my view indefensible”.
- “Depends on who the second adult is. A relative might be treated differently to someone who just shares the house”.

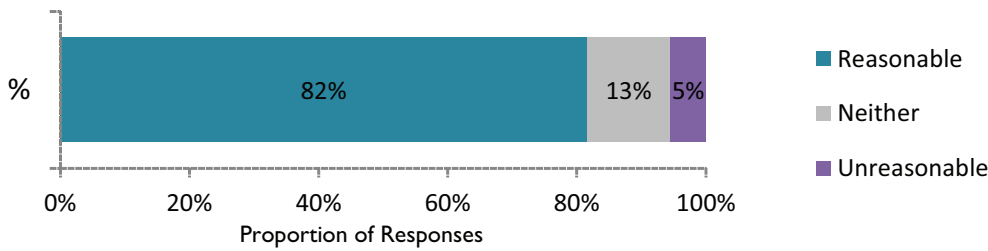
Focus group responses

Many felt that this was a reasonable proposal as it was based on the income and affordability of the householder.

The view was expressed that this disadvantages people that are supporting mature students.

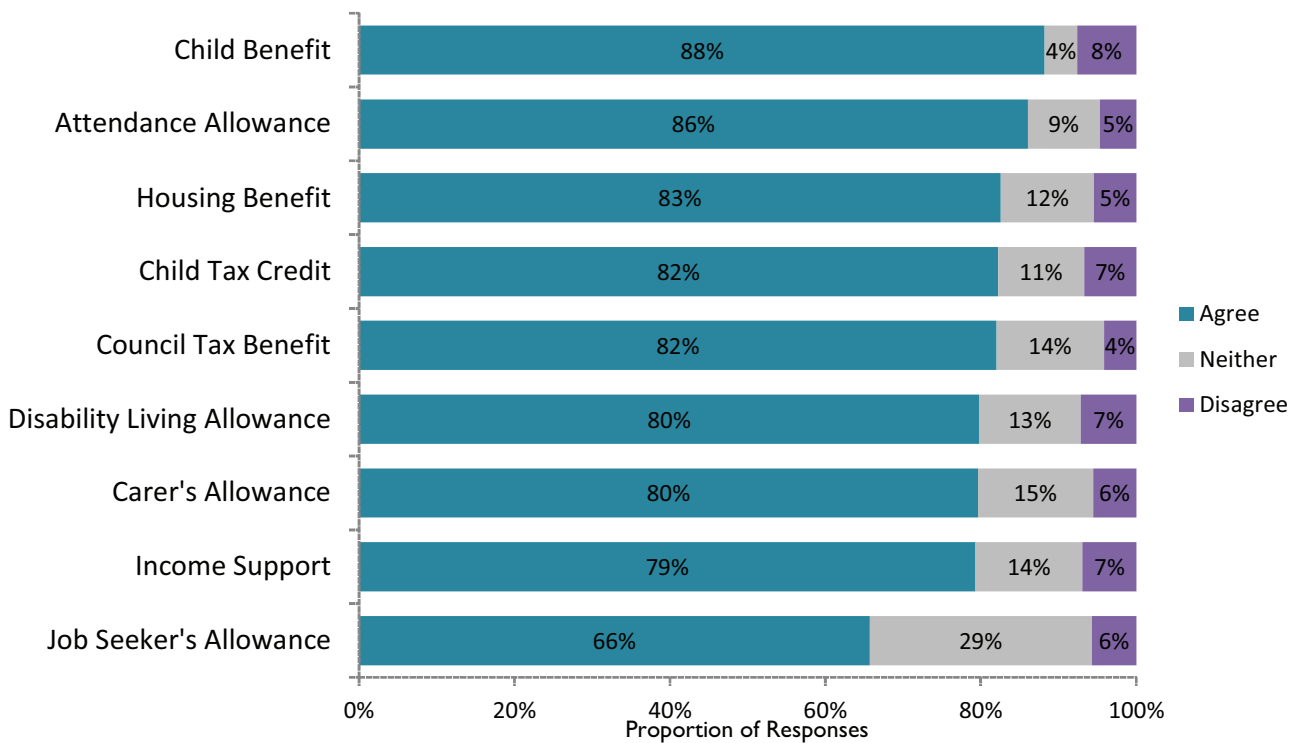
Proposal 5: We propose to keep disregarding child care costs when calculating Council Tax Support. This does not contribute to any reductions but would provide an incentive for parents to stay in work or return to work.

Consultation responses:



There was a **high** level of support for this proposal, with eight out of ten respondents believing the proposal to be reasonable. The level of support was similar for ‘Residents of Tamworth’ as for other⁹ types of respondent.

The level of support for Proposal 5 was also dependent on whether the respondents household was in receipt of various benefits¹⁰, with recipients of Job Seekers Allowance expressing moderate support.



⁹ Council Tax Benefit Claimant, Voluntary organisation, Community group, Housing association, Private landlord, A relative of a Council Tax Benefit claimant, A friend of a Council Tax Benefit claimant, Nationally or locally elected member/MP, Partner organisation, Resident outside of Tamworth, Other.

¹⁰ It should be noted that households can be in receipt of multiple benefits. See the Appendix for numbers of respondents in receipt of each type of benefit

Comments

There is a high level of support for this proposal. Respondents provided comments on both the positive and the negative effects of the proposal and provided their suggestions for improvement to ensure the proposal could be effectively implemented.

Parents need the help and children need to be protected

Disregarding child care costs was considered “good for families” and a “fair” proposal. “If people go to work, they need childcare and the cost is high”. “How do people afford to work and pay these fees? These people need the most help”.

This proposal would act as an “incentive” and “encourage” people to work: “It’s reasonable if it keeps people in a job”. Childcare should be taken into “consideration” and “children should be protected”. Another respondent was complimentary about the proposal and delighted to see a proposal that didn’t “come down hard on the low paid”.

Another who was a working mother commented, that she knew herself how expensive child care can be and agreed that “this should be taken into context when calculating Council Tax Benefit”.

Improving the jobs market

In order for this proposal to be fully effective, more does need to be done to “improve the number of job vacancies” and furthermore to encourage “local employers” to “employ people from Tamworth”. It was also considered vital to “encourage employers to pay a proper living wage and not just a minimum wage” as this is likely to act as a further incentive to encourage people to “start looking for” and to “go back to work”.

Means testing

Means testing is a theme which was broadly raised across multiple proposals and in particular it was viewed as important in relation to disregarding childcare costs. These should depend on the “income of the parent” and if there is “any financial support for children”. This support should be included and the support needed should be calculated on “a regular income basis” as it does still depend on “how much they earn”.

Limiting payments

A few respondents felt that payments should be limited so that the proposal does not act as an incentive for parents to have more children with suggestions including “just paying for one”. Others questioned why individuals with children were treated “more favourably than those who have chosen not to burden society with children” feeling that “positive discrimination is still discrimination”.

Everyone should contribute

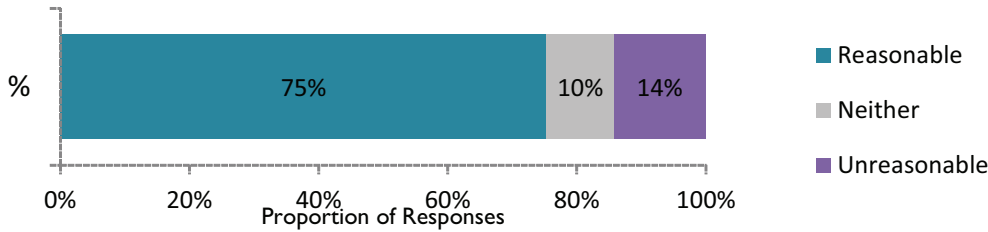
Others who disagreed with the proposal were vocal in their responses and as well as highlighting the general point that everyone should pay a “percentage” of their Council Tax, they also felt that people should not have children if they could not “afford to pay” for them. Furthermore, if parents choose to work then they should have the “money to pay for care” and providing incentives for parents may just encourage people to have “more children”.

Focus group responses

No issues were raised over this proposal. All felt it is a good proposal as it does not disadvantage parents that work.

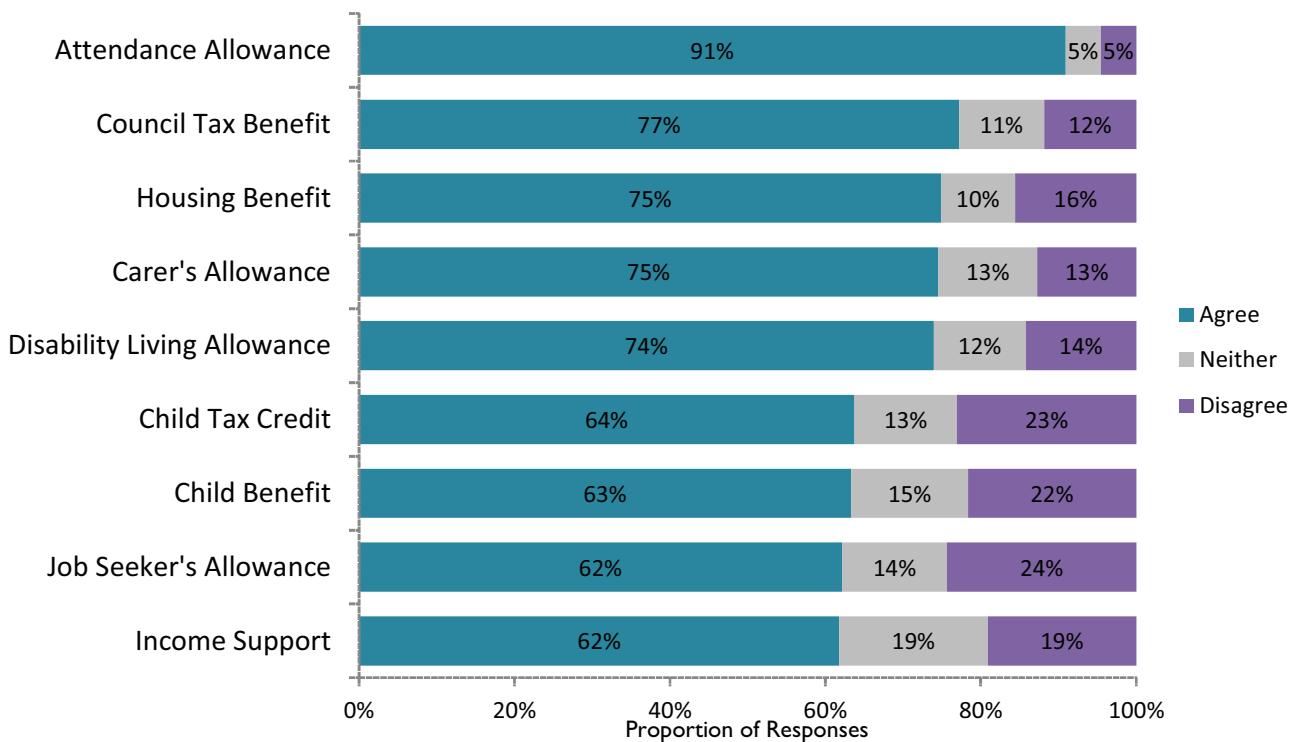
Proposal 6: Under the current scheme, claimants are able to have savings of up to £16,000 and still receive support towards their Council Tax bill. We propose to keep this limit at £16,000. This means that claimants could have up to £16,000 in savings and still receive support for their Council Tax Bill. This would not contribute to any reductions but would encourage people to save and not disadvantage those who have savings.

Consultation responses:



There is a **high** level of support for this proposal, with three quarters of respondents believing the proposal to be reasonable. The high level of support was consistent across ‘Residents of Tamworth’ as well as other¹¹ types of respondent.

The level of support for Proposal 6 was also dependent on whether the respondents household was in receipt of various benefits¹². Recipients of Job Seeker’s Allowance, Income Support, Child Benefit, Child Tax Credit and Disability Living Allowance expressing moderate support.



¹¹ Council Tax Benefit Claimant, Voluntary organisation, Community group, Housing association, Private landlord, A relative of a Council Tax Benefit claimant, A friend of a Council Tax Benefit claimant, Nationally or locally elected member/MP , Partner organisation, Resident outside of Tamworth, Other.

¹² It should be noted that households can be in receipt of multiple benefits. See the Appendix for numbers of respondents in receipt of each type of benefit

Comments

There is a high level of support for this proposal with respondents in support feeling that it is a “fair” and “reasonable” proposal. Others disagreed feeling that the levels of savings allowed should be either higher or lower, or should not be protected at all. Others were concerned that no matter what the threshold was, some people would try and “hide” their “savings”.

It’s unfair on savers

People should be able to “hold onto their savings” because £16,000 “really doesn’t go too far these days”. Respondents felt that savings are “important” as people have “expenses other than Council Tax”. People who have “worked hard” and “saved” all their lives should not be penalised if it comes to a point when they have to claim benefits. They could be saving it for their “pension”.

The limit should be higher

Whilst others agreed with the principle of protecting savings in general, there was some discussion as to the level at which savings should be protected. Others who agreed with the principle of protecting savings felt that savings should be protected to a higher degree than outlined in the current proposals with £25,000 suggested as a reasonable amount of savings to protect.

The limit should be lower

Conversely, others who agreed with the principle of protecting “savings” felt that they should be protected to a level lower than outlined in the proposal. “£16,000 is a lot of money” and it’s really “too much” with £10,000 being suggested as a more reasonable level. Putting a “time limit” on how long claimants can receive support before having to dip into their savings was additionally suggested as a measure which could ensure people do not have to immediately tap into their savings but would also ensure that they are “encouraged to work” in the longer term.

Savings shouldn’t be protected

Some respondents felt the proposal was unreasonable and did not feel that savings should be taken into account when calculating Council Tax benefit for claimants. Those who were in disagreement with this proposal felt that if people have £16,000 worth of savings then they “don’t need help” with their Council Tax and they should “pay” if they can “afford to” as there are people who work full time and have to pay “all their bills” and consequently have “no savings”.

People will hide their savings

Another raised concerns that this proposal would encourage people to save up to the £16,000 threshold and then “hide” any additional savings.

Sliding scale

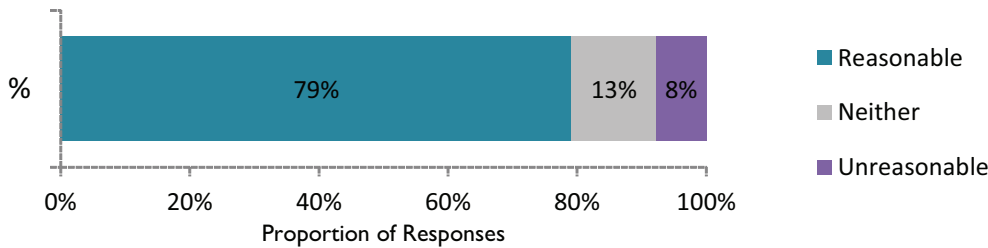
If the proposal will be implemented using “a sliding scale” then this should be explained more fully to allow respondents to make an informed decision.

Focus group responses

Respondents tended to express the view that £16,000 was a little too high and felt it should be reduced. The reason for this was that people not entitled to Council Tax Benefit many be earning less than £16,000 per year so the amount should be reduced to reflect a low earning wage.

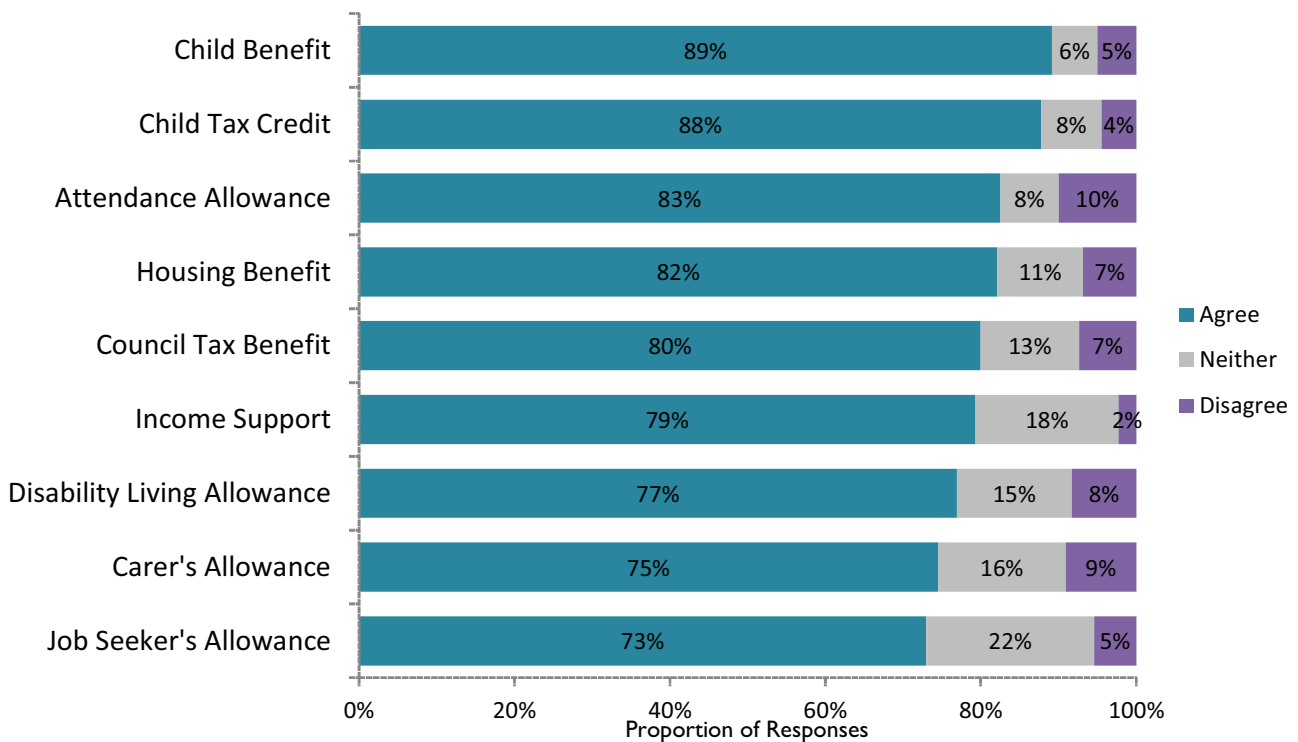
Proposal 7: For the new scheme, we propose to keep excluding Child Benefit payments as income when calculating the claimant's Council Tax Support entitlement. This would not contribute to any reductions but would not disadvantage working age people who work.

Consultation responses:



There is a **high** level of support for this proposal with 79% of respondents agreeing that the proposal is reasonable. The level of support was lower for 'Residents of Tamworth' (77%) than for other¹³ types of respondent (81%).

The level of support for Proposal 7 was also dependent on whether the respondents household was in receipt of various benefits¹⁴, with a moderate level of support being expressed by Job Seekers Allowance claimants.



¹³ Council Tax Benefit Claimant, Voluntary organisation, Community group, Housing association, Private landlord, A relative of a Council Tax Benefit claimant, A friend of a Council Tax Benefit claimant, Nationally or locally elected member/MP, Partner organisation, Resident outside of Tamworth, Other.

¹⁴ It should be noted that households can be in receipt of multiple benefits. See the Appendix for numbers of respondents in receipt of each type of benefit

Comments

There is a high level of support for this proposal and the comments provided were mostly supportive or neutral in their nature.

Benefit is for the child's welfare

Those in support commented that it is important to continue excluding child income when calculating Council Tax Benefit. "*Child Benefit is Child Benefit and should be dealt with separately*". It aims to reduce "*child poverty*" and it is "*for children and not for their parents*" so it should never be "*taken into consideration*".

Encourage parents to work

Respondents also supported this proposal as it would encourage parents to "*continue working*" and it was regarded as a positive move to include a proposal which does not "*disadvantage workers*".

Discourage people from having more children

One respondent felt that more "*detailed assessments*" were needed regarding the number of families who do not work over a long period of time. If these families continue to have more children knowing that Child Benefit will be part of their income, then Child Benefit should not be excluded as this would just "*encourage people to have more children*".

Treat everyone the same

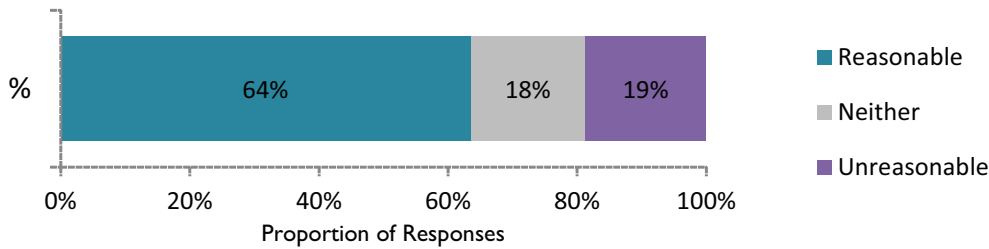
One respondent who felt this proposal was unreasonable commented that "*having children should not entitle people to any exclusions*".

Focus group responses

There were no issues raised over this proposal. There was support for this as it is a standard benefit that most parents receive so it is fair to all if excluded.

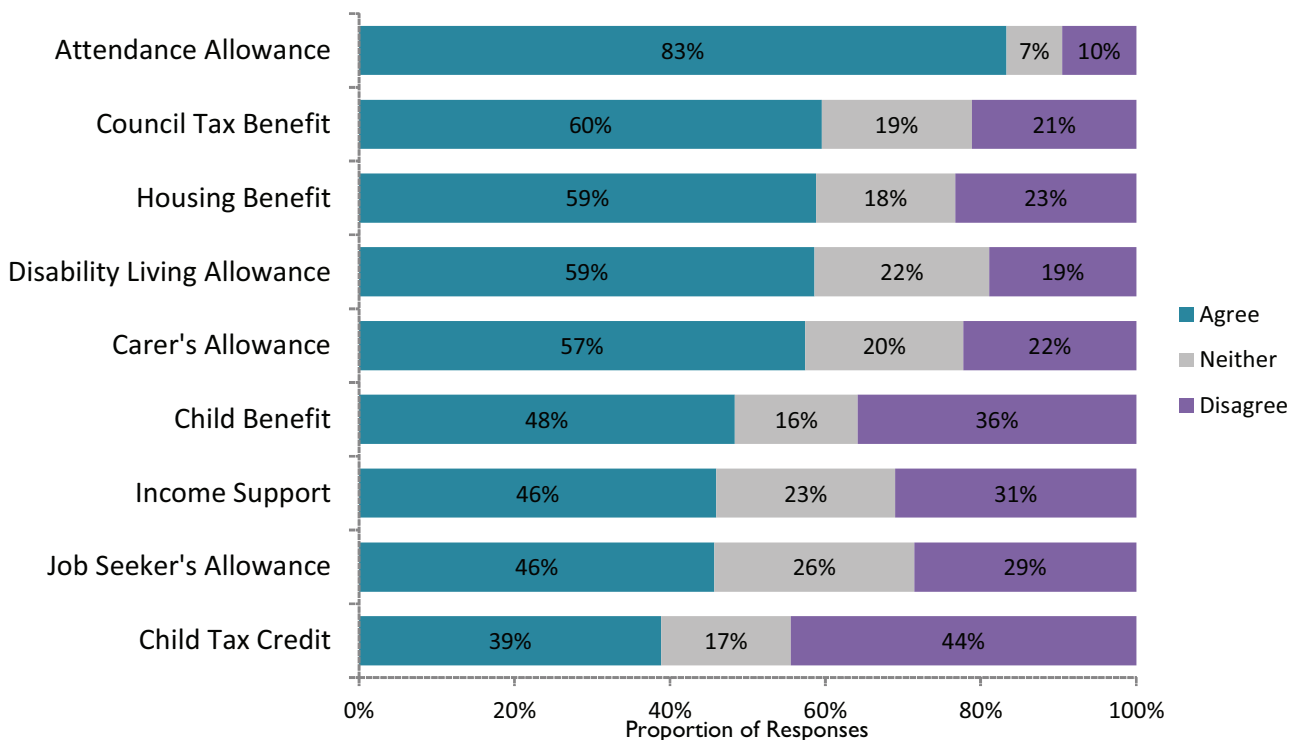
Proposal 8: Under the current scheme, maintenance payments are not included as income when calculating a claim. For the new scheme, we propose to include maintenance payments as income when calculating the claimant's Council Tax Support entitlement.

Consultation responses:



There is a **moderate** level of support for this proposal, with just under two thirds of respondents agreeing that the proposal is reasonable. The proportion of respondents who thought the proposal reasonable was greater for 'Residents of Tamworth' (68%) compared to other¹⁵ types of respondent (63%).

The level of support for Proposal 8 was also dependent on whether the respondents household was in receipt of various benefits¹⁶. There was a high level of support from recipients of Attendance Allowance, but considerably less from those in receipt of Job Seeker's Allowance and Child Tax Credit, who expressed some support.



¹⁵ Council Tax Benefit Claimant, Voluntary organisation, Community group, Housing association, Private landlord, A relative of a Council Tax Benefit claimant, A friend of a Council Tax Benefit claimant, Nationally or locally elected member/MP, Partner organisation, Resident outside of Tamworth, Other.

¹⁶ It should be noted that households can be in receipt of multiple benefits. See the Appendix for numbers of respondents in receipt of each type of benefit

Comments

There is a moderate level of support for this proposal and respondents who felt it was reasonable said that it was a “good” proposal so long as “payments made” are on a “regular basis”. Where this is the case, it should be considered as “income” just like “any other income” and therefore it should not be “ignored”. Despite moderate levels of support for the overall proposal, the majority of comments received did focus on why the proposal was unreasonable with many respondents also being unsure about this proposal feeling that additional considerations should be taken into account before they would indicate their support.

This money is for the child’s welfare

Those who felt the proposal was unreasonable felt that “any payments towards the cost of child rearing should not be included” and the reason given for this is because the money is given to make sure that ex spouses provide “enough money” for their children to be able to live on. It should continue to be “excluded” to ensure it is spent on “children” and their “needs and education” and not on “bills”.

One respondent currently relies on child maintenance payments to “top up” her income and losing the Second Adult Rebate along with including maintenance as income, would do little to help her financial situation so “other proposals should be considered first”.

Not sure

Some respondents were unsure as to whether maintenance should be included or excluded with respondents feeling that it really depends on the “amount” of maintenance being received and upon how “reliable” it is. Maintenance payments can “differ greatly” in their amount and it is also a well known fact that maintenance payments are “prone to stop unexpectedly or to be irregular”.

All income should be included

“This is income so should be calculated as such” and sometimes it can be “a large amount”. People who receive maintenance can often end up “better off”, so it is “about time” this was “taken into account”. One respondent felt that the deciding factor on whether maintenance is taken into account should be dependent on “how much maintenance is received”.

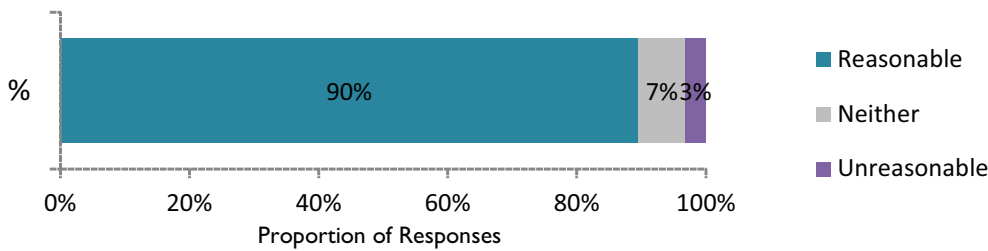
Focus group responses

Generally attendees supported this proposal. Reasons given were that it can actually provide a reasonable extra income and if the absent parent were living with the family this money would be going to contribute to the Council Tax bill. Another reason given was that by disregarding maintenance payments we would be disadvantaging single parents who do not receive any maintenance and families living together whose second income is low but would still be included in their income calculation.

Many attendees expressed the view that administration of this proposal will be difficult and would rely on the claimant being honest about payment being received. They also expressed concern about irregular payments and feel that processes should be put in place to ensure that claimants are not put into financial hardship when the absent parent misses a payment.

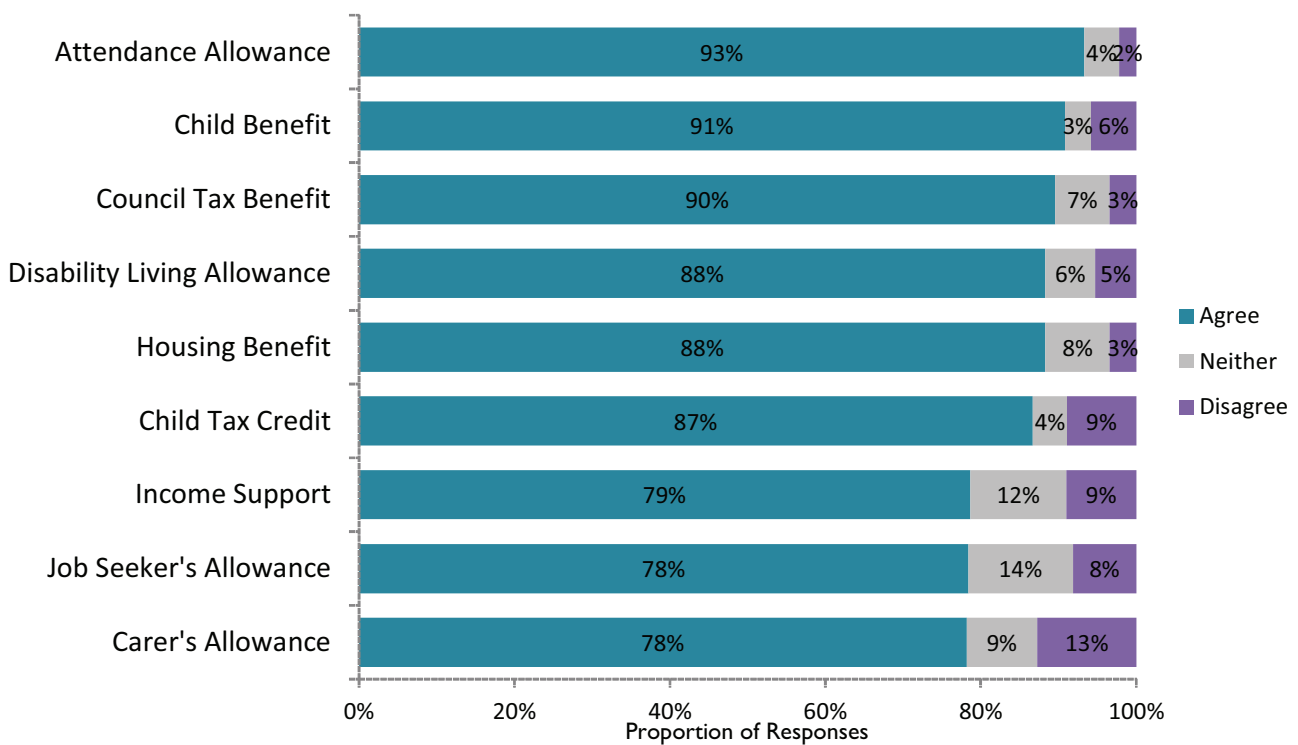
Proposal 9: Under the current scheme, claimants who are receiving a Severe Disability Premium can be given support for up to 100% of their Council Tax bill. We propose to keep this within the new scheme to protect our most vulnerable residents.

Consultation responses:



There was a **high** level of support for this proposal, with nine out of ten respondents believing it to be reasonable. There was little or no difference between the opinions of ‘Residents of Tamworth’ and other¹⁷ types of respondent.

The level of support for Proposal 9 was also dependent on whether the respondents household was in receipt of various benefits¹⁸. The proportion of respondents that agreed with the proposal ranged from 78% of recipients of Carer’s Allowance, to 93% of recipients of Attendance Allowance.



¹⁷ Council Tax Benefit Claimant, Voluntary organisation, Community group, Housing association, Private landlord, A relative of a Council Tax Benefit claimant, A friend of a Council Tax Benefit claimant, Nationally or locally elected member/MP , Partner organisation, Resident outside of Tamworth, Other.

¹⁸ It should be noted that households can be in receipt of multiple benefits. See the Appendix for numbers of respondents in receipt of each type of benefit

Comments

There was a high level of support for this proposal and the broad consensus was that all vulnerable people should be protected. One did feel that the proposal was difficult to understand and needed to be *“simplified”*.

Protect disabled people and others who are vulnerable

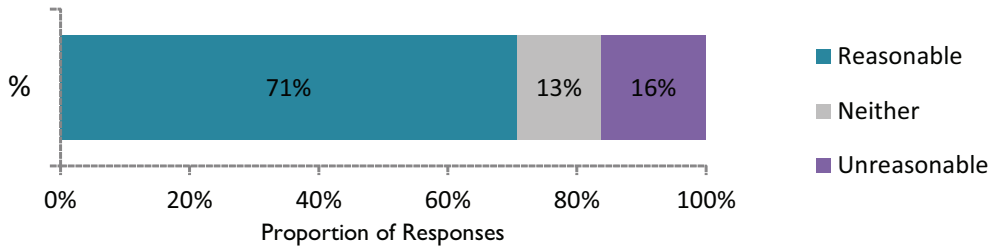
These people are *“vulnerable”* and should be *“considered”* and *“catered for”* with the severely disabled being *“protected”* and deserving *“all the assistance they can get”*. *“They need our help”*, they should receive *“extra support”*. It’s *“fair”* and we need to look after *“those who really need it”*. In addition, one also felt that *“carers should also be exempt from this bill”*.

Focus group responses

Attendees agreed that claimants receiving Severe Disability Premium should be 100% protected but would like to see this extended to all severely disabled claimants regardless of whether they have a carer receiving a Carer’s Allowance.

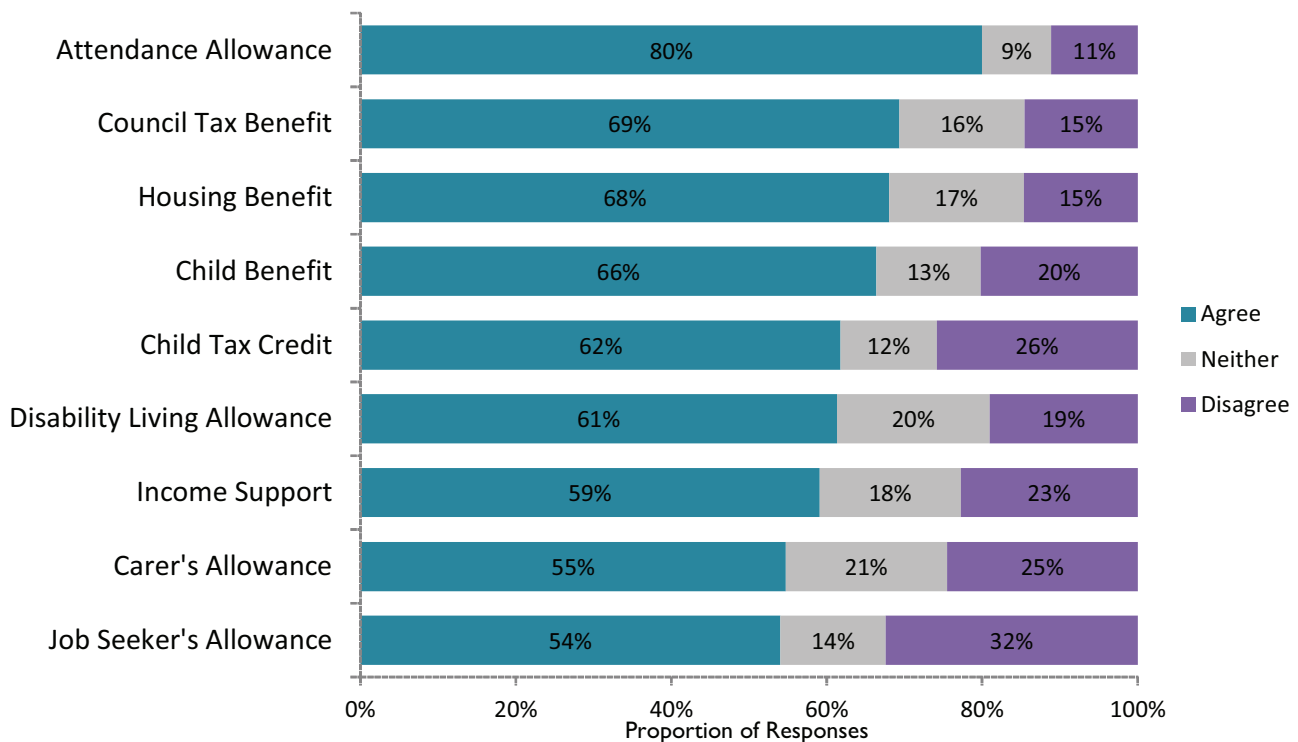
Proposal 10: We propose that any non-dependants living in the claimant's household would be expected to contribute towards the Council Tax bill. If the non-dependant is not working then their contribution would be £5 per week. If the non-dependant is working then their contribution would be a £10 per week.

Consultation responses:



There was a **moderate** level of support for this proposal, with 71% of respondents believing it to be reasonable. There was little or no difference between the opinions of ‘Residents of Tamworth’ and other¹⁹ types of respondent.

The level of support for Proposal 10 was also dependent on whether the respondents household was in receipt of various benefits²⁰. Respondents in receipt of Attendance Allowance expressed a high level of support, whilst other types of benefit claimants expressed moderate levels of support.



¹⁹ Council Tax Benefit Claimant, Voluntary organisation, Community group, Housing association, Private landlord, A relative of a Council Tax Benefit claimant, A friend of a Council Tax Benefit claimant, Nationally or locally elected member/MP , Partner organisation, Resident outside of Tamworth, Other.

²⁰ It should be noted that households can be in receipt of multiple benefits. See the Appendix for numbers of respondents in receipt of each type of benefit

Comments

There is moderate support for this proposal with 71% agreeing that the proposal was reasonable.

Everyone should contribute something

“Adults should be expected to contribute to the household” as it is a *“fair and proper way”* to share the bill and ensures that non dependents within a household are aware of their *“financial responsibilities”*. Most people can *“easily manage it”*, it sounds *“reasonable”* with some also suggesting that it would be feasible to ask for amounts *“higher than just £5 and £10”* a week.

It depends on who the non dependent is

Another also agreed with the proposals to an extent but felt that it should depend on who the non dependent was. For example *“a working son or daughter”* should not have to pay but *“a lodger”* should.

Difficult for low earners

Others agreed that the proposal was reasonable to an extent but did feel that it should be adapted. For example if a non dependent is working then it is *“acceptable”* for them to pay *“£10 a week”* but if they are not working then *“£5”* is *“a huge amount”* of money to pay. If anything they should be *“encouraged to contribute to the householder’s contribution”*.

It will be difficult to administer and police

Respondents who were of the belief that this proposal was reasonable *“in theory”*, felt that *“in practice it would be impossible to collect”*.

It’s like the Poll Tax

“It’s going back to what Margaret Thatcher tried with the poll tax” and *“people protested”*. Council Tax should only be collected on the *“banding of the house”* and not *“the people in it”* with the household owner being *“responsible”*.

Focus group responses

Respondents would like to see this contribution remain income based rather than a set amount. The view was expressed many non-dependants are young people who are having difficulty obtaining more than a few hours of work a week and £10 being taken from their income means they may as well not work. There is a feeling that this proposal actually goes against the principles of the local Council Tax support scheme as it will not encourage people to work. Many confused this proposal with poll tax until it was explain that the money is actually deducted from the benefit and is not an addition payment on top of the full Council Tax bill.

RESULTS—IMPACT OF THE CHANGES

Financial impact upon individuals or upon the communities that they represent

51% felt that the changes would have a low impact upon them personally or upon the groups that they represent, a further fifth (21%) agreed that they would have a medium impact whilst over one quarter (28%) felt that the proposed changes would impact upon them highly or impact highly upon the groups that they represent.

Groups who may be affected by the proposals

A variety of groups are likely to be impacted by the implementation of the proposals and these include the unemployed and those on a low income including those working part time and single working parents. Young adults over the age of 18 and students are also likely to be affected.

Additional groups who will probably be affected also include those who are disabled and are hospitalised as well as those living in larger properties which have been adapted for medical needs but may be larger in size than they need.

People saving to buy homes, couples without children and single adults who may be asked to leave their home could all be affected by the proposals.

Likely affects of the changes

The changes will affect “everyone to an extent” but they will hit “the poorest the hardest” and not the ones on the “higher incomes” with one respondent feeling that “all government taxes affect the most vulnerable”.

Adding an extra bill to households which are already stretched by the rising cost of living will mean that some families struggle and do not have enough money to pay for food and bills. In some cases, overdrafts and personal debts will increase as people work to try and make ends meet. For example one respondent commented that they had an overdraft which they are already finding difficult to clear.

“Paying more Council Tax would mean having to cut down on other bills, and the only other bill I can cut down on would be the food bill. I already shop at Aldi because of the cheap prices, and I don't know where I could turn to for help”.

Property owners may be affected “marginally” and people who are aiming to better themselves e.g. those returning to college to study would find it difficult to “get by”. Others who have mental illnesses may also find that the changes “impact upon their illness”.

On a positive note, the proposals may encourage people to look for “a job” so ensuring that jobs are available will be important if the proposals are to have a positive affect.

What can be done to ensure a smooth transition into the new scheme for those people affected by the proposed changes?

Initially residents felt that the scheme would need to be “widely advertised” and this would work to ensure people are kept “up to date” and details of the changes should be “communicated”.

Residents who will be affected need to understand “why” the changes are happening and “how” they will be affected. “Give people the opportunity to find out how the changes will affect them individually, perhaps by phone or internet”. “Be aware that some can't read and write and some are disabled” therefore making sure the information is available in a range of suitable formats will be vital.

Long “lead in times” and “notification” on more than one occasion was considered necessary for anyone who will be affected by the changes. Suggested lengths for lead in times varied from “six months” through to a gradual implementation of changes over a “four year” period. The implemented proposals would need reviewing in “a year's time” and tailoring to ensure they “meet people's needs”.

“Means testing” was suggested as one way of implementing the changes in a fair way with others feeling that everything should be done to try and keep people “debt free”. Where there are cases of severe financial hardship, these should also be considered separately and genuine support should be provided. Providing “easier payment terms” e.g. “weekly” would also be useful and would ensure a smoother transition for those affected by the proposals.

Respondents also identified other ways of achieving savings which could be implemented either separately or alongside the proposals:

- “Concentrate on benefit fraudsters to save the money you need”.
- “Ensure everyone is on the right benefits that they are entitled to”.
- “Get more people off benefits by training”.
- “Provide incentives for more employment in the area”.
- “Introduce voluntary work” as a way of paying for “Council Tax”.

APPENDIX I: ABOUT YOU

Are you a resident of Tamworth?

Response	No' of Responses	%
Yes	484	99%
No	5	1%

Does your name appear on the council tax bill for your household?

Response	No' of Responses	%
Yes	731	90%
No	56	7%
Don't know	25	3%

Are you submitting your views as? *proportion of local responses

Response	No' of Responses	%
A Council Tax Benefit claimant	348	67%
A relative of a Council Tax Benefit claimant	16	3%
A friend of a Council Tax Benefit claimant	7	1%
Nationally or locally elected member/MP	2	0%
Resident outside of Tamworth	14	3%
Resident of Tamworth	325	63%
Other	15	3%
Voluntary organisation	3	1%
Community group	1	0%
Housing Association	15	3%
Partner organisation	0	0%

Does your household receive any of the following benefits?

Response	No' of Responses	%
Attendance Allowance	46	6%
Carer's Allowance	55	7%
Child Benefit	124	15%
Child Tax Credit	94	11%
Disability Living Allowance	174	21%
Housing Benefit	270	32%
Income Support	91	11%
Job Seeker's Allowance	37	4%
Council Tax Benefit	449	54%

Does any of the following describe your household?

Response	No' of Responses	%
A family with one or two dependant children	99	12%
A family with three or more dependant children	134	17%
A lone parent household	21	3%
A household with full and/or part-time workers	224	28%
A household that includes someone who is disabled	77	10%
A single person household or a couple without children	97	12%
None of these	144	18%

Do you regularly provide unpaid support caring for someone?

Response	No' of Responses	%
Yes	127	16%
No	643	84%

Gender:

Response	No' of Responses	%
Female	459	56%
Male	316	39%
Prefer not to say	38	5%

Ethnic origin:

Response	No' of Responses	%
Asian or Asian British	1	0%
Black or Black British	4	1%
Chinese	0	0%
Mixed Heritage	2	0%
White - British	738	93%
White - Other	39	5%
Prefer not to say	7	1%
Other	2	0%

Disability or long term health condition?

Response	No' of Responses	%
Yes	330	42%
No	399	51%
Prefer not to say	61	8%

Are you receiving a Retirement Pension or Pension Credit?

Response	No' of Responses	%
Yes	329	62%
No	174	33%
Prefer not to say	30	6%

Age:

Response	No' of Responses	%
18-24	14	2%
25-34	58	7%
35-44	89	11%
45-54	118	14%
55-64	162	20%
65-74	202	25%
75+	157	19%
Prefer not to say	14	2%

Disability: If yes, please specify condition:

Response	No' of Responses	%
Communication	8	2%
Mobility	181	34%
Hearing	37	7%
Physical	138	26%
Learning	7	1%
Visual	30	6%
Mental health	54	10%
Other	74	14%

What is your relationship status?

Response	No' of Responses	%
Single	301	38%
Living as a couple	47	6%
Married	374	47%
Civil Partnership	5	1%
None of these	54	7%
Prefer not to say	17	2%

28 November 2012

REPORT OF THE PORTFOLIO HOLDER, CORE SERVICES AND ASSETS**COUNCIL TAX BASE 2013/14****EXEMPT INFORMATION**

None

PURPOSE

To report the Council Tax Base for the Borough Council 2013/14.

RECOMMENDATIONS

That Tamworth Borough Council resolves its calculation of the Council Tax Base for the year 2013/14 to be 20,199 (2012/13 – 23,378).

EXECUTIVE SUMMARY

The Borough Council is required to calculate its Council Tax Base for each financial year and notify Staffordshire County Council, Staffordshire Police Authority and Staffordshire Fire Authority by 31 January preceding that financial year.

The Authority is required to approve the Council Tax Base.

RESOURCE IMPLICATIONS

The figure for 2013/14 Council Tax Base is calculated at 20,199.
This represents a decrease in the current year of 3,179 or 13.6%.

LEGAL/RISK IMPLICATIONS BACKGROUND

If the base is not set in the legally required timeframe it can be calculated by precepting authorities and imposed upon us.

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION**Purpose**

Under the Local Government Finance Act 1992 as amended the Borough Council is required to calculate its Council Tax Base for each financial year and is required to notify Staffordshire County Council, Staffordshire Police Authority and Staffordshire Fire Authority by 31 January preceding that financial year.

Consideration

In accordance with the Local Authority (Calculation of Council Tax Base) Regulations 1992 as amended, the Tax Base for the year 2013/14 is calculated by applying a formula $A \times B$.

A is the number of properties in each band (expressed as a number of band D equivalents); and three factors have altered this figure in relation to 2012/13 which are as follows:

- 1. An estimate regarding changes to the physical state of the property base;
- 2. A revised treatment of benefit (local discount) changes as outlined in today’s report Local Council Tax Support Scheme Consultation Results (formally – Localising Support for Council Tax). Previously benefit entitlement did not effect the Tax Base calculations as subsidy was received from the DWP in respect of correctly awarded benefit. However the new Council Tax Support Scheme is treated as a discount for Council Tax purposes and therefore reduces the Council Tax Base;
- 3. An estimate of additional charges due to technical changes, as outlined in the Cabinet report of 17 October 2012.

A for 2013/14 is determined as follows:

2012/13 figure for A	23,734
Increase in Property Base from 2012/13	+32
Localising Council Tax Support	(3,251)
Technical changes	+117
2013/14 figure for A	20,632

B is the Authority’s estimate of its collection rate for that year. It is recommended that this should be 97.9% (98.5% 2012/13). This is a lower rate than the current financial year to take account of the anticipated challenges in collection of Council Tax from taxpayers previously receiving 100% Council Tax Benefit.

Applying the reduced collection rate to A gives a Council Tax Base of 20,199 (20,632 x 97.9%).

This represents a decrease on the current year of 3,179 or 13.6% - the reduction in Band D equivalents is due to the changes arising from the Local Support to Council Tax Scheme (impact on budget base line).

REPORT AUTHOR

Michael Buckland, Head of Revenues, Telephone 01827 709523

LIST OF BACKGROUND PAPERS

- Local Government Finance Act 1992
- Local Authority (Calculation of Council Tax Base) Regulations 1992
- Local Government Finance Act 2012
- Local Authority (Calculation of Council Tax Base) (England) Regulations 2012

28th November 2012**REPORT OF THE PORTFOLIO HOLDER FOR CORE SERVICES AND ASSETS****SOFTWARE SUPPORT/DEVELOPMENT FOR THE
LOCAL COUNCIL TAX SUPPORT SCHEME****EXEMPT INFORMATION**

This proposal is not exempt information for the purposes of Part 1 of Schedule 12 (A) to the Local Government Act 1972

PURPOSE

To seek approval for the release of £53,100 from Government Grant income, received in respect of the implementation of localised Council Tax Support, and the establishment of an associated expenditure budget to enable payment for a software support to be made, in line with the requirements of Financial Guidance.

RECOMMENDATIONS

That Cabinet authorise the release of £53,100 from grant monies financed by the Department for Communities and Local Government, provided for the purpose of implementing a Local Council Tax Support Scheme for 2013 onwards, and the establishment of an expenditure budget to enable payment of £53,200 to be made to Capita Software Services .

EXECUTIVE SUMMARY

Earlier this year The Department for Communities and Local Government awarded a grant of £84,000 to every Local Authority in England, to meet the cost of developing, consulting on and software requirements for a scheme to replace Council Tax Benefit from 1st April 2013.

Approximately £20,000 of this grant has been accordingly used for its purpose, so far being spent on policy writing, modelling tools and public consultation/publicity for the proposed scheme. The required budget adjustments have been actioned within the Head of Service virement limits.

A further £53,100 of the DCLG grant is now requested to be spent on software support and development over the next two years. Tamworth Borough Council's current Benefits software provider, Capita Software Services, have designed and developed a software solution which ensures Local Authorities have a solid platform that can be used for the proposed and any future Local Council Tax Support schemes. Future product releases will not only address local scheme rule changes but also include enhancements to assist with providing solutions as a cloud based hosted service or an on premise solution.

There will be multiple local schemes that customers will adopt from April 2013 onwards. Local schemes will be changed/expanded and new ones introduced in the future. Therefore the software must be fully functional and flexible enough to accommodate many scheme permutations and parameter choices.

RESOURCE IMPLICATIONS

Capita have indicated a cost of £59,000 per Local Authority for the required software. They have also indicated that if it is paid in one rather than two instalments, the charge will be reduced by 10% - i.e it will be £53,100 rather than £59,000.

It is recommended that Tamworth Borough Council use the DCLG grant monies to procure this software at the discounted rate – i.e £53,100, thereby saving Tamworth Borough Council £5,900 in the long term.

Financial Guidance requires that Members are requested to approve any budget adjustments above £50,000.

LEGAL/RISK IMPLICATIONS BACKGROUND

None

SUSTAINABILITY IMPLICATIONS

Further grant monies will be provided to Local Authorities to help meet the burden costs of designing and introducing a Local Council Tax Support scheme. (Amount not yet known). Any unspent amounts should be retained in reserve to finance any further, future software and other associated costs.

BACKGROUND INFORMATION

None

REPORT AUTHOR

Karen Taylor

28th NOVEMBER 2012**REPORT OF THE PORTFOLIO HOLDER FOR CORE SERVICES AND ASSETS****TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL
INVESTMENT STRATEGY MID
YEAR REVIEW REPORT 2012/13****EXEMPT INFORMATION**

None

PURPOSE

To present to Members the Mid-year review of the Treasury Management Strategy Statement and Annual Investment Strategy;

RECOMMENDATIONS

That Cabinet recommends that Council:

- 1. Accept the Treasury Management Strategy Statement and Annual Investment Strategy Mid-year Review Report 2012/13;**
- 2. Formally adopt the CIPFA Code of Practice as revised in November 2011.**

EXECUTIVE SUMMARY

This mid year report has been prepared in compliance with CIPFA's Code of Practice, and covers the following

- An economic update for the first six months of 2012/13;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's Capital Position (Prudential Indicators);
- A review of the Council's investment portfolio for 2012/13;
- A review of the Council's borrowing strategy for 2012/13;
- A review of any debt rescheduling undertaken during 2012/13;
- Icelandic Banking Situation;
- A review of compliance with Treasury and Prudential Limits for 2012/13.

The main issues for Members to note are:

1. The Council has complied with the professional codes, statutes and guidance.
2. There are no issues to report regarding non-compliance with the approved prudential indicators.

3. The investment portfolio yield for the first six months of the year is 1.12% compared to the 3 Month LIBID benchmark rate of 0.73%. This excludes all investments currently classified as 'At Risk' in the former Icelandic Banking institutions.

The aim of this report is to inform Members of the treasury and investment management issues to enable all Members to have ownership and understanding when making decisions on Treasury Management matters. In order to facilitate this training on Treasury Management issues has been delivered for Members in February and October 2010 and September of last year.

RESOURCE IMPLICATIONS

All financial resource implications are detailed in the body of this report which links to the Council's Medium Term Financial Strategy.

There are no staffing implications arising from the report.

LEGAL/RISK IMPLICATIONS BACKGROUND

Risk is inherent in Treasury Management and as such a risk based approach has been adopted throughout the report with regard to Treasury Management processes.

The Treasury Strategy has been the subject of an Equalities Impact Assessment.

SUSTAINABILITY IMPLICATIONS

None

1 BACKGROUND INFORMATION

The Chartered Institute of Public Finance and Accountancy (CIPFA) issued the revised Code of Practice for Treasury Management in November 2011, following consultation with Local Authorities during that summer. The revised Code suggests that members should be informed of Treasury Management activities at least twice a year, but preferably quarterly. This is the second monitoring report for 2012/13 presented to Members this year and therefore ensures this Council is embracing Best Practice in accordance with CIPFA's revised Code of Practice. Cabinet also receive regular monitoring reports as part of the quarterly healthcheck on Treasury Management activities and risks.

The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the Treasury Management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering maximising investment return.

The second main function of the Treasury Management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

Treasury Management is defined as:

“The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. ”

2 Introduction

The Chartered Institute of Public Finance and Accountancy’s (CIPFA) Code of Practice on Treasury Management (November 2009) was adopted by this Council on 22nd February 2011. The code was revised in November 2011 following developments resulting from the Localism Act 2011, including HRA finance reform and General Power of Competence. The Treasury team have been working to the revised code and ask members to formally adopt it.

The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council’s Treasury Management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
3. Receipt by the full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a **Mid-year Review Report** and an Annual Report (stewardship report) covering activities during the previous year.
4. Delegation by the Council of responsibilities for implementing and monitoring Treasury Management policies and practices and for the execution and administration of Treasury Management decisions.
5. Delegation by the Council of the role of scrutiny of Treasury Management strategy and policies to a specific named body. For this Council the delegated body is the Audit and Governance Committee.

This mid year report has been prepared in compliance with CIPFA’s Code of Practice, and covers the following:

- An economic update for the first six months of 2012/13;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council’s Capital Position (Prudential Indicators APPENDIX 1);
- A review of the Council’s investment portfolio for 2012/13;
- A review of the Council’s borrowing strategy for 2012/13;
- A review of any debt rescheduling undertaken during 2012/13;
- Icelandic Banking Situation;
- A review of compliance with Treasury and Prudential Limits for 2012/13.

3 Economic update

3.1 Economic performance to date

Economic sentiment, in respect of the prospects for the UK economy to recover swiftly from recession, suffered a major blow in August when the Bank of England substantially lowered its expectations for the speed of recovery and rate of growth over the coming months and materially amended its forecasts for 2012 and 2013. It was noted that the UK economy is heavily influenced by worldwide economic developments, particularly in the Eurozone, and that on-going negative sentiment in that area would inevitably permeate into the UK's economic performance.

With regard to the Eurozone, investor confidence remains weak because successive "rescue packages" have first raised, and then disappointed, market expectations. However, the uncertainty created by the continuing Eurozone debt crisis is having a major effect in undermining business and consumer confidence not only in Europe and the UK, but also in America and the Far East/China.

In the UK, consumer confidence remains very depressed with unemployment concerns, indebtedness and a squeeze on real incomes from high inflation and low pay rises, all taking a toll. Whilst inflation has fallen considerably (CPI @ 2.6% in July) despite a blip in October, UK GDP fell by 0.5% in the quarter to 30 June, the third quarterly fall in succession. This means that the UK's recovery from the initial 2008 recession has been the worst and slowest of any G7 country apart from Italy (G7 = US, Japan, Germany, France, Canada, Italy and UK). It is also the slowest recovery from a recession of any of the five UK recessions since 1930 and total GDP is still 4.5% below its peak in 2008.

This weak recovery has caused social security payments to remain elevated and tax receipts to be depressed. Consequently, the Chancellor's plan to eliminate the annual public sector borrowing deficit has been pushed back further into the future. The Monetary Policy Committee has kept Bank Rate at 0.5% throughout the period while quantitative easing was increased by £50bn to £375bn in July. In addition, in June, the Bank of England and the Government announced schemes to free up banking funds for business and consumers.

On a positive note, despite all the bad news on the economic front, the UK's sovereign debt remains one of the first ports of call for surplus cash to be invested in and gilt yields, prior to the ECB bond buying announcement in early September, were close to zero for periods out to five years and not that much higher out to ten years.

3.2 Outlook for the next six months of 2012/13

The risks in economic forecasts continue unabated from the previous treasury strategy. Concern has been escalating that the Chinese economy is heading for a hard landing, rather than a gentle slowdown, while America is hamstrung by political deadlock which prevents a positive approach to countering weak growth. Whether the recent result of the presidential election in November will remedy this deadlock is debatable but urgent action will be required early in 2013 to address the US debt position. However, on 13 September the Fed announced an aggressive stimulus programme for the economy with a third round of quantitative easing focused on boosting the stubbornly weak growth in job creation, and this time with no time limit. They also announced that it was unlikely that there would be any increase in interest rates until at least mid 2015.

Eurozone growth will remain weak as austerity programmes in various countries curtail economic recovery. A crunch situation is rapidly developing in Greece as it has failed yet again to achieve deficit reduction targets and so may require yet another (third) bail out. There is the distinct possibility that some of the northern European countries could push for the ejection of Greece from the Eurozone unless its financial prospects improve, which does not seem likely at this juncture. A financial crisis was also rapidly escalating over the situation in Spain. However, in early September the ECB announced that it would purchase unlimited amounts of shorter term bonds of Eurozone countries which have formally agreed the terms for a bailout. Importantly, this support would be subject to conditions (which have yet to be set) and include supervision from the International Monetary Fund. This resulted in a surge in confidence that the Eurozone has at last put in place the framework for adequate defences to protect the Euro. However, it remains to be seen whether the politicians in charge of Spain and Italy will accept such loss of sovereignty in the light of the verdicts that voters have delivered to the politicians in other peripheral countries which have accepted such supervision and austerity programmes. The Eurozone crisis is therefore far from being resolved as yet. The immediate aftermath of this announcement was a rise in bond yields in safe haven countries, including the UK. Nevertheless, this could prove to be as short lived as previous "solutions" to the Eurozone crisis.

The Bank of England Quarterly Inflation Report in August pushed back the timing of the return to trend growth and also lowered its inflation expectations. Nevertheless, concern remains that the Bank's forecasts of a weaker and delayed robust recovery may still prove to be over optimistic given the world headwinds the UK economy faces. Weak export markets will remain a drag on the economy and consumer expenditure will continue to be depressed due to a focus on paying down debt, negative economic sentiment and job fears. The Coalition Government, meanwhile, is likely to be hampered in promoting growth by the requirement of maintaining austerity measures to tackle the budget deficit.

The overall balance of risks is, therefore, weighted to the downside:

- We expect low growth in the UK to continue, with Bank Rate unlikely to rise in the next 24 months, coupled with a possible further extension of quantitative easing. This will keep investment returns depressed.
- The expected longer run trend for PWLB borrowing rates is for them to eventually rise, primarily due to the need for a high volume of gilt issuance in the UK and the high volume of debt issuance in other major western countries. However, the current safe haven status of the UK may continue for some time, tempering any increases in yield.
- This interest rate forecast is based on an assumption that growth starts to recover in the next three years to a near trend rate (2.5%). However, if the Eurozone debt crisis worsens as a result of one or more countries having to leave the Euro, or low growth in the UK continues longer, then Bank Rate is likely to be depressed for even longer than in this forecast.

3.3 Sector's interest rate forecast

	17.9.12 actual	Dec- 12	Mar- 13	Jun- 13	Sep- 13	Dec- 13	Mar- 14	Jun- 14	Sep- 14	Dec- 14	Mar- 15
BANK RATE	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.75	1.00
3m LIBID	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.70	0.90	1.10	1.40
6m LIBID	0.85	0.85	0.85	0.85	0.85	0.85	1.00	1.10	1.30	1.50	1.80
12m LIBID	1.30	1.30	1.30	1.30	1.40	1.50	1.70	1.90	2.10	2.30	2.60
5yr PWLB	1.89	1.50	1.50	1.50	1.60	1.70	1.80	1.90	2.00	2.10	2.30
10yr PWLB	2.91	2.50	2.50	2.50	2.60	2.70	2.80	2.90	3.00	3.20	3.30
25yr PWLB	4.15	3.70	3.70	3.70	3.80	3.80	3.90	4.00	4.10	4.20	4.30
50yr PWLB	4.32	3.90	3.90	3.90	4.00	4.00	4.10	4.20	4.30	4.40	4.50

*The above Sector forecasts for PWLB rates incorporate the introduction of the **PWLB certainty rate** in November 2012 which will reduce PWLB borrowing rates by 0.20% for most local authorities. The actual PWLB rates on 17.9.12 ought therefore to be reduced by 20bps to provide a true comparison to the forecasts.*

4 Treasury Management Strategy Statement and Annual Investment Strategy update

The Treasury Management Strategy Statement (TMSS) for 2012/13 was approved by Council on 28th February 2012.

There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.

5 The Council's Capital Position (Prudential Indicators)

This part of the report is structured to update:

- The Council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow;
- Compliance with the limits in place for borrowing activity; and
- A summary of Prudential Indicators can be found at **APPENDIX 1**.

5.1 Prudential Indicator for Capital Expenditure

This table shows the revised estimates for capital expenditure and the changes since the capital programme was agreed at the Budget.

Capital Expenditure by Service	2012/13 Original Programme £m	Budget B'fwd from 2011/12 £m	2012/13 Budget £m	Actual Spend @ Period 6 £m	2012/13 Projected Spend £m
General Fund	1.846	1.498	3.344	0.551	2.410
HRA	7.816	0.004	7.820	0.347	7.570
Total	9.662	1.502	11.164	0.898	9.980

5.2 Changes to the Financing of the Capital Programme

The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. Any borrowing element of the table increases the underlying indebtedness of the Council by way of the CFR, although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Capital Expenditure	2012/13 Estimate £m	2012/13 Revised Estimate £m
Supported	0	0
Unsupported	11.164	9.980
Total spend	11.164	9.980
Financed by:		
Capital receipts	1.088	0.591
Capital grants	1.224	1.367
Capital reserves	1.388	0.833
Revenue	7.464	7.189
Total financing	11.164	9.980
Borrowing need	0	0

5.3 Changes to the Prudential Indicators for the Capital Financing Requirement, External Debt and the Operational Boundary

The table shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period. This is termed the Operational Boundary.

5.3.1 Prudential Indicator – Capital Financing Requirement

The original forecast Capital Finance Requirement of £68.475m has changed to £69.588m. This is due to the reduced level of principal in respect of repayments received from the Icelandic Banks.

5.3.2 Prudential Indicator – External Debt / the Operational Boundary

	2012/13 Original Estimate £m	Current Position £m	2012/13 Revised Estimate £m
Prudential Indicator – CFR			
CFR – Non Housing	0.412	1.525	1.525
CFR – Housing	68.063	68.063	68.063
Total CFR	68.475	69.588	69.588
Net movement in CFR	(0.017)	(0.080)	(0.080)
Prudential Indicator – External Debt / the Operational Boundary			
Borrowing	72.268	72.268	72.268
Other long term liabilities	0	0	0
Total debt 31 March	72.268	72.268	72.268

5.4 Limits to Borrowing Activity

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Net external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2012/13 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

	2012/13 Original Estimate £m	Current Position £m	2012/13 Revised Estimate £m
Gross borrowing	65.060	65.060	65.060
Plus other long term liabilities	0	0	0
Less investments	(11.612)	(23.085)	(11.612)
Net borrowing	53.448	41.975	53.448
CFR (year end position)	68.475	69.588	69.588

The Corporate Director Resources reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator.

A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Authorised limit for external debt	2012/13 Original Indicator £m	Current Position £m	2012/13 Revised Indicator £m
Borrowing	89.112	89.112	89.112
Other long term liabilities	3.000	3.000	3.000
Total	92.112	92.112	92.112

6 Investment Portfolio 2011/12

In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As set out in Section 3, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the 0.5% Bank Rate. The continuing Euro zone sovereign debt crisis, and its potential impact on banks, prompts a low risk and short term strategy. Given this risk adverse environment, investment returns are likely to remain low.

The Council held £23.085m of investments as at 30 September 2012 (£15.699m at 31 March 2012) and the investment portfolio yield for the first six months of the year is 1.12% against a benchmark of the 3 months LIBID of 0.73%. A full list of investments held as at 30th September 2012 is in **APPENDIX 2**.

The Executive Director Corporate Services confirms that the approved limits within the Annual Investment Strategy were breached once during the first six months of 2012/13 due to a deposit payment instruction not being actioned. This resulted in the Authority exceeding the approved £2m maximum balance limit with our bankers, the Co-op, by £924k for one day.

The Council's budgeted investment return for 2012/13 is £220k, and performance for the year to date is £9k above budget.

CIPFA Benchmarking Club

The Council is a member of the CIPFA Treasury Management Benchmarking Club which is a means to assess our performance over the year against other members (38 Authorities).

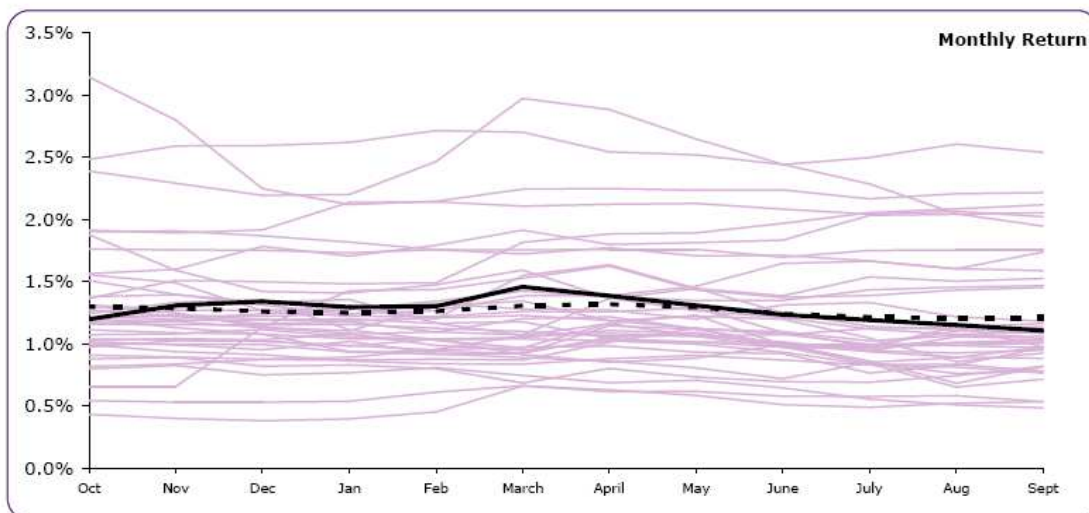
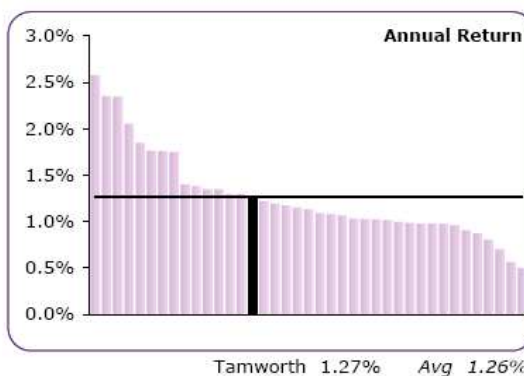
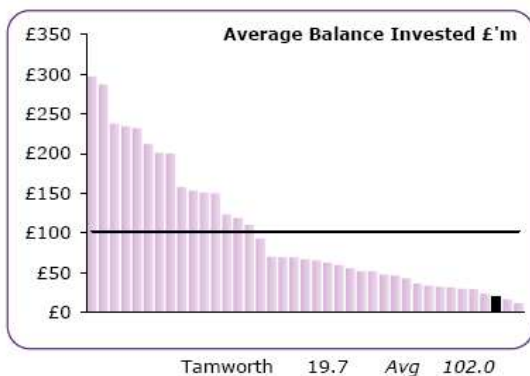
Our average return for In House Investments for the period October 2011 to September 2012 was 1.27% compared to the group average of 1.26% (information from CIPFA Benchmarking Draft Report Q2 2012/13) excluding the impaired investments in Icelandic banks. This is considered to be a good result in light of the current financial climate, our lower levels of deposits/funds and shorter investment time-lines due to Banking sector uncertainty, when compared to other Authorities.

This can be analysed further into the following categories:

Excluding Impaired Investments	Average Balance Invested £ m		Average Rates Received %	
	Tamworth Borough Council	CIPFA Benchmarking Club	Tamworth Borough Council	CIPFA Benchmarking Club
Investments < 365 days Managed in-house	10.1	42.6	1.76	1.39
Investments > 365 days Managed in-house	0	21.0	1.91	2.41
Callable & Structured Deposits	0	14.6	0	2.37
Call Accounts	4.3	23.0	0.87	0.85
Money Market Funds	5.2	19.5	0.64	0.67
DAMDF (Govt Debt Management Office)	0	3.8	0.25	0.25
CD's Gilts & Bonds	0	16.5	0	1.71
Average of All Investments Managed in-house	19.7	102.0	1.27	1.26

The data above and graphs below display that despite the Council being a small investor in the markets, performance is marginally better when compared with other members of the benchmarking club and affirms our 'low appetite for risk' in the continuing unsettled markets.

COMBINED IN-HOUSE INVESTMENTS (excluding impaired investments)



Monthly Return (Oct 11 - Sept 12)													
	Oct	Nov	Dec	Jan	Feb	March	April	May	June	July	Aug	Sept	Year
Av Bal £'m	19.00	18.21	18.23	19.08	17.12	15.16	18.08	20.18	21.93	22.11	23.04	24.07	19.69
Earned £'k	19.3	19.6	20.8	21.0	17.7	18.8	20.6	22.5	22.3	22.4	22.6	21.9	249.4
% Return	1.20%	1.31%	1.34%	1.30%	1.30%	1.46%	1.39%	1.31%	1.24%	1.19%	1.15%	1.11%	1.27%
Average	1.30%	1.29%	1.26%	1.25%	1.26%	1.31%	1.32%	1.29%	1.24%	1.22%	1.20%	1.21%	1.26%
Margin	-0.10%	0.02%	0.08%	0.04%	0.04%	0.15%	0.07%	0.02%	-0.01%	-0.02%	-0.05%	-0.11%	

Investment Counterparty criteria

The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the Treasury Management function.

7 Borrowing

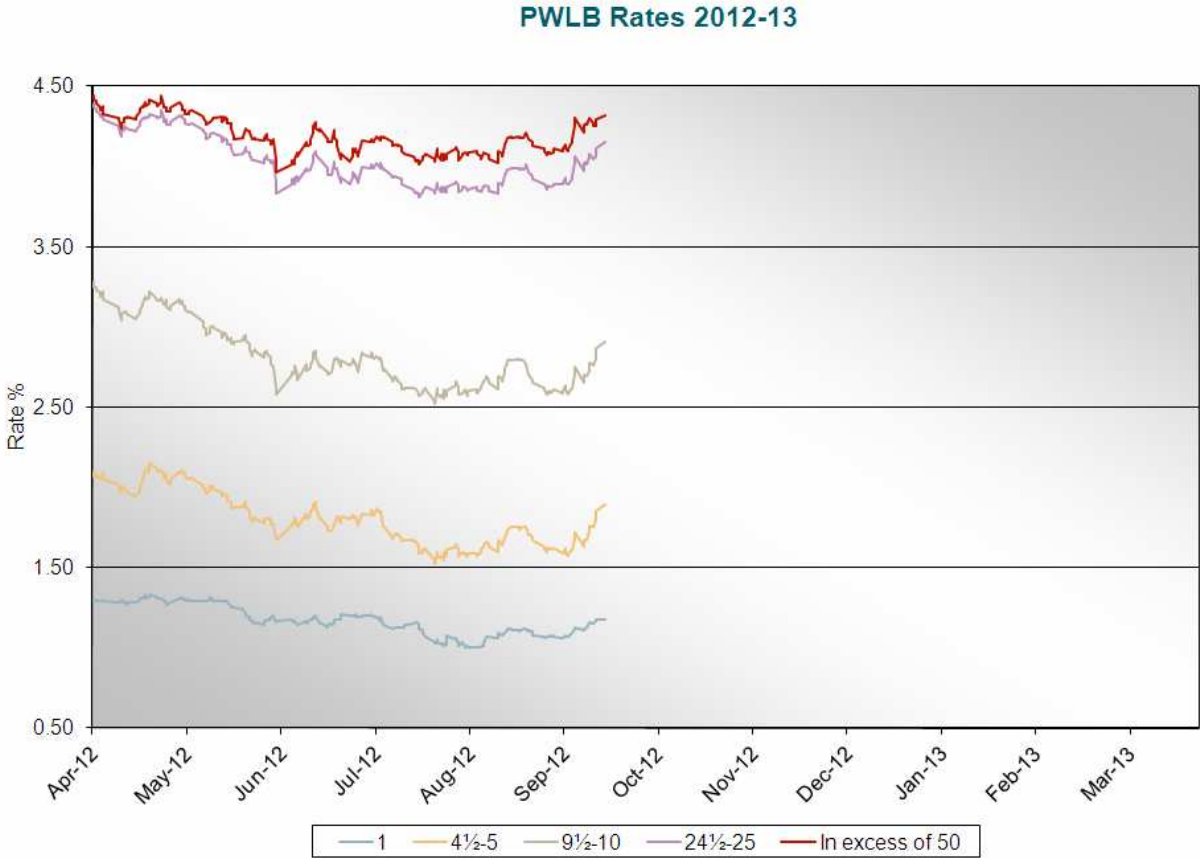
The Council's capital financing requirement (CFR) for 2012/13 is £69.588m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. Table 5.4 shows the Council has borrowings of £65.060m and has utilised £4.528m of cash flow funds in lieu of borrowing. This is a prudent and cost effective approach in the current economic climate.

No new external borrowing was undertaken from the PWLB or the money markets in the first half of the year.

As outlined below, the general trend has been a reduction in interest rates during the six months, across all maturity bands.

It is anticipated that further borrowing will not be undertaken during this financial year.

The graph and table below show the movement in PWLB rates for the first six months of the year (to 10.9.12):



	1	1-1.5	2.5-3	3.5-4	4.5-5	9.5-10	24.5-25	49.5-50	GBR 1mth
High	1.330%	1.400%	1.690%	1.910%	2.150%	3.250%	4.370%	4.430%	1.500%
Dates	20/04/2012	20/04/2012	20/04/2012	20/04/2012	20/04/2012	02/04/2012	02/04/2012	24/04/2012	18/04/2012
Low	1.000%	1.030%	1.170%	1.320%	1.520%	2.520%	3.810%	3.960%	1.450%
Dates	02/08/2012	02/08/2012	23/07/2012	23/07/2012	23/07/2012	23/07/2012	18/07/2012	01/06/2012	01/08/2012
Average	1.171%	1.211%	1.410%	1.592%	1.801%	2.816%	4.032%	4.190%	1.478%
Spread	0.330%	0.370%	0.520%	0.590%	0.630%	0.730%	0.560%	0.470%	0.050%

8 Debt Rescheduling

Debt rescheduling opportunities have been limited in the current economic climate and consequent structure of interest rates. No debt rescheduling was undertaken during the first six months of 2012/13.

9 Icelandic Banks Update

Appendix 3 contains details of the situation with Icelandic investments as at 30th September 2012.

Expectations of future receipts and timeframes based on current information regarding each bank are given below;

- Glitnir

On 15th March 2012, the Council received £2.554m being the majority of our deposits with the bank, the balance of our approved claim, equating to £587k, is being held in an ESCROW account in Iceland. The release of these funds is dependent on a change in Icelandic Law which currently does not allow the distribution of ISK outside the country. Interest will accrue on these funds until the date of final settlement which is still unknown.

- Heritable

As at the end of September the Council had received £1.122m against our claim of £1.505m. Current estimates given by the Administrator project a total recovery of 85% or approximately £1.3m.

- Kaupthing, Singer and Friedlander

As at the end of September the Council had received £2.318m against our claim of £3.175m. Current estimates given by the Administrator project a total recovery of between 84% to 86.5% or approximately £2.7m with the majority of repayments being received by April 2013.

REPORT AUTHOR

Please contact Phil Thomas Financial Accountant extension 239

LIST OF BACKGROUND PAPERS

Background Papers:-	Local Government Act 2003
	CIPFA Code of Practice on Treasury Management in Public Services 2011
	Treasury Management Strategy & Prudential Indicators Report 2012/13
	Budget & Medium Term Financial Strategy 2012/13
	Financial Healthcheck Period 6, September 2012
	CIPFA Treasury Management Benchmarking Club Report Quarter 2 September 2012

APPENDICES

APPENDIX 1 – Prudential Indicators

APPENDIX 2 – Current Investments

APPENDIX 3 – Icelandic Banking Situation

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PRUDENTIAL INDICATORS	2011/12	2012/13	2012/13	2013/14	2014/15
Extract from budget and rent setting report	Actual	Original Estimate	Revised Estimate	Estimate*	Estimate*
	£m	£m	£m	£m	£m
Capital Expenditure					
Non - HRA	0.627	3.145	2.410	2.944	0.521
HRA	49.206	7.816	7.570	7.550	7.739
TOTAL	49.833	10.961	9.980	10.494	8.260
Ratio of financing costs to net revenue stream	%	%	%	%	%
Non - HRA	21.94	(2.15)	(2.15)	(3.12)	(3.60)
HRA	(3.48)	15.88	15.88	14.27	13.83
Net borrowing requirement	£m	£m	£m	£m	£m
brought forward 1 April	7.399	47.850	40.451	49.365	54.493
carried forward 31 March	47.850	53.928	49.365	54.493	55.996
in year borrowing requirement	40.451	6.078	8.914	5.128	1.503
Capital Financing Requirement as at 31 March	£m	£m	£m	£m	£m
Non – HRA	1.606	0.412	1.525	0.396	0.380
HRA	68.063	68.063	68.063	68.063	68.063
TOTAL	69.669	68.475	69.588	68.459	68.443
Annual change in Capital Financing Requirement	£m	£m	£m	£m	£m
Non – HRA	(2.227)	(0.017)	(0.080)	(0.016)	(0.016)
HRA	44.668	0	0	0	0
TOTAL	42.441	(0.017)	(0.080)	(0.016)	(0.016)
Incremental impact of capital investment decisions	£ : p	£ : p	£ : p	£ : p	£ : p
Increase in Council tax (band D)	1.04	0.28	0.28	0.52	0.26
Increase in average housing rent per week	0.07	0.08	0.08	0.13	0.12

* Original estimates from 2012/13 TMS

TREASURY MANAGEMENT INDICATORS	2011/12	2012/13	2012/13	2013/14	2014/15
	Actual	Original Estimate	Revised Estimate	Estimate*	Estimate*
	£m	£m	£m	£m	£m
Authorised Limit for external debt -					
borrowing	83.600	89.112	89.112	89.112	89.112
other long term liabilities	3.000	3.000	3.000	3.000	3.000
TOTAL	86.600	92.112	92.112	92.112	92.112
Operational Boundary for external debt -					
borrowing	72.750	72.268	72.268	72.268	72.268
other long term liabilities	-	-	-	-	-
TOTAL	72.750	72.268	72.268	72.268	72.268
Actual external debt	65.060	-	-	-	-
Upper limit for fixed interest rate exposure					
Net principal re fixed rate borrowing / investments	14.570	58.000	58.000	58.000	58.000
Upper limit for variable rate exposure					
Net principal re variable rate borrowing / investments	2.737	7.000	7.000	7.000	7.000
Upper limit for total principal sums invested for over 364 days	3.500	3.000	3.000	2.500	2.000
(per maturity date)					

Maturity structure of fixed rate borrowing during 2011/12	upper limit	lower limit
under 12 months	20%	0%
12 months and within 24 months	20%	0%
24 months and within 5 years	25%	0%
5 years and within 10 years	75%	0%
10 years and above	100%	0%

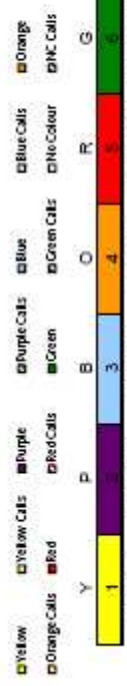
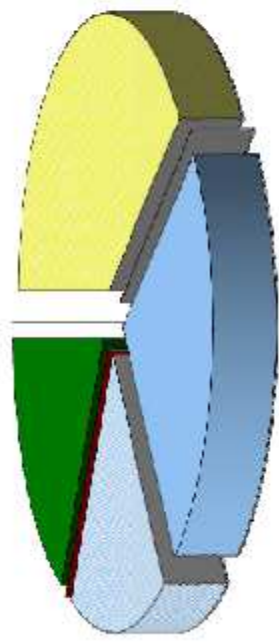
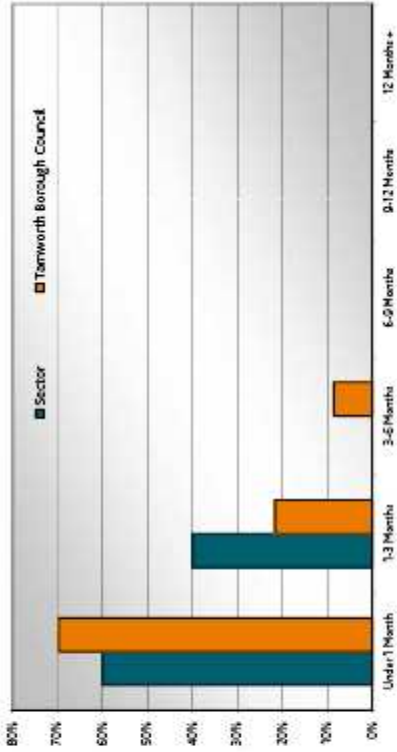
* Original estimates from 2012/13 TMS

Current Investment List 30th September 2012

Current Investment List

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Current Long Term Rating	Historic Risk of Default
National Westminster Bank Plc	1,999,000	0.80%		Call	A-	0.000%
Deutsche MMF	4,000,000	0.45%		MMF	AAA	0.000%
Ignis MMF	4,000,000	0.60%		MMF	AAA	0.000%
CCLA MMF	1,066,000	0.48%		MMF	AAA	0.000%
Barclays Bank Plc	2,000,000	0.82%	02/07/2012	01/10/2012	A	0.000%
Lloyds TSB Bank Plc	1,000,000	2.10%	05/10/2011	03/10/2012	A	0.001%
National Westminster Bank Plc	2,000,001	0.95%		Call30	A-	0.008%
Lloyds TSB Bank Plc	2,000,000	2.15%	04/11/2011	02/11/2012	A	0.008%
Lloyds TSB Bank Plc	1,000,000	2.25%	14/11/2011	12/11/2012	A	0.011%
Barclays Bank Plc	1,000,000	0.65%	15/08/2012	15/11/2012	A	0.012%
Barclays Bank Plc	1,000,000	0.59%	14/09/2012	14/12/2012	A	0.019%
Bank of Scotland Plc	2,000,000	3.10%	06/03/2012	13/02/2013	A	0.035%
Borrower - Icelandic Exposure	Principal (£)	Interest Rate	Start Date	Maturity Date		
Glitnir	209,664	6.28%	10/10/2007	09/10/2008		
Glitnir	209,664	6.55%	31/08/2007	28/08/2009		
Singer & Friedlander	270,000	6.69%	31/08/2007	09/08/2010		
Singer & Friedlander	270,000	6.16%	31/10/2007	29/10/2008		
Singer & Friedlander	270,000	5.90%	14/01/2008	14/01/2010		
Glitnir	209,664	6.16%	14/12/2007	12/12/2008		
Heritable Bank	127,190	5.38%	12/09/2008	13/10/2008		
Heritable Bank	254,379	5.45%	15/09/2008	22/10/2008		
Total Investments - Icelandic Exposure Only	£1,820,560	6.11%				
Total Investments	£23,085,001	1.12%				0.006%

Portfolio Composition by Sector's Suggested Lending Criteria



Portfolios weighted average risk number = 2.7

WAROR = Weighted Average Rate of Return
WAM = Weighted Average Time to Maturity

	% of Portfolio	Amount	% of Colour		Amount of Colour in Calls	WAROR	WAM		WAROR	WAM	Excluding Calls/MMFs	
			In Calls	In Portfolio			WAM at Execution	WAM			WAM at Execution	WAM
Yellow	39.36%	£9,065,000	100.00%	39.36%	£9,065,000	0.52%	0	0	0.52%	0	0	0
Purple	0.00%	£0	0.00%	0.00%	£0	0.00%	0	0	0.00%	0	0	0
Blue	43.31%	£9,899,001	39.99%	17.32%	£3,999,001	1.84%	44	220	64	64	357	0
Orange	0.00%	£0	0.00%	0.00%	£0	0.00%	0	0	0	0	0	0
Red	0.00%	£0	0.00%	0.00%	£0	0.00%	0	0	0	0	0	0
Green	17.33%	£4,000,000	0.00%	0.00%	£0	0.72%	31	91	91	91	91	0
No Colour	0.00%	£0	0.00%	0.00%	£0	0.00%	0	0	0	0	0	0
TOTAL	100.00%	£23,065,001	56.68%	1.12%	£13,065,001	1.12%	25	111	51	51	251	0

ICELANDIC BANKING SITUATION (30/09/2012)

	Deposit with;	Ref Number	Date Invested	Amount	%
1	GLITNIR	1696	10/10/2007	1,000,000	
	GLITNIR	1715	31/08/2007	1,000,000	
	GLITNIR	1754	14/12/2007	1,000,000	
	Total Principal			3,000,000	
	Estimated of Contractual or Interest due to point of administration (subject to currency exchange rate fluctuations)			140,911	
	Total of Claim			3,140,911	
	Repayments Received to date			(2,554,432)	81.33
	Outstanding at 30/09/2012			586,479	**

*Partial repayment received on the 15th March 2012 in GBP/EUR/USD/NOK. The balance is currently being held in Icelandic Krone (ISK). Release of these funds is dependent on a change in Icelandic Law which currently does not allow the distribution of ISK outside the country. **Interest will accrue on these funds until the date of final settlement and may also change due to exchange rate fluctuations.

- Best case recovery 100%

2	Heritable Bank	1802	12/09/2008	500,000	
	Heritable Bank	1803	15/09/2008	1,000,000	
	Total Principal			1,500,000	
	Interest due at point of administration 07/10/2008			5,127	
	Total of Claim			1,505,127	
	Repayments Received to date			(1,122,254)	74.56
	Outstanding at 30/09/2012			382,874	

- Current indications project an 85% recovery of our investments

3	Singer & Friedlander	1716	31/08/2007	1,000,000	
	Singer & Friedlander	1740	31/10/2007	1,000,000	
	Singer & Friedlander	1746	14/01/2008	1,000,000	
	Total Principal			3,000,000	
	Interest due at point of administration 08/10/2008			175,256	
	Total of Claim			3,175,256	
	Repayments Received to date			(2,317,937)	73.00
	Outstanding at 30/09/2012			857,319	

- Current indications project an 84 to 86.5% recovery of our investments

Summary					
	Total Principal			7,500,000	
	Interest			321,294	
	Total of Claim			7,821,294	
	Repayments Received to date			(5,994,623)	76.64
	Outstanding at 30/09/2012			1,826,672	

1 Registered Bank in Iceland - In Administration under Icelandic Law

2 Registered Bank in UK - In Administration in UK by Ernst & Young Under English Law

3 Registered Bank in UK - In Administration in UK by Ernst & Young Under English Law

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REPORT OF THE PORTFOLIO HOLDER FOR CORE SERVICES & ASSETS

WRITE OFFS 01/4/2012 – 30/9/2012

EXEMPT INFORMATION

Not exempt.

PURPOSE

To provide members with details of write offs from 01 April 2012 to 30 September 2012.

RECOMMENDATIONS

That members endorse the amount of debt written off.

EXECUTIVE SUMMARY

The Heads of Service are responsible for the regular review of debts and consider the need for write off and authorise where necessary appropriate write offs in line with the Corporate Credit Policy. This report shows the position for the current financial year. Further updates will continue to be produced on a quarterly basis.

Type	01/04/12-30/09/12
Council Tax	(£326.48)
Business Rates	£99,734.78
Sundry Income	£2,043.64
Housing Benefit Overpayments	£42,103.19

RESOURCE IMPLICATIONS

There are no new financial implications arising from this report. As the write offs detailed have already been approved in line with the Corporate Credit Policy/Financial regulations and have been reported to members where appropriate.

Members should note that NNDR write offs are funded by amending the Council's contribution to the Non Domestic Rating Pool.

LEGAL/RISK IMPLICATIONS BACKGROUND

Not applicable.

SUSTAINABILITY IMPLICATIONS

Not applicable.

BACKGROUND INFORMATION

This forms part of the Council's Corporate Credit Policy and effective management of debt.

The Council is committed to ensuring that debt write offs are kept to a minimum by taking all reasonable steps to collect monies due. There will be situations where the debt recovery process fails to recover some or all of the debt and will need to be considered for write off in accordance with the schemes of delegation prescribed in the Corporate Credit Policy.

The Council views such cases very much as exceptions. Before writing off debt, the Council will satisfy itself that all reasonable steps have been taken to collect it and that no further recovery action is possible or practicable. It will take into account the age, size and types of debt together with any factors that it feels are relevant to the individual case.

Debt Write Off

Authorisations are needed to write off debt:

Authority	Account Value
Chief Officer (or authorised delegated officer)	up to £5,000
Executive Director Corporate Services	£5,001 - £10,000
Cabinet	over £10,000

These limits apply to each transaction.

Bad Debt Provision

The level of the provision must be reviewed jointly by the unit and Accountancy on at least a quarterly basis as part of the management performance review, and the table below gives the mandatory calculation.

Where the debt is less than 6 months old it will be written back to the service unit.

Debt Outstanding	Provision (net of VAT)
Between 6 and 12 months old	50%
Between 12 and 24 months old	75%
Over 24 months old	100%

The financial effects of providing for Bad Debts will be reflected in the Council's accounts at Service Unit level.

REPORT AUTHOR

Michael Buckland, Head of Revenues, tel. 709523
Email michael-buckland@tamworth.gov.uk

LIST OF BACKGROUND PAPERS

Corporate Credit Policy- effective management of debt.

APPENDICES

Appendices A to D give details of write offs completed for the Revenues and Benefits Service.

Appendix A- Council Tax

Summary of Council Tax Write Offs 01/04/2012-30/09/2012

Date of Write Off	£0.00-£75.00	£75.01-£500.00	£500.01-£1,000.00	£1,000.01-£5,000	£5,000.01-£10,000.00	Executive Director Corporate Services (£5,000.01-£10,000.00)	£10,000.01 and Over	Remitted	Credit Write Off	Reversed Write Off	Total	No. of Accounts (Write Off Only)	Reason(s)
15/08/2012										(£16.49)	(£16.49)		Partial reversal- band change
Q2 Totals	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	(£16.49)	(£16.49)	0	
Q1 Totals (B/F)	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	(£154.11)	(£155.88)	(£309.99)	0	
Overall Total	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	(£154.11)	(£172.37)	(£326.48)	0	

Appendix B- Business Rates

Summary of NNDR Write Offs 01/04/2012-30/09/2012

Date of Write Off	Director of Finance (£0.00-£75.00) (£75.01-£500.00) (£500.01-£1,000.00) (£1,000.01-£5,000.00)	Executive Director Corporate Services (£5,000.01-£10,000.00)	(£10,000.01 and Over)	Remitted	Credit Write Off	Reversed Write Off	Total	No. of Accounts (Write Off Only)	Reason(s)
24/07/2012						(£12.87)	(£12.87)		Reversals- payments received
18/09/2012						(£50.57)	(£50.57)		Reversal- RV change
21/09/2012	£513.10	£2,912.62					£513.10 £2,912.62	2	Insolvent/ statute barred
21/09/2012		£25,337.39					£25,337.39	10	Insolvent/ uneconomic to collect/ absconded/ statute barred
Q2 Totals	£0.00	£513.10	£2,912.62	£25,337.39	£0.00	(£63.44)	£28,599.67	16	

Q1 Totals (B/F) £98.33 £3,259.63 £6,947.19 £60,729.96 £0.00 £0.00 £0.00 £71,035.11 44

Overall Total £98.33 £3,772.73 £9,859.81 £86,067.35 £0.00 £0.00 £(63.44) £99,734.78 60

Appendix C- Sundry Income

Summary of Sundry Income Write Offs 01/04/2012-30/09/2012

Date of Write Off	Director of Assets & Environment (£0.00-£999.99) (£1,000.00-£5,000.00)	Director of Finance (up to £5,000.00)	Director Communities, Planning & Partnerships (up to £5,000.00)	Director Housing & Health (up to £5,000.00)	Executive Director Corporate Services (£5,000.01-£10,000.00)	Cabinet (£10,000.01 +)	Total	No. of Accounts	Reason(s)
22/08/2012				£2,043.64			£2,043.64	7	Deceased/ absconded/ uneconomic to collect
Q2 Totals	£0.00	£0.00	£0.00	£2,043.64	£0.00	£0.00	£2,043.64	7	
Q1 Totals (B/F)	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	0	
Overall Total	£0.00	£0.00	£0.00	£2,043.64	£0.00	£0.00	£2,043.64	7	

Appendix D- Housing Benefit Overpayments

Summary of Benefit Overpayment Write Offs 01/04/2012-30/09/2012

Date of Write Off	(£0.00-£75.00) (£75.01-£500.00)	Head of Benefits (£500.01-£1,000.00)	(£1,000.01-£2,000.00)	Executive Director Corporate Services (£2,000.01-£10,000.00)	Cabinet (£10,000.01 and Over)	Total	No. of Accounts	Reason(s)
31.07.2012	£157.47	£167.71				£325.18	4	less than 2 wks rent due to death
"	£124.68	£389.95				£514.63	4	not financially viable
"	£40.00					£40.00	1	court costs
"	£6.04					£6.04	1	customer deceased
"	£5.02					£5.02	1	debt <£35
"	£76.74					£76.74	31	uneconomical to pursue
"	£162.66	£319.47	£635.20	£3,297.34		£5,943.23	10	Departmental error
"		£253.11				£253.11	1	statute bairred
"		£195.89				£195.89	2	absconded debtor
31.08.2012	£46.06					£46.06	1	absconded debtor
"	£31.52					£31.52	17	uneconomical to pursue
"		£83.58				£83.58	1	less than 2 wks rent due to death
"	£120.59	£272.36				£392.95	5	Departmental error
30.09.2012	£57.37					£57.37	3	debt <£35
"	£145.00					£145.00	4	court costs
"	£25.73					£25.73	17	uneconomical to pursue
"	£242.90	£98.91	£1,665.46	£2,248.57		£5,705.53	8	Departmental error
"		£152.79				£152.79	2	less than 2 wks rent due to death
"		£212.58				£5,731.78	2	bankrupt
"		£448.27		£5,519.20		£448.27	3	not financially viable
"		£277.81				£277.81	2	absconded debtor
Q2 Totals	£1,241.78	£2,872.43	£2,300.66	£11,065.11	£0.00	£20,458.23	120	
Q1 Totals (B/F)	£1,361.70	£6,347.40	£5,554.65	£6,124.60	£0.00	£21,644.96	153	
Overall Total	£2,603.48	£9,219.83	£7,855.31	£17,189.71	£0.00	£42,103.19	273	

28th November 2012

REPORT OF THE LEADER OF THE COUNCIL

DRAFT BASE BUDGET FORECASTS 2013/14 to 2017/18

Purpose

To inform Members of the re-priced base budget for 2013/14, base budget forecasts for the period 2013/14 to 2017/18 (the 5 year Medium Term Planning period) and the underlying assumptions and to consider the future strategy to address the financial trends.

Recommendations**That:**

- 1. the technical adjustments and re-priced base budget figures for 2013/14 & indicative budgets to 2017/18 be approved (as attached at Appendix B, C, D, E, F & G);**
- 2. Consideration be given to the proposed policy changes, as detailed within the report;**
- 3. As required by the Constitution of the Council, the Joint Scrutiny Budget Workshop be asked to consider the budget proposals contained within this report.**

Executive Summary

The following detailed budget information is contained within the report:

- Re-priced base budget information (& the associated technical adjustments) for 2013/14 in respect of the General Fund (GF) and Housing Revenue Account (HRA);
- A five year, medium term financial forecast for the General Fund and Housing Revenue Account;
- The associated strategy to address the financial trends & projection;
- At this stage the Provisional Capital Programmes for the General Fund and Housing Revenue Account as contained within the 2011/12 – 2014/15 Budget & Medium Term Financial Strategy (MTFS) are under review. Proposals, once finalised, will be reported to Cabinet for consideration.

The medium term financial planning process is being challenged by the economic downturn / recession. The attached forecast is based on a 5 year period, but does

contain a number of uncertainties. The grant reductions will put significant pressure on the ability of the Council to publish a balanced 5 year MTFs – it may have to be a 3 or 4 year MTFs.

As raised at the Executive Management Team Away Day, the key uncertainties which will inform further budget considerations before the final budget proposals are developed are:

- a) Future Revenue Support Grant levels including the impact from the proposals to localise business rates and future support through New Homes Bonus grant;
- b) Proposed changes set out in the Welfare Reform Bill and the introduction of Universal Credit – impact on housing and council tax benefits (including support for council tax benefits) and associated income receipts of the council;
- c) The impact of any further uncertainty over future interest rate levels and their impact on investment income / treasury management;
- d) The severity of the recession and the impact it has had and still could have on the Council's income streams;
- e) While the Government announced a pay cap for 2013/14 & 2014/15, the impact of inflation on pay settlements and other contractual arrangements for future years is less certain;
- f) Finalisation of the expected outcomes and impact on the Council's financial position from the programme of short-term and long-term workstream reviews commissioned by Cabinet to identify measures to help the Council cope with grant & income reductions in the coming years;
- g) Review and finalisation of the revised budgets/policy changes and feedback from the Scrutiny process.

Resource Implications

The detailed financial & budgetary implications are outlined in detail within the report, however:

- The current forecast projects a General Fund (GF) shortfall of £5m over the next 5 years (£0.7m over 3 years), including the minimum approved level of £0.5m – assuming annual council tax increases of 2.5% p.a. (in line with the approved Medium Term Financial Strategy but above the 2% cap set by the Department for Communities & Local Government -DCLG);
- The current forecast projects a Housing Revenue Account (HRA) surplus of £2.2m over the next 5 years (surplus of £1.2m over 3 years) including the minimum recommended balances of £0.5m with a forecast regeneration reserve of £6.5m over 5 years.
- As part of the base budget review, and resulting from the economic conditions in times of austerity, a 'zero-based budgeting' approach has been used to assess income levels for future years - and in addition to those identified in last years

exercise - to ensure that income targets are realistic & achievable. The main reductions in income levels, of approx. £101k p.a. for GF, as identified by budget managers are detailed at **Appendix H**;

Key issues arising from the base budget review are detailed within the report and summarised below:

- a) Impact of Committee decisions on the 2012/13 budget – a GF net cost reduction of £220k;
- b) Budget issues 2012/13:
 - A reduction in car park income of £40k (£52k income less cost savings);
 - Industrial & Commercial property - a projected shortfall in our rental income of £54k (£63k income less cost savings);
 - Reduced Joint Waste Arrangement costs - £137k.
- c) Base Budget review:
 - Benefits Estimate & Provision for Bad Debts – additional cost of £104k;
 - Reduced Fees & Charges income - cost of £79k;
 - Reduced Car Park Income - cost of £52k;
 - Corporate Finance Audit Fee saving - £29k;
 - Treasury Management – saving £58k;
 - Joint Waste Arrangement - saving of £69k

Legal / Risk Implications

The Council's constitution requires Cabinet publish initial proposals for the budget, having first canvassed the views of local stakeholders as appropriate - budget proposals will be referred to the Joint Scrutiny Committee (Budget) for further advice and consideration.

In line with the constitution a Joint Scrutiny Budget Workshop has been arranged for 4th December 2012.

In order to allow Scrutiny Committees to respond to the Cabinet on the outcome of their deliberations, a meeting of the Scrutiny Committee (Budget) has been arranged for 22nd January 2013.

Proposed amendments to the 2012/13 base budget, approved by Council on 28th February 2012, are detailed within the report.

Risks to Forecasts:

Risk	Control Measure
Major variances to the level of grant / subsidy from the Government and localisation of Business Rate income;	Sensitivity modelling undertaken to assess the potential impact in the estimation of future grant levels;
Potential 'capping' of council tax increases by the Government or local Council tax Veto / referendum;	Council tax models for consideration are included within this report;
The achievement of substantial savings / efficiencies will be needed to ensure sufficient resources will be available to deliver the Council's objectives through the 5 year budget.	A robust & critical review of savings proposals will be required / undertaken before inclusion within the forecast;

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

Background Papers:-	Budget & Medium Term Financial Strategy 2012/13 – 2015/16, Council 28 th February 2012
	Budget and Medium Term Financial Planning Process, Cabinet 26 th September 2012
	Budget Consultation Report, Cabinet 17 th October 2012

Base Budget Forecast 2013/14 to 2017/18

Revisions have been made to the 2012/13 base budget in order to produce an adjusted base for 2013/14 and forecast base for 2014/15 onwards.

General Fund Revenue

Forecast – When the budget for 2012/13, and indicative budgets for 2013/14 to 2015/16, were approved by Council in February 2012 it was anticipated that balances would remain above the minimum approved level of £500k for the 4 year period.

However, a number of issues have now arisen & will need to be considered:

Budget Issues 2012/13

Significant items currently identified relating to overspends/under achievement of income are,

- ICT - £44k. Salaries £28k overspend due to shortfall in salaries budgetary funding. External Service Provision £21k, income budget increased this year in expectation of additional income from shared service provision, which is now unlikely to be received.
- Outside Car Parks - £40k. Under achievement of income based on current usage, 12.5% reduction in occupancy levels compared to last years figures, which would appear to be in line with national trends.
- Industrial Properties - £34k. Under achievement of income based on current level of occupation.
- Public Spaces - £27k. Salaries £15k overspend due to shortfall in salaries budgetary funding. £13k additional costs due to Diamond Jubilee & Olympic celebrations.
- Commercial Property Management - £20k. Under recovery of rental income based on current level of occupation.
- Tree Maintenance - £18k. Increase in costs of vehicle hire; Reduced income from Housing through a combination of factors leading to some works having to be externalised and significant increase in insurance claims requiring external support.

The main significant items mitigating the financial impact of the above and contributing to the period position:

- Joint Waste Arrangement - £137k. Contract fees estimated figure based on latest position available from Lichfield District Council.
- Corporate Finance - £95k. £50k Vacancy allowance offsetting overspends on various salaries budgets due to budgetary funding shortfall. IFRS Contingency £5k and Staffordshire Hoard £20k, budget offered up. Audit Fee £20k expected under spend on move to Grant Thornton.

- Benefits - £65k. Estimated over recovery based on claimant activity recorded in the DWP claim as at the end of September.
- Treasury Management - £56k. Under spend of £122k due to additional borrowing not being taken, partly netted off as £58k will no longer be charged to the HRA. Overspend of £14k Interest Payable to HRA due to change in to interest calculation due to HRA reform and £11k MRP due to changes in Icelandic repayments. Over recovery of £19k interest.
- Environmental Health - £29k. Under spend due to two vacant posts; part of budget is being used to pay for consultants and sickness cover.
- Amington Depot - £23k. Vacant post for Gateman, future of this is still under discussion.
- PR and Consultation - £20k. Under spends on External Communication £5k and Advertising £5k. £10k budget not required for Sector Research.

Issues for the Medium Term

- The current forecast projects a General Fund (GF) shortfall of £5m over the next 5 years (£0.7m over 3 years), including the minimum approved level of £0.5m – assuming council tax increases of 2.5% p.a. (in line with the approved Medium Term Financial Strategy but above the 2% cap set by the DCLG);
- As part of the base budget review a ‘zero-based budgeting’ approach has been used to assess income levels for future years – to ensure that income targets are realistic & achievable. The main reductions in income levels, of approx. £101k p.a. for GF, as identified by budget managers are detailed at **Appendix H**;

Implications & Options

It is currently estimated that further savings of around £1m per annum will be required over the next 5 years (based on annual 2.0% increases in Council tax - compared to 2.5% contained within the approved 4-year Medium Term Forecast).

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

Decisions on future funding of growth & other items will need to be made with reference to the Council’s corporate priorities together with the feedback & issues raised by the budget consultation exercise.

There is a need to consider how the limited resources can be ‘prioritised’ amongst the growth & other proposals/bids (& whether service improvements in a priority area should be met from service reductions elsewhere).

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

Housing Revenue Account

Forecast – When the budget for 2012/13, and indicative budgets for 2013/14 to 2015/16, were approved by Council in February 2012 it was anticipated that balances would remain above the minimum approved level of £500k for the 4 year period, with significant planned contributions to a regeneration reserve.

Budget Issues 2012/13

Significant items currently identified relating to overspends/under achievement of income are,

- Garage Rents - £73k. Rental income shortfall due to the continuing increase in voids. A number of garage sites are currently being considered for re-development for social housing.

Significant items mitigating the financial impact of the above and contributing to the predicted out-turn position,

- Contribution to Repairs Account - £900k. Under spend due in part to a reduced repairing obligation under the repairs policy, competitive procurement and reduced SOR costs, improved links between response and planned works – together with ongoing robust management of new contract arrangements.
- Rents - £130k Projected outturn over recovery against budget partly due a quicker turnaround of void properties reducing overall void levels.
- Item 8 Debit - £58k. Under spend due to additional borrowing not being taken.
- General Business Support - £22k. £19k Audit fee 40% reduction in costs expected. £11k Salaries as post holder on secondment offset by £21k payments for temporary staff.
- Sheltered Housing General – £20k. Under spend identified to offset shortfall in income at Sheltered schemes due to cut in Supporting People funding

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

- the future capital investment needs of the housing stock;
- finalisation of the costs / income associated with the potential regeneration / redevelopment proposals.

Base Budget Review

- Reduced Income from Garage rents - cost of £116k;
- Increased dwelling rental income - £658k
- Treasury Management – saving £54k;
- Reduced contingency budget - £100k.

Detailed Considerations

Base Budget Forecasts 2013/14 to 2017/18

Revisions have been made to the 2012/13 base budget in order to produce an adjusted base for 2013/14 and forecast base for 2014/15 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;
- The 'Zero base budgeting' review of income levels.

General Fund – Technical Adjustments Summary

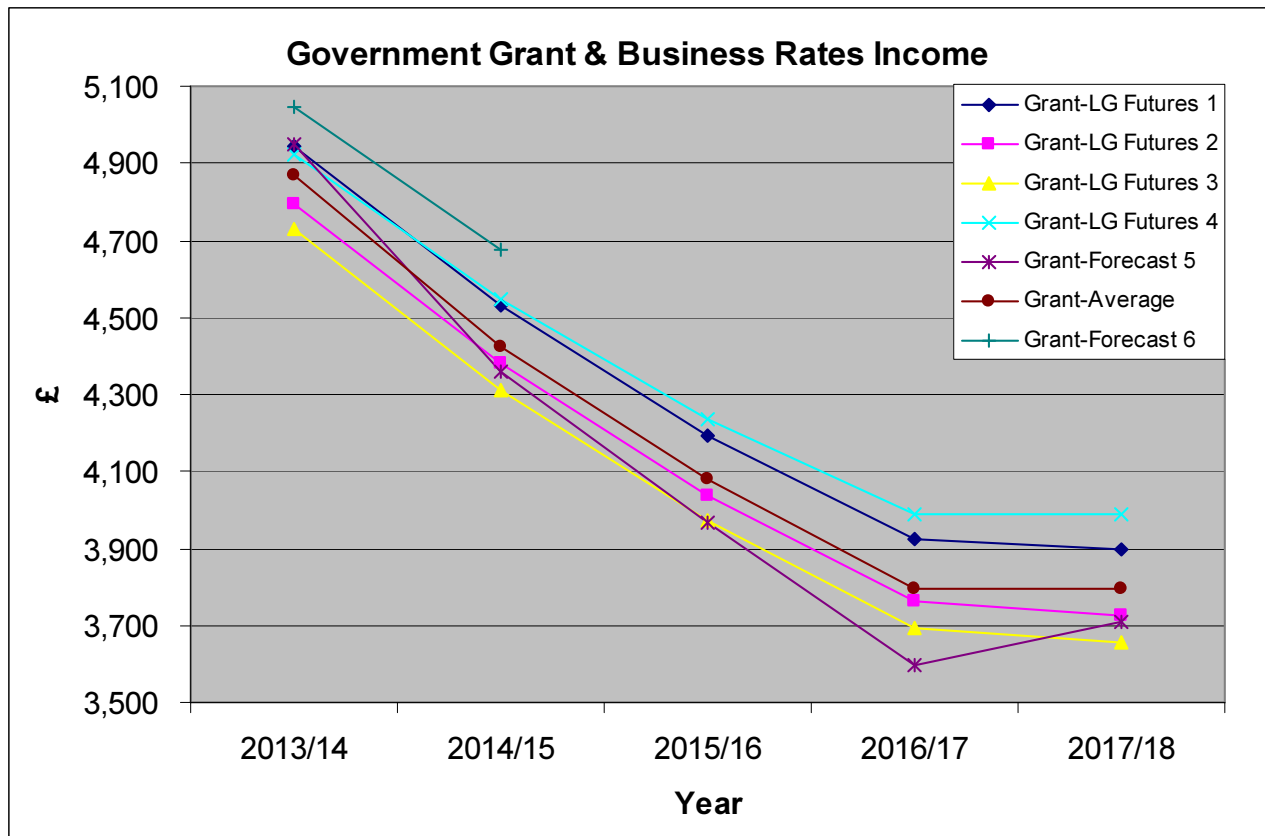
Technical Adjustments	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Base Budget B/Fwd	8,898	8,957	8,917	9,171	9,323
Committee Decisions	(220)	(209)	30	(58)	0
Inflation	23	28	42	43	44
Other	182	43	(48)	(55)	(131)
Pay Adjustments (Including pay award / reduction of 5% for vacancy allowance)	145	98	230	222	218
Revised charges for non-general fund activities	(71)	0	0	0	0
Virements	0	0	0	0	0
Total / Revised Base Budget	8,957	8,917	9,171	9,323	9,454

The technical adjustments are shown in detail at **Appendix B** with a summary by Directorate at **Appendix D**. The key assumptions made during the exercise are summarised at **Appendix A**.

Future Revenue Support Grant & Business Rate income

Given the current economic climate and further anticipated reductions in Central Government grant support together with the uncertainty around the introduction of the Business Rate Retention scheme from 2013/14, detailed modelling has been carried out in consultation with other Local Councils and with the support of LG Futures – who have also provided detailed estimates of the potential impact of further austerity cuts in Local Government funding.

The following details a summary of the likely impact on the financing of the Councils net budget:



Government Grant / Retained Business Rates

Retained income	2013/14	2014/15	2015/16	2016/17	2017/18	Forecast
	£'000	£'000	£'000	£'000	£'000	
Grant-LG Futures 1	4,943	4,530	4,195	3,925	3,895	
Grant-LG Futures 2	4,795	4,378	4,039	3,763	3,727	
Grant-LG Futures 3	4,730	4,311	3,971	3,692	3,654	Worse
Grant-LG Futures 4	4,921	4,547	4,236	3,991	3,988	Best
Grant-Forecast 5	4,952	4,362	3,969	3,597	3,711	
Grant-Average	4,868	4,426	4,082	3,794	3,795	Central
Grant-Forecast 6	5,048	4,676				

Percentage change	2013/14	2014/15	2015/16	2016/17	2017/18	Forecast
	£'000	£'000	£'000	£'000	£'000	
Grant-LG Futures 1		-8.36%	-7.40%	-6.44%	-0.76%	
Grant-LG Futures 2		-8.70%	-7.74%	-6.83%	-0.96%	
Grant-LG Futures 3		-8.86%	-7.89%	-7.03%	-1.03%	Worse
Grant-LG Futures 4		-7.60%	-6.84%	-5.78%	-0.08%	Best
Grant-Forecast 5		11.92%	-8.99%	-9.37%	3.15%	
Grant-Average		-9.09%	-7.76%	-7.07%	0.03%	Central
Grant-Forecast 6		-7.38%				

Forecast

Using the central case funding forecast and assuming increases in Council Tax of 2.5% per annum for 2013/14 onwards, the five year base budget forecast is as follows:

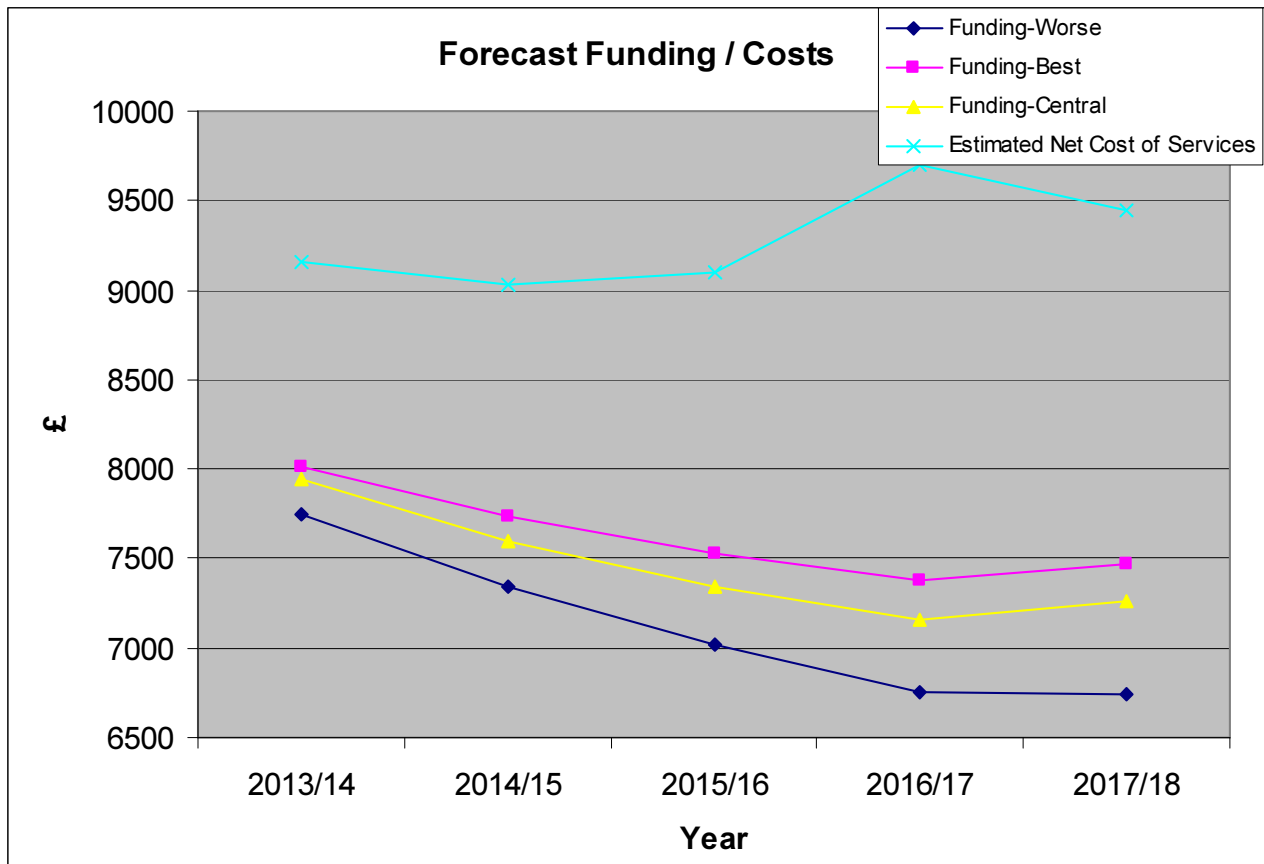
	2013/14	2014/15	2015/16	2016/17	2017/18
	£'000	£'000	£'000	£'000	£'000
Estimated Net Cost of Services	8,957	8,917	9,171	9,323	9,454
Proposed Policy Changes / Additional Costs Identified	241	207	47	12	13
<i>Potential additional NHB income</i>	(19)	(75)	(105)	(104)	(6)
Net Expenditure	9,179	9,049	9,113	9,231	9,461
Financing:					
RSG/NNDR	4,868	4,426	4,082	3,794	3,795
C'Tax Support Grant (nil Ctax Increase)	-	-	-	-	-
Collection Fund Surplus	-	-	-	-	-
Council Tax Income	3,097	3,189	3,286	3,385	3,487
Gross Financing	7,965	7,615	7,368	7,179	7,282
Surplus/Deficit (-)	(1,214)	(1,434)	(1,745)	(2,052)	(2,179)
Balances Remaining / Overdrawn (-)	2,952	1,518	(227)	(2,279)	(4,458)
Per Council, 28 th February 2012	2,545	1,500	511	-	-

Indicating a potential shortfall in General fund balances of approx. £5m over the 5 year period (£0.7m shortfall over 3 years - including the minimum approved level of £0.5 m).

Under the best case, a potential shortfall in General fund balances of approx. £4.2m over the 5 year period is reported (£0.4m shortfall over 3 years - including the minimum approved level of £0.5m).

Under the worse case, a potential shortfall in General fund balances of approx. £5.6m over the 5 year period is reported (£1.1m shortfall over 3 years - including the minimum approved level of £0.5 m).

The following chart highlights the how the costs in future years are projected to increase compared to a reducing funding position:



Balances are forecast to be £4.17m at 31st March 2013.

A detailed summary of the budget for 2013/14 is attached at **Appendix F** with 5 years attached at **Appendix G**.

Future Strategy

Due to the adverse financial forecast, there is a need to reconsider the inclusion of items contained within the forecast / budget:

1) Variations to Council Tax Policy/Strategy

The Government indicated that it would offer grant support for the 4 year Comprehensive Spending Review (CSR) period should Council freeze Council tax levels for 2011/12. There is no mention that this arrangement would continue thereafter. A subsequent offer was announced for 2012/13 but with Government grant support for one year, 2012/13 only. A similar offer has been announced for 2013/14 and, should the Council agree, Government grant support equivalent to 2% of a Council Tax increase would be payable over a 2 year period (i.e. 1% p.a.).

However, for future years potential 'capping' of the increase by the Government or a proposed local council tax referendum/veto needs to be considered when setting future Council Tax increases. Tamworth's Council tax is currently £149.55 which is £43 below the average of the council tax charges of similar councils (from the Cipfa nearest neighbour grouping).

The indication is that the 'capping' threshold will be around 2.0% - following a freeze in 2011/12 & 2012/13, the impact of a 2.5% pa increase (Band D), in line with the approved 4 year financial strategy, is outlined below:

Model 1 Impact of 2.5% increase in Council tax in 2013/14 (followed by inflationary increases of 2.5% p.a.)

Year:	2013/14	2014/15	2015/16	2016/17	2017/18
Forecast:	£'000	£'000	£'000	£'000	£'001
Surplus/(Deficit)	(1,214)	(1,434)	(1,745)	(2,052)	(2,179)
Balances Remaining / (Overdrawn)	2,952	1,518	(227)	(2,279)	(4,458)
£ Increase	3.75	3.85	3.95	4.05	4.15
% Increase	2.5%	2.5%	2.5%	2.5%	2.5%
Note: Resulting Band D Council Tax	153.30	157.15	161.10	165.15	169.30

This indicates a potential shortfall in balances of £5m over the 5 year period - further savings of approx. £1m per annum would have to be identified.

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

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

Model 1a Impact of 0% increase in Council tax in 2013/14 (followed by increases of 2% p.a.)

Year:	2013/14	2014/15	2015/16	2016/17	2017/18
Forecast:	£'000	£'000	£'000	£'000	£'000
Increase in Council Tax £	(76)	(92)	(109)	(127)	(146)
Revised Surplus/(Deficit)	(1,290)	(1,526)	(1,854)	(2,179)	(2,326)
Balances Remaining / (Overdrawn)	2,876	1,350	(504)	(2,683)	(5,009)
£ Increase	0.00	3.05	3.11	3.17	3.25
% Increase	0.0%	2.0%	2.0%	2.0%	2.0%
Note: Resulting Band D Council Tax	149.55	152.6	155.71	158.88	162.13

Less £35k p.a. for 2 years for the freeze grant - indicates a potential shortfall in balances of £5.4m over the 5 year period - further savings of approx. £1.1m per annum would have to be identified.

Model 1b Impact of 0% increase in Council tax in 2013/14 (followed by 2.5% p.a.)

Year:	2013/14	2014/15	2015/16	2016/17	2017/18
Forecast:	£'000	£'000	£'000	£'000	£'000
Increase in Council Tax £	(76)	(78)	(80)	(82)	(84)
Revised Surplus/(Deficit)	(1,290)	(1,512)	(1,825)	(2,134)	(2,264)
Balances Remaining / (Overdrawn)	2,876	1,364	(461)	(2,595)	(4,859)
£ Increase	0.00	3.75	3.85	3.95	4.05
% Increase	0.0%	2.5%	2.5%	2.5%	2.5%
Note: Resulting Band D Council Tax	149.55	153.30	157.15	161.10	165.15

Less £35k p.a. for 2 years for the freeze grant - indicates a potential shortfall in balances of £5.3m over the 5 year period - further savings of approx. £1.1m per annum would have to be identified.

However, this may not be feasible in future years due to cap / requirement for referendum for increases greater than 2%

Further indicative models are outlined below:

Model 2 Impact of 2% p.a. increases in Council tax

Year:	2013/14	2014/15	2015/16	2016/17	2017/18
Forecast:	£'000	£'000	£'000	£'000	£'000
Increase in Council Tax £	(15)	(22)	(20)	(18)	(16)
Revised Surplus/(Deficit)	(1,229)	(1,456)	(1,765)	(2,070)	(2,196)
Balances Remaining / (Overdrawn)	2,937	1,481	(284)	(2,354)	(4,550)
£ Increase	2.99	3.51	4.06	4.16	4.27
% Increase	2.0%	2.3%	2.6%	2.6%	2.6%
Note: Resulting Band D Council Tax	152.54	156.05	160.11	164.27	168.54

which indicates a potential shortfall in balances of £5m over the 5 year period - further savings of approx. £1m per annum would have to be identified.

This is considered the most feasible option should the Council increase Council Tax in 2013/14 & future years.

Model 3 Impact of 0% increase in Council tax in 2013/14 (followed by increases of 0% thereafter)

Year:	2013/14	2014/15	2015/16	2016/17	2017/18
Forecast:	£'000	£'000	£'000	£'000	£'000
Increase in Council Tax £	(76)	(154)	(235)	(318)	(403)
Revised Surplus/(Deficit)	(1,290)	(1,588)	(1,980)	(2,370)	(2,583)
Balances Remaining / (Overdrawn)	2,876	1,288	(692)	(3,062)	(5,645)
£ 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	149.55	149.55	149.55	149.55	149.55

Less £35k p.a. for 2 years for the freeze grant - indicates a potential shortfall in balances of £6.1m over the 5 year period - further savings of approx. £1.2m per annum would have to be identified.

Model 4 Impact of 1% increase in Council tax in 2013/14 (followed by increases of 1% thereafter)

Year:	2013/14	2014/15	2015/16	2016/17	2017/18
Forecast:	£'000	£'000	£'000	£'000	£'000
Increase in Council Tax £	(45)	(92)	(142)	(193)	(247)
Revised Surplus/(Deficit)	(1,259)	(1,526)	(1,887)	(2,245)	(2,427)
Balances Remaining / (Overdrawn)	2,907	1,381	(506)	(2,751)	(5,178)
£ Increase	1.50	1.51	1.52	1.54	1.55
% Increase	1.00%	1.00%	1.00%	1.00%	1.00%
Note: Resulting Band D Council Tax	151.05	152.56	154.08	155.62	157.17

which indicates a potential shortfall in balances of £5.7m over the 5 year period - further savings of approx. £1.1m per annum would have to be identified.

2) *Potential Savings / additional costs*

As part of the planned review & scrutiny process leading up to formal presentation of the budget, Executive Board will consider feedback received from the Budget Consultation process, the Joint Scrutiny Budget workshop and the Joint Budget Scrutiny Committee (planned for 24th January 2013) in order to inform the next stages of the budget process:

- a review of the proposals including:
 - Reference to the Council’s corporate priorities together with the feedback & issues raised by the budget consultation exercise.
 - Consideration of how the limited resources can be ‘rationed’ amongst the growth & other proposals/bids (& whether service improvements in a priority area should be met from service reductions elsewhere).

- an investigation of other potential savings areas, as detailed below, in order to mitigate the forecast budget shortfall. This process is ongoing in order to formulate a balanced medium term financial strategy for approval by Cabinet & Council in February 2013.

A summary of the proposed policy changes, including potential savings identified, is shown below:

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Potential (Savings)					
County’s Strategic Partnership Manager post	-	(5)	(5)	(5)	(5)
Potential Additional Costs					
ED Project Officer	77	47	47	10	10
small and arts grants	2	3	5	7	8
Preventing Homelessness Grant	162	162	-	-	-
Net Cost / (Saving)	241	207	47	12	13

Housing Revenue Account – Technical Adjustments Summary

Technical Adjustments	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Base Budget	1,120	498	342	1,650	(521)
Committee Decisions	(833)	(355)	1,133	(2,312)	0
Inflation	115	133	155	159	163
Other	80	22	(45)	(80)	(706)
Pay Adjustments	31	44	65	62	60
Revised charges for non-general fund activities	(15)	0	0	0	0
Virements	0	0	0	0	0
Total	498	342	1,650	(521)	(1,004)

The detail of the technical adjustments are shown in Appendix C with a summary at Appendix E. Assuming increases in Rent in line with the Government's rent restructuring policy, the five year base budget forecast is as follows:

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Estimated Net Surplus / (Deficit)	(498)	(342)	(1,650)	521	1,004
Proposed Policy Changes / Additional Costs Identified	(255)	(255)	(255)	(255)	(255)
Surplus/(Deficit)	(753)	(597)	(1,905)	266	749
Balances Remaining / (Overdrawn)	3,721	3,124	1,219	1,485	2,234

Per Council, 28 th February 2012	3,010	2,468	501	-	-
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Indicating a Housing Revenue Account (HRA) surplus of £2.2m over the next 5 years (Minimum recommended balances are currently £0.5m).

- There is still a degree of uncertainty over the future financial position of the HRA arising from:
- the future capital investment needs of the housing stock;
- finalisation of the costs / income associated with the potential regeneration / redevelopment proposals.

Potential revenue policy changes for the HRA are highlighted below:

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Potential (Savings)					
Responsive repairs	(500)	(500)	(500)	(500)	(500)
Potential Additional Costs					
Revenue Contribution to Capital	500	500	500	500	500
Increase funding 3rd Sector organisations	5	5	5	5	5
Impact - Welfare Benefit Reform	70	70	70	70	70
Supporting people grant redn	50	50	50	50	50
Policy Development	30	30	30	30	30
General Contingency	100	100	100	100	100
Net Cost / (Saving)	255	255	255	255	255

Capital

At this stage the Provisional Capital Programmes for the General Fund and Housing Revenue Account as contained within the 2012/13 – 2015/16 Budget & Medium Term Financial Strategy (MTFS) are under review. Proposals, once finalised, will be reported to Cabinet for consideration.

Main Assumptions

Inflationary Factors	2013/14	2014/15	2015/16	2016/17	2017/18
Inflation Rate - Pay Awards	1.00%	1.00%	1.00%	2.00%	2.00%
National Insurance	7.20%	7.20%	7.20%	7.20%	7.20%
Superannuation	19.60%	20.10%	20.60%	21.10%	21.60%
Inflation Rate (Headline)	2.00%	2.30%	2.60%	2.60%	2.60%
Base Interest Rates	0.50%	0.50%	1.00%	2.00%	2.00%
Investment income rate	1.00%	1.75%	2.00%	2.75%	3.75%

1. Pay award – public sector pay will be capped for 2013/14 & 2014/15 and is estimated to mirror the Government's inflation target of 2% thereafter.
2. Overall Fees and Charges will rise generally by 2.5% annually except where a proposal has otherwise been made (car parking charges, corporate & industrial property rental income, statutory set planning fees, leisure fees);
3. No effect of any Prudential Borrowing has been included;
4. Revised estimates for rent allowance / rent rebate subsidy levels have been included;
5. Car Parking income has been reduced in line with current income levels for 2012/13, with charges increased in future in line with the previously approved charging strategy;
6. Changes to the level of recharges between funds has been included;
7. Within the Comprehensive Spending review released on the 20th October 2010, the Government proposed cuts of 7.25% in real terms to funding streams for each of the next four years – revised annual grant reductions have been included.
8. The Government has indicated its policy regarding council tax bills being frozen for the next year. It has indicated that a grant equivalent to a 2% increase in the basic 2012/13 Council Tax, will be available to authorities that agree to freeze or reduce Council Tax in 2013/14 – payable over 2 years;
9. The major changes to the previously approved policy changes are included within this forecast – Directors were issued with the provisional information in August to review, confirm & resubmit by the end of September;
10. Following the 4 year agreement, 0.5% annual year-on-year increases (as above) in pension costs following SCC triennial review negotiations.
11. Increases in rent levels are restricted by the rent restructuring guidelines & current indications that sales of council houses will be approximately 11 per annum.

Technical Adjustments Analysis – General Fund

	£	£	£
Chief Executive			
Virements		0	
Committee Decisions:		0	
Inflation		150	
Other			
Car Allowances	(80)		
Insurance	(10)	(90)	
Pay Adjustments		(3,520)	
Changes in External Recharges		0	
			(3,460)
Executive Director Corporate Services			
Virements		0	
Committee Decisions:			
2009-10 Policy Item BEN01 Benefits Admin Legal Fees	(2,000)	(2,000)	
Inflation		1,070	
Other			
Car Allowances	(310)		
Insurance	(290)		
Bank Charges	(30)		
Benefits Estimate & Provision for Bad Debts	103,940	103,310	
Pay Adjustments		12,710	
Changes in External Recharges		410	
			115,500
Director of Finance			
Virements		(66,610)	
Committee Decisions:			
Budget to be removed	(3,000)		
2012-13 Policy Change FER8 Corporate Finance - Health Project Removal of contingency budget	(15,000)		
2012-13 Policy Change FER7 Corporate Finance Reduction in Specific Contingency budget	(10,000)		
2012-13 Policy Change FER4 Audit Fee saving	6,000		
2012-13 Policy Change FER 2 Council Tax Freeze grant	87,000		
2012-13 Policy Change FER 1 (£328) & £242k 2011-12 Policy Item Removal New Homes Bonus	(86,000)		
2012/13 POLICY CHANGE FER7 Corporate Change Programme/Transforming Tamworth savings	(50,000)		
2009-10 Policy Item CORP01 Treasury Management External Interest Payable	(6,750)		
2009-10 Policy Change CORP01 Treasury Management Interest Payable to HRA	9,920		

	£	£	£
2009-10 Policy Item CORP01 Treasury Management Interest Payable to Reserve	1,290		
2009-10 Policy Item CORP01 Treasury Management HRA	3,620		
2009-10 Policy Item CORP01 Treasury Management Misc Interest & Dividends	(10,080)		
2009-10 Policy Item BEN01 Revenues Court Costs Income	(3,500)	(76,500)	
Inflation		1,840	
Other			
Car Allowances	(290)		
Insurance	(70)		
Bank Charges	(4,080)		
NNDR Cost of Collection Grant	(490)		
NNDR Discretionary Rate Relief	2,780		
Depreciation	(111,240)		
Corporate Finance Superannuation Allowances	2,880		
Corporate Finance Audit Fee	(29,250)		
HAA Misc. Interest & Dividends	260		
Treasury Management	(57,590)	(197,090)	
Pay Adjustments		18,990	
Changes in External Recharges		(5,060)	
			(324,430)

Director of Technology & Corporate Programmes

Virements		(4,890)	
Committee Decisions:			
2009-10 Policy Item BEN01 Reprographics saving	(1,500)	(1,500)	
Inflation		8,170	
Other			
Car Allowances	(30)		
Insurance	790		
Depreciation	124,550	125,310	
Pay Adjustments		17,400	
Changes in External Recharges		(74,360)	
			70,130

Solicitor to the Council

Virements		0	
Committee Decisions:			
2012-13 Policy Change SOL3 Polling station review	(2,000)		
Removal one-off budget PPE Act 2009 Software Support Licences	(20,000)		
2012-13 Policy Change SOL2 Absent Voter Refresh Printing & Stationery	(5,000)		
2012-13 Policy Change SOL2 Absent Voter Refresh Postage	(5,000)		
Removal one-off budget PPE Act 2009 Computer Equipment	(6,000)	(38,000)	
Inflation		2,990	

	£	£	£
Other			
Car Allowances	(40)		
Insurance	1,030		
Depreciation	(5,810)		
Members Allowances	3,370		
Central Land Charges	1,220		
Legal Fees Sale of Council Houses	(7,100)		
Rates	30	(7,300)	
Pay Adjustments		(14,640)	
Changes in External Recharges		4,790	
			(52,160)

Director of Transformation & Corporate Performance

Virements		0	
Committee Decisions:			
2009-10 Policy Item PER 05 removal budget re Sector Research	(10,000)		
2009-10 Policy Item PER 05 Provision Occ Health	(2,000)		
2010-11 Policy Item OD03 CRB Checks	3,300		
2012-13 Policy Change CS1 Reinstatement budget re Staffs Connects/CRM	40,000	31,300	
Inflation		110	
Other			
Car Allowances	140		
Insurance	90		
Bank Charges	450		
Staff Health Insurance	3,810		
TIC Ticket Sales	1,890	6,380	
Pay Adjustments		22,750	
Changes in External Recharges		4,300	
			64,840

Director of Communities, Planning & Partnerships

Virements		74,000	
Committee Decisions:			
2010-11 POLICY CHANGES AD STR 050 Development Control, Fees and Charges Planning Application	(23,000)		
2012-13 Policy Changes CPP3 Building Control Shared Service Arrangements	(5,000)		
2012-13 POLICY CHANGES CPP1 & CPP2 Development Control, Other Expenses	(40,000)		
Service no longer exists. Cabinet 22 Feb 2012 Think Local Partnership	(10,500)		
service no longer exists Cabinet 22/02/12 Think Local Partnership	10,500		
2009-10 POLICY CHANGES PCD 14 B Castle and Museum, Admission Fees	(12,310)		
2009-10 POLICY CHANGES PCD 14 A Castle and Museum, Wedding Income	(12,410)		

	£	£	£
2009-10 POLICY CHANGES PCD 14 C Castle School Education , Schools Programme Income	(5,280)		
Cabinet 130612 Agenda Item 13 Peaks Swimming Contract	5,000		
2012-2013 Policy Changes CPP5 Olympic Event	(40,000)	(133,000)	
Inflation		(3,500)	
Other			
Car Allowances	2,880		
Insurance	(2,950)		
Bank Charges	2,560		
Rent & Rates	2,980		
Depreciation	(3,810)		
Community Safety Income	8,200		
Misc Interest & Dividends	2,780		
Fees & Charges	78,550		
Other Expenses	(3,000)		
Sponsorships and Grants	120		
Building Control Lichfield District Council Joint Provision	(1,470)	86,840	
Pay Adjustments		34,340	
Changes in External Recharges		0	
			58,680

Director of Housing & Health

Virements		0	
Committee Decisions:		0	
Inflation		920	
Other			
Car Allowances	1,810		
Insurance	120		
Private Sector Leasing Scheme	(310)	1,620	
Pay Adjustments		13,590	
Changes in External Recharges		10,070	
			26,200

Director of Assets & Environment

Virements		(2,500)	
Committee Decisions:		0	
Inflation		10,880	
Other			
Car Allowances	60		
Insurance	780		
Bank Charges	560		
Rent & Rates	30,770		
CCTV Charges	110		
Phil Dix Income	1,660		
Trees Income	7,110		
Car Park Income	52,000		
Joint Waste Arrangement	(68,500)		
Marmion House Common Services	(960)		
Sports Pitches Income	7,100		
Depreciation	(3,700)		

	£	£	£
Commercial and Industrial Rents	36,400	63,390	
Pay Adjustments		43,290	
Changes in External Recharges		(11,260)	
		<hr/>	
			<u>103,800</u>
	TOTAL		59,100

Technical Adjustments Analysis – Housing Revenue Account

APPENDIX C

	£	£	£
Director of Housing & Health			
Virements		19,620	
Committee Decisions:			
Cabinet 141211 Agenda Item 10 Pathways Management Arrangement	10,540	10,540	
Inflation		24,500	
Other			
Insurances	(1,970)		
Healthshield contributions	1,470		
Rates	(3,870)		
Bank Charges	(90)		
Car Allowances	1,810		
Supporting People Charges	160		
Hostel Rents and Service Charges	(500)		
Alarm Call Charges	(980)		
Actuarial Strain	(2,250)		
Audit Fee	(16,360)	(22,580)	
Pay Adjustments		32,520	
Changes in External Recharges		3,740	
			68,340
Director of Assets & Environment			
Virements		0	
Committee Decisions:		0	
Inflation		150	
Other			
Insurance	(90)	(90)	
Pay Adjustments		(1,350)	
Changes in External Recharges		(19,050)	
			(20,340)
HRA Summary			
Virements		(19,620)	
Committee Decisions:			
2012-13 POLICY CHANGES HRA 2B Rent income	(658,250)		
2012-13 POLICY CHANGES HRA 5 Asset Strategy reversal	(40,000)		
2010-11 POLICY CHANGE HRA 6 Repairs savings	(50,000)		
2012-13 POLICY CHANGES HRA 6 Contingency	(100,000)		
2010-11 POLICY CHANGE HRA 09 +£268,670 & 2012-13 HRA 02 -£264,410 Revenue Contribution to Capital	4,260		
		(843,990)	
Inflation		91,310	
Other			
Proposed Landlords Services Restructure	33,560		
Treasury Management	(54,290)		
Debt Premiums	(2,560)		
Dwelling Rental Income	9,520		
Garage Rents	115,730		
Interest on Sale of Council Houses	1,220	103,180	
Pay Adjustments		0	
Changes in External Recharges		0	
			(669,120)
TOTAL			(621,120)

General Fund

	Technical Adjustments								Total Adjusted Base 2013/14 £
	Budget 2012/13 £	Virements £	Committee Decisions £	Inflation £	Other £	Pay Adjustments £	External Recharge Changes (non-GF Activities) £	Total Adjustments £	
<i>Figures exclude internal recharges which have no bottom line impact.</i>									
Chief Executive's Office									
Chief Executive	183,070	0	0	150	(90)	(3,520)	0	(3,460)	179,610
Executive Director Corporate Services	194,500	0	(2,000)	1,070	103,310	12,710	410	115,500	310,000
Director of Finance	(145,250)	(66,610)	(76,500)	1,840	(197,090)	18,990	(5,060)	(324,430)	(469,680)
Director of Technology & Corporate Programmes	848,400	(4,890)	(1,500)	8,170	125,310	17,400	(74,360)	70,130	918,530
Solicitor to the Council	699,950	0	(38,000)	2,990	(7,300)	(14,640)	4,790	(52,160)	647,790
Director of Transformation & Corporate Performance	934,410	0	31,300	110	6,380	22,750	4,300	64,840	999,250
Director of Communities, Planning & Partnerships	2,274,370	74,000	(133,000)	(3,500)	86,840	34,340	0	58,680	2,333,050
Director of Housing & Health	853,660	0	0	920	1,620	13,590	10,070	26,200	879,860
Director of Assets & Environment	3,054,710	(2,500)	0	10,880	63,390	43,290	(11,260)	103,800	3,158,510
Grand Total	8,897,820	0	(219,700)	22,630	182,370	144,910	(71,110)	59,100	8,956,920

Housing Revenue Account

	Budget 2012/13 £	Technical Adjustments						Total Adjustments £	Total Adjusted Base 2013/14 £
		Virements £	Committee Decisions £	Inflation £	Other £	Pay Adjustments £	External Recharge Changes (non-HRA Activities) £		
<i>Figures exclude internal recharges which have no bottom line impact.</i>									
Chief Executive's Office									
Director of Housing & Health	3,897,520	19,620	10,540	24,500	(22,580)	32,520	3,740	68,340	3,965,860
Director of Assets & Environment	9,390	0	0	150	(90)	(1,350)	(19,050)	(20,340)	(10,950)
HRA Summary	(2,787,200)	(19,620)	(843,990)	91,310	103,180	0		(669,120)	(3,456,320)
Grand Total	1,119,710	0	(833,450)	115,960	80,510	31,170	(15,310)	(621,120)	498,590

General Fund Summary Budgets – 2012/13

<i>Figures exclude internal recharges which have no bottom line impact.</i>	Base Budget 2012/13 £	Technical Adjustments £	Policy Changes £	Budget 2013/14 £
Chief Executive	183,070	(3,460)	0	179,610
Executive Director Corporate Services	194,500	115,500	0	310,000
Director of Finance	(145,250)	(324,430)	0	(469,680)
Director of Technology & Corporate Programmes	848,400	70,130	0	918,530
Solicitor to the Council	699,950	(52,160)	0	647,790
Director of Transformation & Corporate Performance	934,410	64,840	0	999,250
Director of Communities, Planning & Partnerships	2,274,370	58,680	0	2,333,050
Director of Housing & Health	853,660	26,200	0	879,860
Director of Assets & Environment	3,054,710	103,800	0	3,158,510
	8,897,820	59,100	0	8,956,920

General Fund Summary Budgets – 2012/13 to 2017/18

<i>Figures exclude internal recharges which have no bottom line impact.</i>	Base Budget 2012/13 £	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17 £	Budget 2017/18 £
Chief Executive	183,070	179,610	3,780	9,420	15,260	19,760
Executive Director Corporate Services	194,500	310,000	569,930	584,030	598,530	613,100
Director of Finance	(145,250)	(469,680)	(261,510)	(231,320)	(364,870)	(522,070)
Director of Technology & Corporate Programmes	848,400	918,530	19,330	(21,280)	3,520	28,930
Solicitor to the Council	699,950	647,790	817,710	835,050	852,810	869,630
Director of Transformation & Corporate Performance	934,410	999,250	228,480	257,220	285,690	313,670
Director of Communities, Planning & Partnerships	2,274,370	2,333,050	3,102,100	3,149,820	3,181,640	3,212,260
Director of Housing & Health	853,660	879,860	993,680	1,001,400	1,009,340	1,016,440
Director of Assets & Environment	3,054,710	3,158,510	3,443,840	3,587,110	3,742,180	3,903,760
	8,897,820	8,956,920	8,917,340	9,171,450	9,324,100	9,455,480

Income Budgets - 2011/12 - 2017/18

Appendix H

NARRATIVE		2010 ACTUAL	2011 ACTUAL	2012 PREDICTED OUTTURN	2012 BASE BUD	PROPOSED BUDGET 2013/14	COMMENT	Change
General Fund								
Development Control	S.C.C. Non Conforming Plan Uses	(2,729)	(2,601)	(3,110)	(3,110)	(3,000)		110
Development Control	Misc. Sales	(5,295)	(4,536)	(6,660)	(6,660)	(4,000)		2,660
Development Control	Fees & Charges Planning App	(104,017)	(131,612)	(110,000)	(130,000)	(100,000)		30,000
Development Control	Fees & Charges	(2,490)	(4,838)	(2,600)	(2,600)	(4,000)		(1,400)
Dev. Plan Local & Strategic	Fees & Charges	(52)		(740)	(740)	(370)		370
Economic Dev Shared Service	Fees & Charges			(2,660)		-		-
Partnership & Comm. Dev	Leisure Card	(88)	(31)	-	(2,420)	-		2,420
Partnership & Comm. Dev	Fees & Charges			(500)		-		-
Community Development	Misc. Contributions			(1,360)	-	-		-
Tamworth Golf Course	Contract	(63,113)	(59,753)	(16,000)	(110,000)	(36,000)		74,000
Assembly Rooms Bar	Catering Sales	(9,109)	(9,752)	(10,000)	(12,000)	(4,000)		8,000
Assembly Rooms Bar	Ice Cream Sales Income	(4,008)	(3,511)	(4,440)	(4,440)	(1,000)		3,440
Outdoor Events	Rents	(9,227)	(7,630)	(5,500)	(1,500)	(2,000)		(500)
Castle & Museum	Sponsorship & Grants	(1,733)	(201)	(2,000)		-		-
Castle & Museum	Wedding Income (Tam Castle)	(21,064)	(19,373)	(6,370)	(6,370)	(18,645)		(12,275)
Castle & Museum	Sale Of Photographs		(39)	-		(30)		(30)

NARRATIVE		2010 ACTUAL	2011 ACTUAL	2012 PREDICTED OUTTURN	2012 BASE BUD	PROPOSED BUDGET 2013/14	COMMENT	Change
Castle & Museum	Paper Rubbings	(445)	(405)	-		(300)		(300)
Castle & Museum	Admission Fees	(66,720)	(72,412)	(45,580)	(45,580)	(70,000)		(24,420)
Castle Shop Trading Account	Catering Sales	(5,685)	(7,449)	(6,150)	(6,150)	(5,500)		650
Castle Shop Trading Account	Sale Of Photographs	(28)	(66)	(50)	(50)	-		50
Castle Shop Trading Account	Sale Of Publications	(893)	(3,099)	(1,030)	(1,030)	(600)		430
Castle Shop Trading Account	Sale Colour Guide Books	(2,718)	(2,439)	(2,870)	(2,870)	(2,500)		370
Castle Shop Trading Account	Sale Of Souvenirs	(19,770)	(22,947)	(12,000)	(23,580)	(19,500)		4,080
Castle Schools Education	Schools Programme - Income	(47,191)	(44,865)	(17,830)	(28,830)	(35,000)		(6,170)
Castle Events	Split Profit Event Income	(13,194)	(12,784)	(4,450)	(18,450)	(10,000)		8,450
Tourism & Town Centre (01/11/10)	Advertising Income	(4,056)	(180)	(3,590)	(3,590)	-		3,590
Community Safety	Contribution From Staffs CC	(8,199)	(8,199)	(8,200)	(8,200)	-		8,200
Commercial Property Management	Recharge Of Insurance Premiums	3,009	(9,984)	(6,000)		(6,000)	Based on current activity levels on premiums recharged	(6,000)
Commercial Property Management	Rents	(782,819)	(819,028)	(1,632,020)	(1,652,020)	(1,631,000)	Based on current occupancy levels	21,020
Industrial Properties	Rents	(698,005)	(636,441)	(642,380)	(685,380)	(670,000)	Based on current occupancy levels	15,380
Community Run Hall	Rents	(18,552)	(18,545)	(11,330)	(18,180)	(9,050)	Kerria Centre now only let on a peppercorn rent	9,130
Outside Car Parks	Short Stay Car Parking	(893,501)	(938,479)	(848,000)	(800,000)	(848,000)	Income in year substantially reduced reflecting national trends	(48,000)

NARRATIVE		2010 ACTUAL	2011 ACTUAL	2012 PREDICTED OUTTURN	2012 BASE BUD	PROPOSED BUDGET 2013/14	COMMENT	Change
Joint Waste Arrangement	Misc Contributions	(14,570)	(26,678)	(15,000)		(15,000)	Income received from bulky waste collections	(15,000)
Joint Waste Arrangement	Cont To Common Services	(194,955)	(66,150)	(67,500)	(97,500)	(67,500)	Reduction in income reflects the current income received from joint waste service in respect of TBC Corporate Recharges	30,000
Neighbourhood Services	Court Costs			(6,000)		-	No budget required	-
Public Spaces	Recharge To Democratic Serv	(8,393)		-	(8,820)	-	Expenditure and income no longer accounted for within in Street Scene budgets	8,820
Page 128 Tree Maintenance Sport Pitches	Fees & Charges	(15,610)	(16,765)	(24,140)		(22,580)	Not all works from Housing is undertaken by Tree team as it may need to be externalised if specialist expertise is required	(22,580)
	Fees & Charges Hire Pitches Total	(30,034) (3,045,255)	(26,775) (2,977,566)	(25,860) (3,551,920)	(32,960) (3,713,030)	(26,510) (3,612,085)	Reduction to reflect the decline in income received over last 2 years the F & C applied	6,450 100,945
Housing Revenue Account								
H R A Summary	Rents	(15,086,460)	(16,045,430)	(17,173,920)	(17,111,370)	(17,760,100)	In line with formula rent increase and adjusted for increased RTB sales	(648,730)
H R A Summary	Garage Rents			(373,670)	(446,670)	(330,940)	Adjusted to reflect garages earmarked for demolition and current occupancy level	115,730
		(15,086,460)	(16,045,430)	(17,547,590)	(17,558,040)	(18,091,040)		(533,000)

28th November 2012

**REPORT OF THE LEADER OF THE COUNCIL
QUARTER TWO 2012/13 PERFORMANCE REPORT**

EXEMPT INFORMATION

Not Applicable.

PURPOSE

This report aims to provide Cabinet with a performance and financial health-check.

RECOMMENDATIONS

That Cabinet endorse the contents of this report.

EXECUTIVE SUMMARY

This report provides information on;

1. The corporate plan scorecard of performance indicators,
2. High level corporate plan actions,
3. Performance management framework,
4. Corporate risks,
5. Financial matters.

RESOURCE IMPLICATIONS

None, directly arising from this report.

LEGAL/RISK IMPLICATIONS BACKGROUND

Not applicable.

SUSTAINABILITY IMPLICATIONS

Not applicable.

BACKGROUND INFORMATION

See attached document

REPORT AUTHOR

John Day

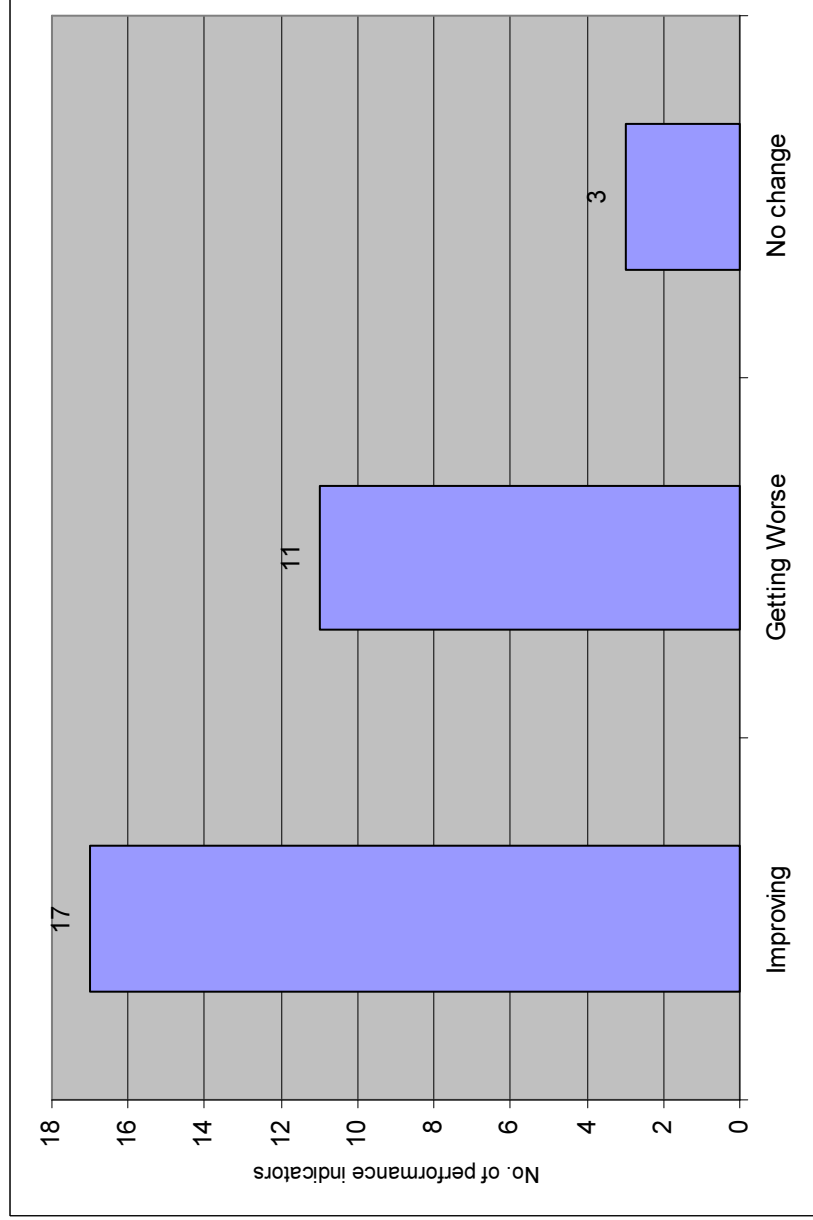
LIST OF BACKGROUND PAPERS**APPENDICES**

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1. Corporate plan scorecard of performance indicators

The charts below show the numbers of performance indicators and whether they are improving, getting worse or have stayed the same.









To create and sustain a thriving local economy and make Tamworth a more aspirational and competitive place to do business – To Aspire and Prosper in Tamworth –











1a. Raise the aspiration and attainment levels of young people

Performance Indicator	Last Update	Current Value	Frequency of collection	Performance improving or declining	Performance against target (where target is known)
Achievement of 5 or more A* - C grades at GCSE or equivalent including English and Maths	2010/11	49.8%	Years		 Improving
Key stage 2 - Percentage of pupils attaining English & Maths level 4 & above	2010/11	68.1%	Years		 Getting Worse
Percentage of 18 -24 year olds in receipt of Job Seekers Allowance	September 2012	7.2%	Months		 Improving
Percentage of 16 - 19 year olds not in any full-time or part time form of education, employment or training	July 2012	4.45%	Months		 Getting Worse


1b. Create opportunities for business growth through developing and using skills and talent





Performance Indicator	Last Update	Current Value	Frequency of collection	Performance improving or declining	Performance against target (where target is known)
Percentage of working age population with NVQ2+	2011/12	57.8%	Years		 Getting Worse
Percentage of working age population with no qualifications	2011/12	12.3%	Years		 Improving
Percentage of working age population with NVQ3+	2011/12	39.7%	Years		 Improving
Percentage of working age population with NVQ4+	2011/12	13.2%	Years		 Getting Worse

1c. Promote private sector growth and create quality employment locally

Performance Indicator	Last Update	Current Value	Frequency of collection	Performance improving or declining	Performance against target (where target is known)
Percentage of working age population claiming Job Seekers Allowance	Q2 2012/13	3.1%	Quarters	➡	No Change 
Overall Employment rate (working-age) (Tamworth)	Q1 2012/13	61.5%	Quarters	➡	Improving 
New business registration rate per 10,000 resident population aged 16 and above (Tamworth)	2010/11	40.3	Years	➡	Getting Worse 
Worklessness level	Q4 2011/12	15%	Quarters	➡	Getting Worse 
Unfilled jobcentre vacancies	September 2012	713	Months	➡	Improving 
Total number of jobs	2009/10	30,000	Years	➡	Getting Worse 
Job Density	2009/10	0.6	Years	➡	Getting Worse 
Median gross weekly earnings for employees working in the area	2011/12	£439.60	Years	➡	Improving 








1d. Brand and market “Tamworth” as a great place to “live life to the full”







Performance Indicator	Last Update	Current Value	Frequency of collection	Performance improving or declining	Performance against target (where target is known)
The occupancy levels of Town Centre retail outlets	Q2 2012/13	87%	Quarters	➡	Getting Worse 

Performance Indicator	Last Update	Current Value	Frequency of collection	Performance improving or declining	Performance against target (where target is known)
The footfall for Town Centre	H1 2012/13	5,906	Half Years	↑	Improving 
Overall/general satisfaction with local area (Tamworth)	2011/12	86.2%	Years	↑	Improving 
Trader attendance at Tamworth Market - Tuesdays	H1 2011/12	75	Half Years	↑	Improving 
Trader attendance at Tamworth Market - Saturdays	H1 2011/12	56	Half Years	↑	Improving 

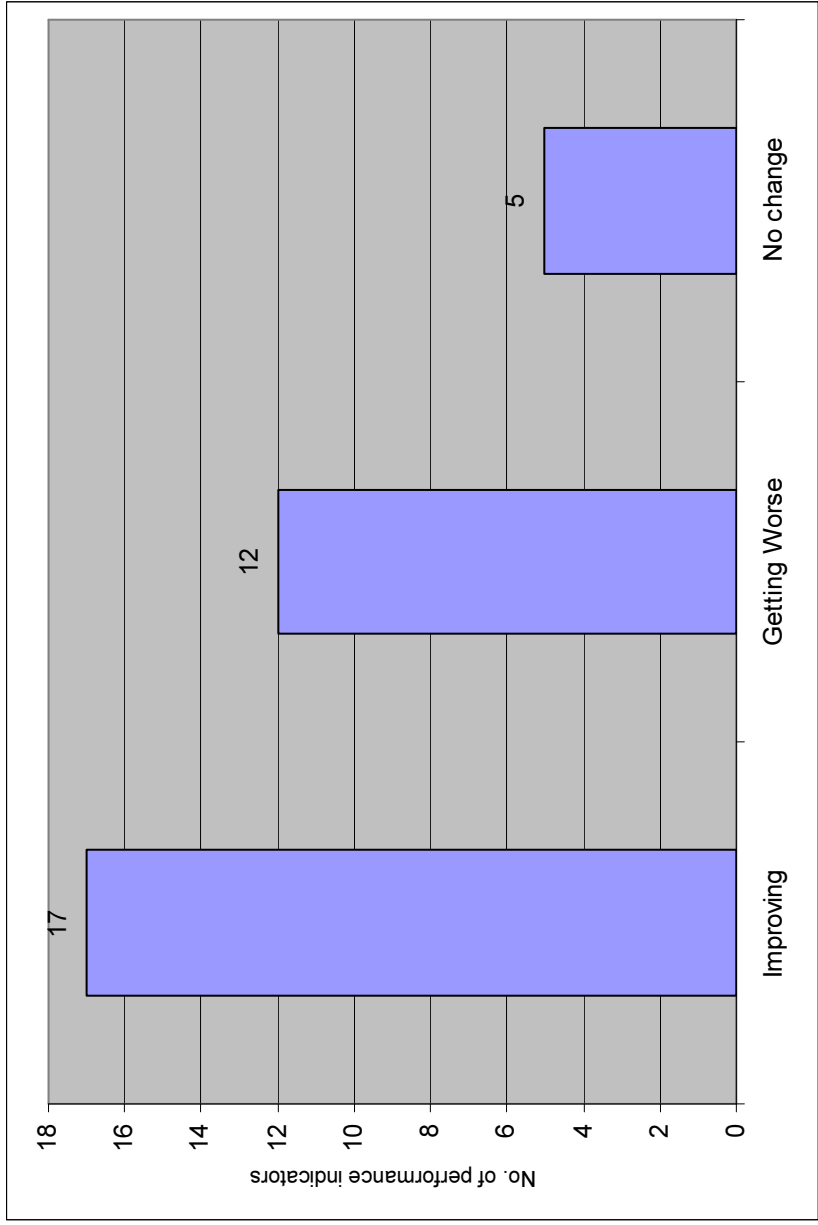
1e. Create the physical and technological infrastructure necessary to support the achievement of this primary outcome

page 134





Performance Indicator	Last Update	Current Value	Frequency of collection	Performance improving or declining	Performance against target (where target is known)
Processing of planning applications: Major applications (Tamworth)	Q2 2012/13	66.00%	Quarters	▬	No Change 
Processing of planning applications: Minor applications (Tamworth)	Q2 2012/13	78.57%	Quarters	↓	Getting Worse 
Processing of planning applications: Other applications (Tamworth)	Q2 2012/13	96.00%	Quarters	↓	Getting Worse 
Percentage of residents satisfied with the authorities parks and open spaces	2011/12	76.7%	Years	↑	Improving 
Satisfaction with cleanliness of streets	2011/12	54.4%	Years	↑	Improving 
Net additional homes provided (Tamworth)	Q2 2012/13	89	Quarters	↑	Improving 
Satisfaction of business with local authority regulation services (Tamworth)	2010/11	84%	Years	↑	Improving 

Performance Indicator	Last Update	Current Value	Frequency of collection	Performance improving or declining	Performance against target (where target is known)
Percentage of household waste sent for reuse, recycling and composting (Tamworth)	Q2 2012/13	56.90%	Quarters		
Increase in the number of local sites where active conservation management has been or is being implemented from 5 in 2009/10 to 8 by 2013	2011/12	7	Years		
Satisfaction with household waste collection	2011/12	84.2%	Years		

**To be healthier and safer in Tamworth -
To create a safe environment in which local people can reach their full potential and live longer, healthier lives**












2a. Address the causes of poor health in children and young people

Performance Indicator	Last Update	Current Value	Frequency of collection	Performance improving or declining	Performance against target (where target is known)
Obesity in primary school age children in Year 6:Obese	2010/11	20.4%	Years	➡	Getting Worse 
Proportion of children in poverty	2009/10	20.7%	Years	➡	Getting Worse 
Infant Mortality per 1,000	2009/10	6.8	Years	⬅	Improving 
Physically active children	2009/10	61.2%	Years	⬅	Improving 

Page 1











2b. Improve the health and well being of older people by supporting them to live active, independent lives

Performance Indicator	Last Update	Current Value	Frequency of collection	Performance improving or declining	Performance against target (where target is known)
Adult participation in sport and active recreation (Tamworth)	2012/13	20.7%	Years	⬅	Improving 
Male life expectancy	2009/10	78.7	Years	⬅	Improving 
Female life expectancy	2009/10	82.7	Years	⬅	Improving 







Performance Indicator	Last Update	Current Value	Frequency of collection	Performance improving or declining	Performance against target (where target is known)
Premature mortality rate per 100,000 population aged under 75	2009/10	271.37	Years		Improving 
Obese - adults	2007/08	30.7%	Years		Getting Worse 
The percentage of physically active adults	2010/11	9.3%	Years		Getting Worse 

2c. Reduce the harm and wider consequences of alcohol abuse on individuals, families and society




Page 1 of 8

Performance Indicator	Last Update	Current Value	Frequency of collection	Performance improving or declining	Performance against target (where target is known)
Increasing and higher risk drinking	2008/09	22.7%	Years		Getting Worse 
Estimated problem drug users	2009/10	409	Years		No Change 
Percentage of Adults Smoking	2010/11	24.9%	Years		Improving 
Alcohol attributable mortality per 100,000 population - Males	2010/11	42	Years		Improving 
Alcohol attributable mortality per 100,000 population - Females	2010/11	15	Years		Getting Worse 




2d. Implement 'Total Place' solutions to tackling crime and ASB in designated localities















Performance Indicator	Last Update	Current Value	Frequency of collection	Performance improving or declining	Performance against target (where target is known)
Incidents of Anti-Social Behaviour	September 2012	1,240	Months	↑	
Perceptions of anti-social behaviour (on line place survey)	2011/12	30%	Years	↑	
Percentage of people who feel that the council and police are dealing with local concerns about anti-social behaviour and crime issues (on line place survey)	2011/12	58.8%	Years	↑	
Percentage of people feeling safe after dark (on line place survey)	2011/12	63.1%	Years	↑	
Percentage of people feeling safe during the day (on line place survey)	2011/12	92.6%	Years	↑	
Percentage of people who felt fearful of being a victim of crime in the last 12 months (FTD Survey)	H1 2012/13	9%	Half Years	▬	

2e. Develop innovative early interventions to tackle youth crime and ASB

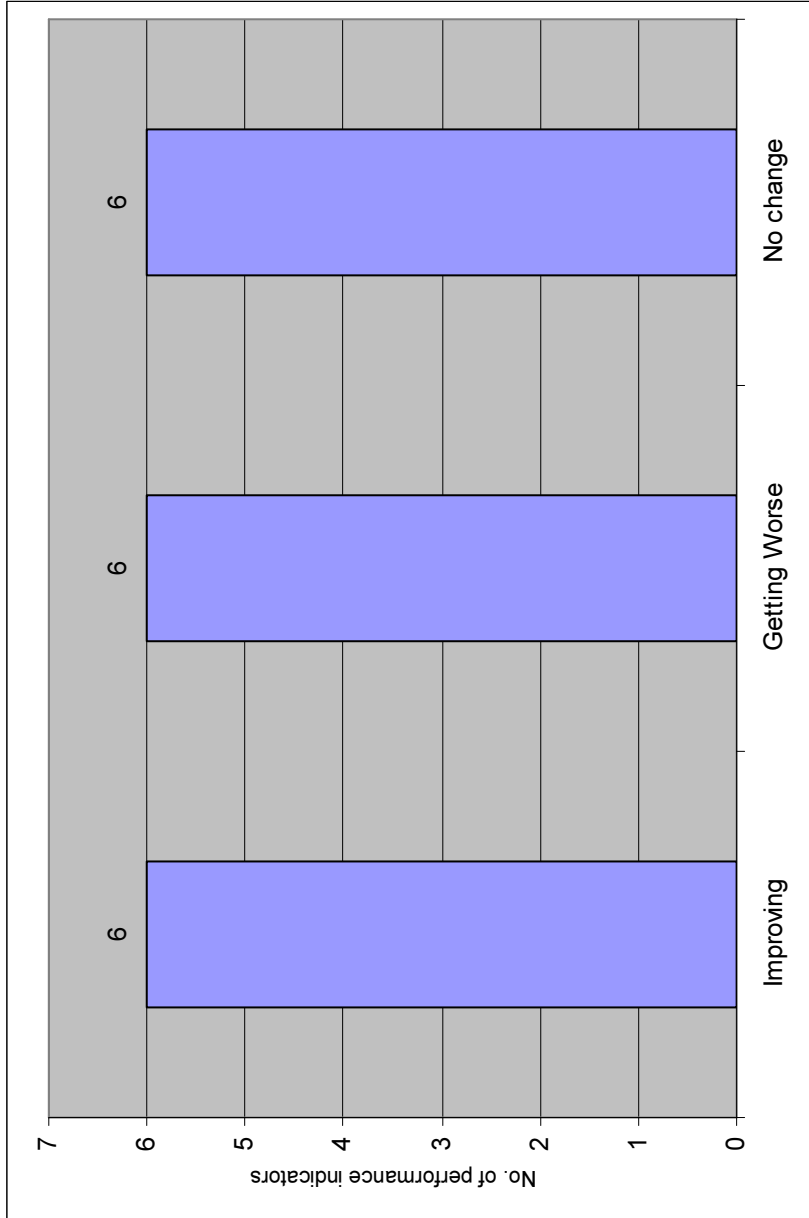
Performance Indicator	Last Update	Current Value	Frequency of collection	Performance improving or declining	Performance against target (where target is known)
First time entrants to the Youth Justice System aged 10-17 per 100,000 10 - 17 population	2010/11	51	Years	➔	Getting Worse 
Percentage of arrests of people aged between 10 and 17 years old	2011/12	13%	Years	➔	Improving 
Young offenders receiving a community resolution order	2009/10	60	Years	➔	Getting Worse 







2f. Create an integrated approach to protecting those most vulnerable in our local communities

Performance Indicator	Last Update	Current Value	Frequency of collection	Performance improving or declining	Performance against target (where target is known)
Number of homelessness cases prevented as a result of casework	September 2012	56	Months	➔	Getting Worse 
The number of referrals made by Tamworth HEAT	September 2012	210	Months	➔	Getting Worse 
Average number of days taken to re-let local authority housing (Standard Empty Homes)	September 2012	17	Months	➔	Getting Worse 

Performance Indicator	Last Update	Current Value	Frequency of collection	Performance improving or declining	Performance against target (where target is known)
Where possible, 30% of all new homes delivered will be affordable	2011/12	10.81%	Years		 Getting Worse
% non-decent council homes (Tamworth)	2011/12	.0%	Years		 No Change
Disabled Facilities Adaptations completed	Q4 2011/12	144	Quarters		 Improving
The number of empty homes brought back into use each year	Q2 2012/13	26	Quarters		 Improving
Meet and maintain licensing programme for Houses in Multiple Occupation (HMO's)	2011/12	100%	Years		 No Change
Local authority tenants' satisfaction with landlord services	2012/13	75.20%	Years		 No Change
The number of Council properties adapted to meet the needs of disabled people	2012/13	86	Years		 Improving

Approachable, Accountable and Visible







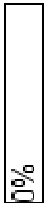

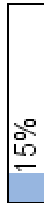


Performance Indicator	Last Update	Current Value	Frequency of collection	Performance improving or declining	Performance against target (where target is known)
Freedom of Information Requests Responded To Within legislative timescales	July 2012	92.5%	Months	➡	Getting Worse 
Percentage of calls answered within 20 seconds - Corporately	Q2 2012/13	92%	Quarters	⬆	Improving 
Achievement of upper quartile performance for Non-Domestic Rate collection	2010/11	98.4%	Years	⬆	Improving 
Spending maintained within approved budget and without significant underspends	August 2012	1.84%	Months	➡	Getting Worse 
Maintain accreditation against ISO20000	2011/12	Yes	Years	▬	No Change 
Maintain accreditation against ISO27001	2011/12	Yes	Years	▬	No Change 
Draft Statement of Accounts to be prepared by 30th June each year	2011/12	Yes	Years	▬	No Change 
Achievement of upper quartile performance for Council Tax collection	2010/11	98%	Years	➡	Getting Worse 
To have satisfactory arrangements to secure economy, efficiency and effectiveness in our use of resources	2011/12	Yes	Years	▬	No Change 
Achievement of an unqualified audit opinion on the financial statements	2011/12	Yes	Years	▬	No Change 
Budget, Council Tax and Rent set by 11th March each year	2011/12	Yes	Years	▬	No Change 
Visiting Marmion House - Resolution at first point of contact	Q2 2012/13	93%	Quarters	➡	Getting Worse 
Percentage of people who feel they can influence decisions in their locality (On line place survey)	2011/12	47.8%	Years	⬆	Improving 
Usage of the "Tell us" scheme	September 2012	40	Months	➡	Getting Worse 

2. High Level Corporate Plan Actions

This section of the report provides an update on those high level actions/projects or initiatives that fall into the categories not on track but in control or not on track and not in control.

Updates on all the other high level actions/projects or initiatives can be viewed via the internet.

New council brand	<i>Jane Eason</i>	Project Status	Priority Action/Project/Initiative not on track but is in control		Progress
Latest Status Update	31-Jul-2012 Initially designs were presented to members of Cabinet who took guidance from the controlling group, these ideas were refused.	Planned Start Date	01-Apr-2012	Due Date	01-Apr-2013
Increase occupancy of commercial and industrial premises and also the longevity/quality of the letting	<i>Paul Weston</i>	Project Status	Priority Action/Project/Initiative not on track but is in control		Progress
Latest Status Update	06-Jul-2012 The occupancy of commercial premises is excellent given the current economic climate but the quality and length of the lettings is an area outside of our control.	Planned Start Date	01-Apr-2012	Due Date	31-Mar-2013
Exploitation of external service delivery	<i>Gareth Youlden</i>	Project Status	Priority Action/Project/Initiative not on track but is in control		Progress
Latest Status Update	23-Oct-2012 To date, there have been no additional external customers identified; Bromsgrove and Redditch are the current clients. This is reviewed on a quarterly basis.	Planned Start Date	01-Apr-2012	Due Date	02-Apr-2013
Exploitation of GIS	<i>Jon McDevitt</i>	Project Status	Priority Action/Project/Initiative not on track but is in control		Progress

Latest Status Update	04-Jul-2012 The GIS (Geographical Information Systems) exploitation is included within the scope of the Corporate Change Programme. As the new CRM (Customer Relationship Management) System is implemented (anticipated November 2012) , the GIS system will be interfaced to become the main source of information	control	Planned Start Date 01-Apr-2012 Due Date 31-Mar-2015	
Democratic engagement: Public engagement Latest Status Update	<i>Jane Hackett</i> 25-Oct-2012 Due to the pressure of work in election services survey not started will comment late November 2012	Priority Action/Project/Initiative not on track but is in control Planned Start Date 01-May-2012	 Due Date 31-May-2013	Progress 
Legal: Legal Spend Review Latest Status Update	<i>Jane Hackett</i> 25-Oct-2012 Meeting organised for 8 November. The project is now part of the transforming Tamworth programme	Priority Action/Project/Initiative not on track but is in control Planned Start Date 01-Mar-2012	 Due Date 28-Mar-2013	Progress 

3. Performance Management Framework

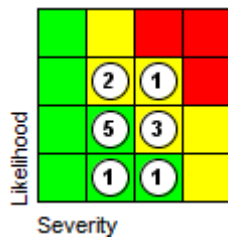
Items requiring attention are

- The Chief Executive has completed personal development reviews for Corporate Management Team members and as such, the cascade of the personal development reviews process has commenced,
- Business planning is also underway.

4. Corporate Risk register

The Corporate Risk register is reviewed and updated by the Corporate Management Team.

There are currently thirteen risks on the Corporate Risk Register, none of which are high risks and the “heat map” below indicates the current position of their risk status.



5. Financial Health check

Executive Summary

This section to the report summarises the main issues identified at the end of September 2012. Details relating to the summary can be obtained from Phil Thomas, Corporate Accountancy Extension 239.

Summary action sheets showing agreed action points to address issues raised are attached at **Appendix A**.

General Fund

Revenue

- The General Fund has a favourable variance against budget at period 6 of £340k.
- The projected full year position identifies a projected favourable variance against budget of £216k or 2.43% (£163k or a 1.84% overspend reported at period 5).
- This projection has highlighted several budget areas for concern (detailed at **Appendix B** and within the report) though we are half way through the year and projections may change, ongoing investigations into these areas have been initiated to mitigate the levels of the deficits.
- A balance of £57k was held in the General Contingency Budget at the end of September 2012.

Capital

- Capital expenditure incurred was £551k compared to a profiled budget of £1.484m.
- It is predicted that £2.410m will be spent by the year-end (£2.410m reported at period 5) compared to a full year budget of £3.014m (this includes re-profiled schemes from 2011/12 of £1.168m).
- A summary of Capital expenditure is shown at **Appendix C**.

Treasury Management

- At the end of September 2012 the Authority had £23.1m invested in the money markets (excluding the £1.82m which is classified as sums at risk invested in Icelandic Banks). The average rate of return on these investments is 1.12% though this may change through the year if market conditions ease. At this point it is anticipated that our investments will earn approximately £239k compared to the budgeted figure of £220k, an estimated over recovery of £19k.

- Borrowing by the Authority stood at £65.060m at the end of September 2012, all being long term loans from the Treasury Public Works Loans Board. The average rate payable on these borrowings equates to 4.47%. At this point it is projected that interest payments will be £2.911m compared to a budget of £3.032m, as not all the budgeted borrowing was taken.
- A more detailed summary of the Treasury Management situation, detailing our current Lending and Borrowings together with the situation with our Icelandic investments, can be found at **Appendix D**.

Balances

Balances on General Fund are projected to be in the region of £4.167m at the year-end from normal revenue operations (£3.788m reported at period 5) compared to £3.441m projected within the 2012/13 budget report.

There is also currently a balance unallocated of £259k within the Repairs and Renewals Fund.

Housing Revenue Account (HRA)

Revenue

- The HRA has a favourable variance against budget at Period 6 of £972k.
- The projected full year position identifies a favourable variance against budget of £1.107m. (£1.019m reported at period 5). Individual significant budget areas reflecting the variance are detailed at **Appendix B** and within the body of the report.

Capital

- Housing Capital expenditure of £590k has been incurred as at the end of Period 6 compared to a profiled budget of £2.424m.
- It is predicted that £6.857 will be spent by the year-end (£7.570m reported at period 5) compared to the full year budget of £7.570m (including £4k re-profiled from 2011/12);
- A summary of Capital expenditure is shown at **Appendix C**.

Balances

- Balances on the Housing Revenue Account are projected to be in the region of £4.474m at the year-end (£4.386m reported at period 5) compared to £3.588m projected within the 2012/13 budget report.

FINANCIAL HEALTHCHECK REPORT – PERIOD 6 SEPTEMBER 2012

This section of the report highlights the main issues identified, Members are asked to note the contents of the report and agree action points to address the issues raised.

Issues Identified

The financial performance review has focussed on the following key areas, on which further work is being undertaken:

- Review of the actual activity to budget for the period;
- A projection of the actual activity to budget for the year;
- Identification of potential issues for action;
- This is the fourth monitoring report of the year and issues regarding budget profiles and previous year's accruals may distort the reported figures to some extent, though the majority of these issues will have been adjusted for manually.

General Fund – Revenue

- The position at the end of September 2012 shows a favourable situation of £340k underspend.
- The projected full year position identifies a favourable variance against budget of £216k (£163k overspend reported at period 5).

Significant items currently identified relating to overspends/under achievement of income are,

- ICT - £44k (£49k reported at period 5). Salaries £28k overspend due to shortfall in salaries budgetary funding. External Service Provision £21k, income budget increased this year in expectation of additional income from shared service provision, which is now unlikely to be received.
- Outside Car Parks - £40k (£43k reported at period 5). Under achievement of income based on current usage, 12.5% reduction in occupancy levels compared to last years figures, which would appear to be in line with national trends.
- Industrial Properties - £34k (£31k reported at period 5). Under achievement of income based on current level of occupation.
- Public Spaces - £27k (£36k reported at period 5). Salaries £15k overspend due to shortfall in salaries budgetary funding. £13k additional costs due to Diamond Jubilee & Olympic celebrations.
- Commercial Property Management - £20k (£24k reported at period 5). Under recovery of rental income based on current level of occupation.
- Tree Maintenance - £18k (£9k predicted at period 5). Increase in costs of vehicle hire; Reduced income from Housing through a combination of factors leading to some works having to be externalised and significant increase in insurance claims requiring external support.

- Development Control - £17k (nil predicted at period 5). Under recovery of income from planning applications.
- Tamworth Golf Course - £13k (£12k reported at period 5). Bad debt provision increase.
- Assembly Rooms - £14k (£14k reported at period 5). Bar £7k based on 2011/12 outturn. It is hoped that some savings can be made elsewhere to offset this in part. Salaries £7k overspend due to salaries budgetary funding shortfall (vacancy allowance).

Significant items mitigating the financial impact of the above and contributing to the period position,

- Joint Waste Arrangement - £137k (Nil predicted at period 5). Contract fees estimated figure based on latest position available from Lichfield District Council.
- Corporate Finance - £95k (£50k reported at period 5). £50k Vacancy allowance offsetting overspends on various salaries budgets due to budgetary funding shortfall. IFRS Contingency £5k and Staffordshire Hoard £20k, budget offered up. Audit Fee £20k expected under spend on move to Grant Thornton.
- Benefits - £65k (£45k reported at period 5). Estimated over recovery based on claimant activity recorded in the DWP claim as at the end of September.
- Treasury Management - £56k (£47k reported at period 5). Under spend of £122k due to additional borrowing not being taken, partly netted off as £58k will no longer be charged to the HRA. Overspend of £14k Interest Payable to HRA due to change in to interest calculation due to HRA reform and £11k MRP due to changes in Icelandic repayments. Over recovery of £19k interest.
- Environmental Health - £29k (£26k reported at period 5). Under spend due to two vacant posts; part of budget is being used to pay for consultants and sickness cover.
- Amington Depot - £23k (£10k predicted at period 5). Vacant post for Gateman, future of this is still under discussion.
- PR and Consultation - £20k (Nil predicted at period 5). Under spends on External Communication £5k and Advertising £5k. £10k budget not required for Sector Research.
- Health Agenda - £17k (Nil predicted at period 5). Joint funding post under review, awaiting outcome of SCC restructure of service.
- Homelessness - £12k (Nil predicted at period 5). Prevention schemes have reduced use of Bed & Breakfast accommodation offset by reduced income. Homes for Homeless scheme under review.
- Strategic Housing - £10k Nil predicted at period 5). Housing Strategy Statement reviewed every 3 years.
- Human Resources - £10k (Nil predicted at period 5). Competency Framework reserve will not be spent.

General Fund – Capital

- The position at the end of September shows an underspend to profiled budget of £933k, mainly due to slippage on spend compared to predicted expenditure profiles at this early stage of the year.
- The projected full year position identifies a projected net underspend of £120k (£120k reported at period 5) This is the Home Repairs Works in Default Scheme as no external funding is available for this scheme, therefore not predicting any spend unless alternative funding can be found. There is a projected requirement to re-profile £484k into 2013/14 (£454k projected at period 5) re;
 1. Castle Mercian Trail, £340k, resources will need to be carried over into next financial year as it is unlikely that the Trail Partnership will be able to finalise the strategy for the trail exhibitions until after April 2013.
 2. Private Sector Coalfields Fund grants, £114k, schemes being those identified and carried over from 2011/12.
 3. Streetscene Tracking System, £30k, still pending outcome on new CRM system in Spring 2013.

Housing Revenue Account – Revenue

- The position at the end of September shows a favourable situation of £972k.
- The projected full year position identifies a favourable variance against budget of £1.107m (£1.019m reported at period 5).

Significant items currently identified relating to overspends/under achievement of income are,

- Garage Rents - £73k (£71k reported at period 5). Rental income shortfall due to the continuing increase in voids. A number of garage sites are currently being considered for re-development for social housing.

Significant items mitigating the financial impact of the above and contributing to the predicted outturn position,

- Contribution to Repairs Account - £900k (£900k predicted at period 5). Under spend due in part to a reduced repairing obligation under the repairs policy, competitive procurement and reduced SOR costs, improved links between response and planned works – together with ongoing robust management of new contract arrangements.
- Rents - £130k (£126k reported at period 5). Projected outturn over recovery against budget partly due a quicker turnaround of void properties reducing overall void levels.
- Item 8 Debit - £58k (£58k reported at period 5). Under spend due to additional borrowing not being taken.
- General Business Support - £22k (Nil predicted at period 5). £19k Audit fee 40% reduction in costs expected. £11k Salaries as post holder on secondment offset by £21k payments for temporary staff.

- Sheltered Housing General – £20k (Nil predicted at period 5). Under spend identified to offset shortfall in income at Sheltered schemes due to cut in Supporting People funding
- Housing Advice - £16k (Nil predicted at period 5). Sanctuary scheme under review.
- Tenant Participation - £14k (Nil predicted at period 5). Further consultation work to be done.
- Interest Internal Balances - £14k (£10k predicted at period 5). Over recovery of income as a result of changes to interest calculation due to HRA reform.
- Allocations - £10k (Nil predicted at period 5). Financial incentive to move is demand led and subject to availability of suitable properties.

Housing Revenue Account – Capital

- The position at the end of September shows an under spend to profiled budget of £1.835m, which appears to be a profiling variance.
- The projected full year position identifies a projected net underspend of £398k (nil predicted at period 5) this is the Home Electrical Upgrades 2012 Scheme as the cost of electrical works has been drastically reduced. There is a projected requirement to re-profile £315k into 2013/14 (nil predicted at period 5) re;
 1. High Rise Lift Renewals 2012, £120k, the lifts to be refurbished have now been identified but with manufacture and planning times allowed for it is unlikely that works will be completed before year-end.
 2. Fire Upgrades to Flats 2012, £195k, these works cannot proceed until compliance audits are carried out. The compliance audit contract will be let in November 2012 with reports not being made available until March/April 2013. The budget will need to be re-profiled to allow works to commence upon completion of the audits.

Appendix A

REF	ACTIVITY	OPTIONS	AGREED ACTION	ACTION BY / WHEN	PROGRESS
1	FINANCIAL ISSUES				
1.1	Budget Monitoring & Control		Managers have been commissioned by CMT to review budgets by the end of September to identify potential actions to mitigate projected overspending and to restrict spend to essential areas.	Directors & Budget Holders	Ongoing
1.2	<u>Forward Look:</u> – Medium Term Financial Strategy (MTFS)		Investigation into significant variances, to identify reasons for the changes and implement 'lessons learned' to reduce the risk of future occurrences.	Findings incorporated within Budget Review Group's provisional consideration for the impact on 2013/14 (onwards) financial planning.	Executive Board will be given report on outturn situation for consideration and implications for the MTFS

Appendix B

	YTD Outturn	Projected Outturn	
	Period 06	Period 06	
GENERAL FUND	Over/(Under) Spends £000's	Over/(Under) Spends £000's	Comments
CHIEF EXECUTIVE'S OFFICE			
PR and Consultation			
External Communications	(5)	(5)	Expected underspend
Advertising	(4)	(5)	Expected underspend
Sector Research	0	(10)	Budget not required
<i>Head of Customer Services</i>			
Customer Services			
Staffs Connects Contribution	6	0	2011-12 contribution in excess of amount accrued.
Line Rental Main Switchboard	(10)	(5)	Underspend against budget to date, plus receipt of £7k credit against previous bills
<i>Head of Organisational Development</i>			
Human Resources			
Contribution from Reserve	0	(10)	Competency Framework reserve which will not now be spent
Other minor non-significant variances	(3)	0	
CHIEF EXECUTIVE'S OFFICE	(16)	(35)	
EXECUTIVE DIRECTOR CORPORATE SERVICES			
Corporate Director Resources			
Salaries	5	10	Overspend due to shortfall in salaries budgetary funding
<i>Head of Benefits</i>			
Benefits	30	(65)	Based on position as at end September
Benefits Administration			
Other Supplies and Services	(5)	(3)	Expected underspend
Corporate Consultation	(8)	0	
<i>Head of Internal Audit</i>			
Internal Audit			
External Support	0	(7)	Remaining budget not expected to be spent
<i>Director of Technology & Corporate Programmes</i>			
ICT and Transformation			
Salaries	11	28	Overspend due to shortfall in salaries budgetary funding
Communications	(6)	0	Profiling issue
Hardware Maintenance	(5)	0	Profiling issue
Application Software	(24)	0	No spend against profiled year to date budget
Training	(4)	(2)	Expected underspend
Miscellaneous	(3)	(3)	Expected underspend
External Service Provision	0	21	Income budget increased this year in expectation of additional income from shared service provision, which is now unlikely to be received
<i>Director of Finance</i>			
Corporate Core			
Subscriptions - Corporate	(5)	(5)	Underspend against budget

GENERAL FUND	Over/(Under) Spends £000's	Over/(Under) Spends £000's	Comments
Corporate Finance			
Vacancy Allowance	0	(50)	Offsetting overspends on various salaries budgets due to budgetary funding shortfall
IFRS Contingency	0	(5)	Budget unlikely to be spent
Staffordshire Hoard	0	(20)	Offsetting £4k overspend on Castle & remaining budget offered up
Audit Fee	11	(20)	Expected underspend on move to Grant Thornton
Government Grants	(72)	0	Includes receipt New Burdens grant re localised Council Tax benefit, which was not budgeted
Treasury Management			
External Interest Payable	(61)	(122)	New borrowing below budgeted amount
Interest Payable to HRA	7	14	Changes to interest calculation due to HRA reform
Minimum Revenue Provision	5	11	Budget based on higher forecast Icelandic capitalisation reduction
Housing Revenue Account	29	58	New borrowing below budgeted amount
Misc Interest & Dividends	(9)	(19)	Estimated over recovery of interest
Procurement			
External Support	0	(5)	Predicted underspend assuming budget not required to be spent
Head of Revenues			
Council Tax			
Legal Fees	(6)	(4)	Predicted underspend
Other minor non-significant variances	(47)	1	
EXECUTIVE DIRECTOR CORPORATE SERVICES	(157)	(187)	
ASSETS AND ENVIRONMENTAL SERVICES			
Commercial Property Management			
Rental Income	(4)	20	Based on current level of occupation - Issue re budget profiling masked figures at period 3
Industrial Properties			
Rental Income	42	43	Based on current level of occupation
Maintenance of Unlet Factory Units and Business Centre	12	0	Significant amount of costs to enable one unit to be let. Not expected that there will be any further need to spend which will keep total spend within budget at year end
Provision for Bad debts	(8)	(8)	Saving as at end of the period, however potential for full requirement by year end position will be closely monitored and updated throughout the year
Outside Car Parks			
Refundable Deposits - Henry Boot	(8)	(15)	Reduction in amount payable to Henry Boot as a result of less income being received on Spinning School Lane car park based on current usage and predictions. The situation is monitored closely and may change depending on usage levels between now and year end
Fees & Charges	20	12	12.5% reduction in occupancy levels compared to last years figures - in line with national trends. Substantial increase in income for Bolebridge for August probably attributable to the wet Summer holidays leading to an increase in cinema usage.
Amington Depot			
Salaries	(5)	(19)	Vacant post for Gateman. Future of this is still under discussion

GENERAL FUND	Over/(Under) Spends £000's	Over/(Under) Spends £000's	Comments
Marmion House			
Electricity	(2)	(15)	Estimated outturn based on current expected usage till the year end
Environmental Health			
Salaries	(16)	(23)	2 vacant posts. Part of budget is being used to pay for consultants and sickness cover
Taxi & Private Hire Vehicles			
Salaries	(7)	0	Vacant post. Future of this is still under discussion
Licensing Act			
Annual Fees	(14)	(5)	Based on prior year trends
Pollution Control			
Consultants Fees	(10)	0	Profile Issue
Joint Waste Arrangement			
Contract Fees	0	(135)	Estimated figure based on latest position available from LDC
Cemeteries			
Repair and Maintenance of Monuments	(3)	(12)	Expenditure reduced to offset reduced income - situation will be continually reviewed. However there may be some further spend required on health and safety grounds should any arise
Fees and Charges	12	16	Reduction in income - position will be closely monitored and updated throughout the year
Public Spaces			
Salaries	7	15	Overspend due to salaries budgetary funding shortfall (vacancy allowance)
Supplies and Services	6	13	Additional costs due to Diamond Jubilee and Olympic celebrations
Trees			
Subcontractors / vehicle Hire / Income	0	14	Increase in in costs of vehicle hire; Reduced income from Housing through a combination of factors leading to some works having to be externalised and significant increase in insurance claims requiring external support. Potential over winter to increase further costs due to weather conditions.
Street Wardens			
Salaries	6	12	Overspend due to salaries budgetary funding shortfall (vacancy allowance)
Other minor non-significant variances	25	76	
ASSETS AND ENVIRONMENTAL SERVICES	53	(11)	
HOUSING & HEALTH			
General Fund Housing			
Homelessness			
Provision for Bad Debts	(4)	0	Provision based on current level of arrears, subject to change
Bed & Breakfast Cost	(17)	(17)	Prevention schemes have reduced use of Bed & Breakfast accommodation
Homes for Homeless	(6)	(12)	Under review
Bed & Breakfast Income	18	17	Reduced income offset by reduced expenditure
Homelessness Prevention Schemes			
Repossession Prevention	(50)	(45)	Demand led scheme, grant funded
Contribution to Reserves	0	45	Reserve will be requested at year end to carry forward any unused grant
Strategic Housing			
Housing Strategy Statement	(5)	(10)	Strategy reviewed every 3 years

GENERAL FUND	Over/(Under) Spends £000's	Over/(Under) Spends £000's	Comments
Homelessness Strategy			
Homelessness Prevention	(66)	(120)	Projects utilising the grant funding have been identified and approved
Repossession Prevention	(36)	(35)	Demand led scheme, grant funded
Contribution to Reserves	0	155	Reserve will be requested at year end to carry forward any unused grant
Health Agenda			
Health Promotions Joint Funding	0	(17)	Post under review, awaiting outcome of SCC restructure of service
Other minor non-significant variances	(23)	0	
HOUSING & HEALTH	(189)	(39)	
COMMUNITIES, PLANNING & PARTNERSHIPS			
Development Control			
Fees & Charges Planning Apps	25	20	It is unclear when government changes around fee increases will be implemented. It is possible that additional income may be received as several developments are being discussed. As yet it is unclear if the applications will be made before the end of the financial year
AD Strategic planning & Dev			
Other Expenses	(9)	0	Profile Issue. Waiting for report on CIL
Conservation			
Conservation Grants	(8)	0	Grants not paid in line with profile
Dev. Plan Local & Strategic			
Salaries	(5)	(9)	Member of staff on career break
Temporary Reserve	0	9	Future potential superann liability for employee on career break
DD - Communities, Planning & Partnerships			
Salaries	3	9	Overspend due to salaries budgetary funding shortfall (vacancy allowance)
Tamworth Golf Centre			
Bad Debt Provision	11	13	Based on debts in respect of 2011/2012
Assembly Rooms			
Salaries and Wages	0	11	Overspend due to salaries budgetary funding shortfall (vacancy allowance)
Assembly Rooms Bar			
Bar Sales	0	12	Based on 2011/12 out turn. Underspends of £5k across the cost centre have been identified to mitigate this under recovery of income
Castle & Museum			
Wages	7	10	using casual staff to cover holidays and cover needed for maternity leave.
Admission Fees	(14)	(10)	budget was set at a prudent level as it was unclear how the major building works at the Castle would impact on visitor levels. The income has already exceeded the annual budget by £3k
Castle Shop Trading Account			
Sale of Souvenirs	0	11	Visitors are not spending in the shop due to the lack of toilet facilities during the building works. Should be offset by an underspend of £3k on Stock purchases for resale

GENERAL FUND	Over/(Under) Spends £000's	Over/(Under) Spends £000's	Comments
Castle Schools Education			
Wages	0	(6)	During major capital building works between July to February there is no access to public toilets which prevents school visits.
Schools Programme - Income		11	During major capital building works between July to February there is no access to public toilets which prevents school visits.
Castle Events			
Split Profit Ticket Income	7	14	Offset by underspend of £5k on expenses as less events are being held
Staffordshire Hoard			
Wages	0	4	Use of invigilators to ensure security of the Hoard Exhibition. Offset by an underspend of the £20k (net £16k) Staffordshire Hoard Contingency budget
Community Leisure Management			
Salaries	3	7	Overspend due to salaries budgetary funding shortfall (vacancy allowance)
Community safety			
Salaries	(4)	(5)	employee on maternity leave & others not in pension fund although budgeted for
Play Development			
Consultants Fees	(9)	(9)	profile issue
Registrations	10	10	profile issue
Other minor non-significant variances	(48)	(46)	
COMMUNITIES, PLANNING & PARTNERSHIPS	(31)	56	
GENERAL FUND	(340)	(216)	

HOUSING REVENUE ACCOUNT	Over/(Under) Spends £000's	Over/(Under) Spends £000's	Comments
HOUSING & HEALTH			
General - Business Support			
Salaries	0	(11)	Substantive postholder on secondment
Payments for Temporary Staff	10	21	Cover for above post
Audit Fee	0	(19)	40% reduction in costs expected
General - Operations			
Software Maintenance & Improvements	0	0	Ongoing upgrades to Orchard system are expected to use full budget
Allocations			
Financial Incentive to Move	(8)	(10)	Demand led and subject to availability of suitable properties
Sheltered Housing General			
Maintenance and Security	0	(20)	Underspend identified to offset shortfall in income at Sheltered schemes due to cut in Supporting People funding
Tenant Participation			
Support - Tenant Consultation	(14)	(14)	Further consultation work to be done
Housing Advice			
Sanctuary Scheme	(10)	(20)	Scheme currently under review
Repairs Contract			
Payments for Temporary Staff	23	50	Cost of additional staff to be recharged to Capital scheme/Repairs contract
TBC Capital Works	(17)	(37)	Cost of additional staff to be recharged to Capital scheme/Repairs contract
Housing Repairs Account	(6)	(13)	Cost of additional staff to be recharged to Capital scheme/Repairs contract
HRA Summary			
Contribution to the Repairs Account	(743)	(900)	Multiple Contracts, of which the Responsive Repairs contract is currently £513K underspent. The predicted outturn underspend is due in part to a reduced repairing obligation under the repairs policy, competitive procurement and reduced SOR costs, improved links between response and planned works – together with ongoing robust management of new contract arrangements.
Provision for Bad Debts	(81)	0	Provision based on current level of arrears which are expected to rise due to the impact of the welfare reforms
Item 8 Debit	(29)	(58)	New borrowing below budgeted amount
Rents	(66)	(130)	Projected outturn over recovery against budget partly due a quicker turnaround of void properties reducing overall void levels
Garage Rents	36	73	Rental income shortfall due to the continuing increase in voids. A number of garage sites are currently being considered for re-development for social housing
Interest on Balances (Item 8 CR)	(7)	(14)	Changes to interest calculation due to HRA reform
Other minor non-significant variances	(60)	(5)	
HOUSING REVENUE ACCOUNT	(972)	(1,107)	

CAPITAL PROGRAMME 2012-13 SUMMARY
Period 6 - Ledger Info @ 08/10/12

Directorate	Budget b/f from 1/1/12	12/13 Predicted Spend	12/13 Project Budget (Incl b/f from 1/1/12)	Predicted Re-profile to 13/14	12/13 Resultant Variance	YTD Actuals	YTD Accruals	YTD Actuals + Accruals	YTD Budget	YTD Variance
	£	£	£	£	£	£	£	£	£	£
CORPORATE SERVICES	119,140	371,140	371,140	0	0	87,657.17	0.00	87,657.17	245,140	(157,482)
COMMUNITY SERVICES	1,048,590	2,039,230	2,642,730	483,500	(120,000)	447,030.53	16,572.79	463,603.32	1,238,830	(775,226)
GENERAL FUND TOTALS	1,167,730	2,410,370	3,013,870	483,500	(120,000)	534,687.70	16,572.79	551,260.49	1,483,970	(932,708)
HOUSING REVENUE ACCOUNT	3,690	6,856,890	7,569,870	315,000	(397,980)	340,989.11	248,645.38	589,634.49	2,424,247	(1,834,611)
TOTAL APPROVED CAPITAL	1,171,420	9,267,260	10,583,740	798,500	(517,980)	875,676.81	265,218.17	1,140,894.98	3,908,217	(2,767,319)
Specific Project Contingencies	130,000	0	130,000	130,000	0	0.00	0.00	0.00	130,000	(130,000)
TOTAL (incl spec' contingencies)	1,301,420	9,267,260	10,713,740	928,500	(517,980)	875,676.81	265,218.17	1,140,894.98	4,038,217	(2,897,319)
GF General Contingency	40,000	0	40,000	0	(40,000)	0.00	0.00	0.00	40,000	(40,000)
HRA General Contingency	0	0	250,000	0	(250,000)	0.00	0.00	0.00	250,000	(250,000)
Invest To Save Contingency	160,000	0	160,000	0	(160,000)	0.00	0.00	0.00	160,000	(160,000)
ALL CAPITAL	1,501,420	9,267,260	11,163,740	928,500	(967,980)	875,676.81	265,218.17	1,140,894.98	4,488,217	(3,347,319)

Treasury Management Update – Period 6 - 2012/2013**Investments held as at 30th September 2012:**

Borrower	Deposit £m	Rate %	From	To	Notice
Lloyds TSB	1.00	2.10	05/10/2011	03/10/2012	-
Lloyds TSB	2.00	2.15	04/11/2011	02/11/2012	-
Lloyds TSB	1.00	2.25	14/11/2011	12/11/2012	-
Bank of Scotland	2.00	3.10	06/03/2012	13/02/2013	
Barclays Bank	2.00	0.823	02/07/2012	01/10/2012	
Barclays Bank	1.00	0.65	15/08/2012	15/11/2012	
Barclays Bank	1.00	0.59	14/09/2012	14/12/2012	
Nat West	2.00	0.80	-	-	On call
Nat West	2.00	0.95	-	-	30 days
Deutsche Bank - MMF	4.00	0.45*	-	-	On call
MMF - Ignis	4.00	0.61*	-	-	On call
MMF - PSDF	1.09	0.48*	-	-	On call
Total	23.09	1.12 (avg)			

* Interest rate fluctuates daily dependant on the funds investment portfolio, rate quoted is approximate 7 day average.

External Borrowing as at 30th September 2012:

<u>Borrowing from PWLB</u>				
<u>Loan Number</u>	<u>Rate</u>	<u>Principal</u>	<u>Start</u>	<u>Maturity</u>
468372	11.625%	1,000,000	29/03/1990	18/08/2015
468478	11.750%	2,000,000	23/04/1990	18/02/2017
475875	8.875%	1,200,000	29/04/1995	25/04/2055
478326	8.000%	1,000,000	17/10/1996	17/10/2056
479541	7.375%	1,000,000	28/05/1997	28/05/2057
479950	6.750%	2,000,000	02/10/1997	03/09/2057
481087	5.625%	3,000,000	22/06/1998	22/06/2058
481641	4.500%	1,400,000	09/10/1998	09/10/2058
483694	4.875%	92,194	21/12/1999	18/10/2059
484204	5.125%	2,000,000	20/04/2000	18/10/2015
488835	5.000%	2,000,000	01/07/2004	01/07/2034
490815	4.250%	1,000,000	24/11/2005	24/05/2031
494265	4.430%	2,000,000	21/01/2008	01/01/2037
494742	4.390%	700,000	15/08/2008	15/08/2058
500759	3.520%	5,000,000	28/03/2012	28/03/2053
500758	3.510%	5,000,000	28/03/2012	28/03/2054
500757	3.510%	5,000,000	28/03/2012	28/03/2055
500761	3.510%	5,000,000	28/03/2012	28/03/2056
500755	3.500%	5,000,000	28/03/2012	28/03/2057
500756	3.500%	3,000,000	28/03/2012	28/03/2058
500753	3.500%	1,000,000	28/03/2012	28/03/2059
500760	3.490%	5,000,000	28/03/2012	28/03/2060

500762	3.490%	5,000,000	28/03/2012	28/03/2061
500754	3.480%	5,668,000	28/03/2012	28/03/2062
Total		65,060,194		

ICELANDIC BANKING SITUATION (30/09/2012)

	Deposit with;	Ref Number	Date Invested	Amount	%
1	GLITNIR	1696	10/10/2007	1,000,000	
	GLITNIR	1715	31/08/2007	1,000,000	
	GLITNIR	1754	14/12/2007	1,000,000	
	Total Principal			3,000,000	
	Estimated of Contractual or Interest due to point of administration (subject to currency exchange rate fluctuations)			140,911	
	Total of Claim			3,140,911	
	Repayments Received to date			(2,554,432)	*
	Outstanding at 30/09/2012			586,479	**

*Partial repayment received on the 15th March 2012 in GBP/EUR/USD/NOK. The balance is currently being held in Icelandic Krone (ISK). Release of these funds is dependent on a change in Icelandic Law which currently does not allow the distribution of ISK outside the country. **Interest will accrue on these funds until the date of final settlement and may also change due to exchange rate fluctuations.

- Best case recovery 100%

2	Heritable Bank	1802	12/09/2008	500,000	
	Heritable Bank	1803	15/09/2008	1,000,000	
	Total Principal			1,500,000	
	Interest due at point of administration 07/10/2008			5,127	
	Total of Claim			1,505,127	
	Repayments Received to date			(1,122,254)	74.56
	Outstanding at 30/09/2012			382,874	

- Current indications project an 85% recovery of our investments

3	Singer & Friedlander	1716	31/08/2007	1,000,000	
	Singer & Friedlander	1740	31/10/2007	1,000,000	
	Singer & Friedlander	1746	14/01/2008	1,000,000	
	Total Principal			3,000,000	
	Interest due at point of administration 08/10/2008			175,256	
	Total of Claim			3,175,256	
	Repayments Received to date			(2,317,937)	73.00
	Outstanding at 30/09/2012			857,319	

- Current indications project an 82% recovery of our investments

Summary					
	Total Principal			7,500,000	
	Interest			321,294	
	Total of Claim			7,821,294	
	Repayments Received to date			(5,994,623)	76.64
	Outstanding at 30/09/2012			1,826,672	

- 1 Registered Bank in Iceland - In Administration under Icelandic Law
- 2 Registered Bank in UK - In Administration in UK by Ernst & Young Under English Law
- 3 Registered Bank in UK - In Administration in UK by Ernst & Young Under English Law

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