



CABINET

15 January 2015

A meeting of the CABINET will be held on Thursday, 22nd January, 2015, 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 - 4)

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 Question Time:

To answer questions from members of the public pursuant to Executive Procedure Rule No. 13

5 Matters Referred to the Cabinet in Accordance with the Overview and Scrutiny Procedure Rules

None

6 Draft Budget & Medium Term Financial Strategy 2014/15 (Pages 5 - 52)
(Report of the Leader of the Council)

7 Business Rates Income Forecast 2015/16 (Pages 53 - 72)
(Report of the Portfolio Holder for Operations and Assets)

8 Exclusion of the Press and Public

To consider excluding the Press and Public from the meeting by passing the following resolution:-

“That in accordance with the provisions of the Local Authorities (Executive Arrangements) (Meeting and Access to Information) (England) Regulations 2012, and Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during the consideration of the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public”

At the time this agenda is published no representations have been received that this part of the meeting should be open to the public.

9 Appointment of Fire Safety Partner for Council Owned Stock (Pages 73 - 78) (Report of the Portfolio Holder for Housing and Waste Management)

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, S Claymore, S Doyle, and M Thurgood.



MINUTES OF A MEETING OF THE CABINET HELD ON 11th DECEMBER 2014

PRESENT: Councillor D Cook (Chair), Councillors R Pritchard, S Claymore, S Doyle and M Thurgood

The following officers were present: Rob Barnes (Director - Housing and Health), Andrew Barratt (Director - Assets and Environment) and Robert Mitchell (Director - Communities, Planning and Partnerships)

77 APOLOGIES FOR ABSENCE

None

78 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 27th November 2014 were approved and signed as a correct record.

(Moved by Councillor R Pritchard and seconded by Councillor M Thurgood)

79 DECLARATIONS OF INTEREST

There were no Declarations of Interest.

80 QUESTION TIME:

None

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

None

82 PUBLIC SECTOR COMMISSIONING PROGRESS REPORT

The Report of the Leader of the Council seeking Cabinet approval to the revised terms of reference for the Tamworth Strategic Partnership (TSP) which will establish a locality commissioning function within the partnership and establish

the appropriate delegations to Tamworth Borough Council officers to manage commissioning activity through the Locality Commissioning Hub in accordance with the Council's financial guidance and governance TSP and to inform Cabinet on the progress of contracts awarded under Commissioning cycle 2 was considered.

RESOLVED: That:

- 1 the revised terms of reference for the TSP establishing a locality commissioning function, called the Tamworth Locality Commissioning Hub, reporting to the TSP Executive Board be endorsed;
- 2 authority be delegated to the Chief Executive, the Director of Community, Planning and Partnership and the Director of Housing and Health to participate in the Commissioning Hub and to make commissioning decisions through the Commissioning Hub as and when appropriate in line with the Council's financial guidance and governance of the TSP;
- 3 the delegated officers in the Commissioning Hub be authorised to receive monies into the Council from TSP partners and pool funding and award contracts to support joint commissioning activity as and when appropriate in line with the Council's financial guidance and governance of the TSP;
- 4 the revised Public Sector Commissioning Framework reflecting the new commissioning landscape be approved;
- 5 the removal of the Voluntary and Community Sector Commissioning Board from the Outside Bodies List be authorised;
- 6 the progress made by the providers awarded contracts under the Council's Commissioning Cycle 2 procurement exercise and the 6 month performance report on the Commissioning Cycle 2 contracts be endorsed, and;
- 7 the creation of the budgets up to £555,000 to facilitate the pooling of funds to the cost centre established be authorised.

(Moved by Councillor D Cook and seconded by Councillor S Claymore)

83 HOUSING REGENERATION UPDATE

The Report of the Leader of the Council seeking to update members regarding the current position of the Tinkers Green and Kerria regeneration project, seeking agreement of the appointment of GVA to complete the next stage of preparatory work and seeking agreement to make changes to the current year's budget structure to ensure continued delivery of the project was considered.

RESOLVED: That:

- 1 The contents of the report be endorsed;
- 2 Cabinet noted the typographical error in the recommendations and asked that for the minutes the recommendation reads "that £421,750 be vired in 2014/2015

- from the Kerria budget to the Tinkers Green budget”, and;
- 3 GVA be appointed to undertake Stage Three preparation.
(Moved by Councillor D Cook and seconded by Councillor S Claymore)

84 TAMWORTH BOROUGH COUNCIL REVISED STATEMENT OF LICENSING POLICY 2015-2020 (LICENSING ACT 2003)

The Report of the Portfolio Holder Environment and Waste Management to consider the Revised Statement of Licensing Policy 2015-2020 and refer to Council for adoption on 16 December 2014 was considered.

RESOLVED: That:

- 1 the draft policy be endorsed by Cabinet and provided comments alongside the consultation which will be presented at Council on 16th December 2014, and;
- 2 Cabinet wish to have their thanks passed on to the Team who put a lot of time into producing the policy.

(Moved by Councillor S Doyle and seconded by Councillor D Cook)

Leader

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CABINET

22nd January 2015

JOINT SCRUTINY COMMITTEE (BUDGET)

27th January 2015

Report of the Leader of the Council

DRAFT BUDGET AND MEDIUM TERM FINANCIAL STRATEGY 2015/16 to 2019/20

Purpose

To approve the draft package of budget proposals (**attached at Appendix A**) to consult with the Joint Scrutiny Committee (Budget) on 27th January 2015 and receive their feedback on the:

- General Fund Revenue (GF) Budget and Council Tax for 2015/16;
- Housing Revenue Account (HRA) Budget for 2015/16;
- Capital Programme – General Fund & HRA;
- Medium Term Financial Strategy (MTFS).

This is a key decision as it affects two or more wards and involves expenditure over £50k.

Recommendations

That:

1. **Cabinet approve the draft package of budget proposals including the proposed policy changes (as detailed at Appendix B); and**
2. **As required by the Constitution of the Council, the Joint Scrutiny Committee (Budget) on 27th January 2015 be asked to consider the budget proposals contained within this report.**

Executive Summary

Long before the current austerity measures and on-going public sector spending cuts, the Council has been proactive in the design and implementation of innovative and effective measures for driving efficiency.

It has previously been recognised by the Council's Executive Management Team (a non-decision making forum of Cabinet members and Chief Officers of the Corporate Management Team) that Members will need to focus on strategic decisions relating to high level financial issues as flexibility within future budgets will be extremely limited given the need to identify substantial savings following significant constraints in public spending (post grant reductions of 34% since 2010 and announcements from CSR 2013 of further grant reductions for District Councils of over 15% from 2015/16 – over 40% in real terms since 2010/11).

There also remains a high degree of uncertainty arising from the most significant changes in Local Government funding for a generation with effect from 1st April 2013, arising from Business Rates Retention, changes in Support for Council Tax and technical reforms to Council Tax - as well as other changes arising from the Government's Welfare Reform agenda.

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

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

Based on the draft budget assumptions contained within the report, the headline figures for 2015/16 are:

- A General Services Net Cost of Services of £8,397,240 a reduction of 8% compared to 2014/15;
- A transfer of £493,190 from General Fund balances;
- A transfer of £2,948,920 from HRA balances;
- The Band D Council Tax would be set at £158.60, an increase of £3.10 (1.99% - £0.06 per week) on the level from 2014/15 of £155.50;

- An average rent of £87.61 which represents an increase of £1.01 (1.17% on the current average rent of £86.60) in line with the Government's Guidance on rent increases of CPI plus 1% (based on a 48 week rent year), equating to £80.87 on an annualised 52 week basis;
- A General Fund Capital Programme of £2.15m for 5 years – ***excluding updated Agile Working and Assembly Rooms Scheme costs at this stage***;
- A Housing Capital Programme of £54.1m (including c.£30.87m relating to the Regeneration Projects) for 5 years.

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

Currently projections identify:

1. General Fund balances of £0.874m over 3 years followed by an ongoing annual deficits of c.£2m p.a. (equating to a shortfall of c.£4m over 5 years), including the minimum approved level of £0.5m – work is currently ongoing to identify the impact on the Council's financial position from the programme of short-term and medium-term workstream reviews commissioned by Cabinet in August 2013 as part of the 'Planning for a Sustainable Future' overarching strategy to identify measures to help the Council cope with grant & income reductions in the coming years;
2. HRA balances of £1m over 3 years, and £1m over the next 5 years including the minimum recommended balances of £0.5m.

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

- a) Potential changes to future New Homes bonus levels following the announcement that the Government will be reviewing the scheme again including the potential termination of the scheme from 2015/16;
- b) Future Revenue Support Grant levels for future years following the Chancellor's Autumn Statement on 3rd December 2015. The *Local Government Finance Settlement* issued by the DCLG in December 2014 indicates a revenue support grant reduction of 31.3% in 2015/16. A review on the potential redistribution on a needs basis could also adversely impact on the grant income levels;
- c) The impact of Business Rate Reform from 1st April 2013 and the associated forecast business rates receivable in 2014/15 and future years – of which the Council's budget will receive 40% (subject to 20% levy reduction on 'excess' rates payable to the Greater Birmingham & Solihull Local Enterprise Partnership (GBSLEP) after deduction of the 50% central share, 9% County Council and 1% Fire & Rescue Authority share;

- d) The calculation of the level of business rate appeal costs – of which the Council has to fund 40% from its own budgets – a provision of £983k was set aside in 2013/14 (40% of which relates to the Council);
- e) Future Pension contribution levels - following the triennial review carried out by the Actuaries employed by the Pension Fund - indicative *ongoing* annual increases in Employer's contributions of c.2% p.a. for the next 3 years have been included. This now includes an ongoing lump sum (with an annual increase) relating to past liabilities and a set rate for future employer contributions of 16.5% p.a.

The Council has also made savings of c.£84k through pre-payment of pension contributions for the next 3 years;

- f) The impact of Pension Auto-Enrolment and the single tier pension from 2016/17 – no additional cost associated with auto enrolment has been included as salary budgets are prepared on a full cost basis (and then reduced by the 5% vacancy allowance);

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

- g) While the Government announced a pay cap for 2014/15 & 2015/16, a 2.2% increase (plus other changes) has recently been agreed from 1st January 2015. The impact of inflation on pay settlements and other contractual arrangements for future years is less certain;
- h) Proposed changes set out in the Welfare Reform Act 2012 and the introduction of Universal Credit – impact on housing benefits and associated income receipts (including Housing Rents) of the council;
- i) The impact of any further uncertainty over future interest rate levels and their impact on investment income / treasury management;
- j) The severity of the recession and the impact it has had and still could have on the Council's income streams (including the impact of the Local Council Tax Scheme on council tax collection levels);
- k) Due to uncertainties around the Better Care Fund, a significant risk on the current grant funding for Disabled Facilities Grants (DFG) is highlighted after 2015/16. A grant of £224k p.a. has been assumed to be redistributed – in line with the funding notified for 2015/16;
- l) Finalisation of the expected outcomes and impact on the Council's financial position from the programme of short-term and medium-term workstream reviews commissioned by Cabinet in August 2013 as part of the 'Plan for a Sustainable Future' overarching strategy to identify measures to help the Council cope with grant & income reductions in the coming years - potential savings arising from the Sustainability Plan workstreams have been included;

- m) Review and finalisation of the revised budgets/policy changes and feedback from the Scrutiny process – including the Council Tax increase for 2015/16 following confirmation of the referendum threshold.

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

Resource Implications

A summary table of all the budget proposals is shown at the end of the report. The General Services summary revenue budget for 2015/16, appears at **Appendix D**. A summary of the resulting budgets over the five year period appears at **Appendix F**.

The draft Budget and Medium Term Financial Strategy is based on a council tax increase of 1.99% for 2015/16 (the maximum permitted under the Government set limits to avoid a referendum) followed by increases at c.1.99% p.a. thereafter & in line with statutory requirements. Surplus balances of £0.374m are reported for the General Fund budget position over 3 years with balances forecast at £0.874m. It should be noted that in order to ensure General Fund balances remain above the minimum approved level of £0.5m over 5 years further savings of c.£2m p.a. would need to be identified in 2018/19 and 2019/20 (the shortfall over 5 years is currently forecast at c.£4m).

The summary HRA Revenue Budget for 2015/16 appears at **Appendix C** (including a summary of the resulting budgets over the 5 year period). Closing balances over 3 years are estimated at £1m (£1m over 5 years) – in excess of the minimum approved level of £0.5m.

The proposed 5-year General Fund Capital Programme is included at **Appendix H** – the main changes, since the programme was provisionally approved in February 2014, included at this stage are detailed within the report.

The proposed 5-year Housing Capital Programme is included at **Appendix I** – the main changes, since the programme was provisionally approved in February 2014, included at this stage are detailed within the report.

Legal / Risk Implications

The Council's constitution requires Cabinet publish initial proposals for the budget, having first canvassed the views of local stakeholders as appropriate - budget proposals will be referred to the Joint Scrutiny Committee (Budget) for further advice and consideration. In line with the constitution a Leader's Budget Workshop for Scrutiny Committees was held on 2nd December 2014.

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 27th January 2015.

Proposed amendments to the 2014/15 base budget, approved by Council on 25th February 2014, are detailed within the report.

Key Risks to Revenue and Capital Forecasts:

Risk	Control Measure
Major variances to the level of grant / subsidy from the Government (including specific grants e.g. Benefits administration, Business Rates Section 31 funding); (High)	Sensitivity modelling undertaken to assess the potential impact in the estimation of future grant levels; (Medium / High)
New Homes Bonus grant levels lower than estimated; Continuation of the scheme in its current form is uncertain – a further review is planned. (High/Medium)	Future levels included on a risk based approach in order to offset further grant reductions / uncertainty over additional property numbers; (Medium)
Potential 'capping' of council tax increases by the Government or local Council Tax veto / referendum; (Medium)	Current indications are that increases of 2% and above risk 'capping' (confirmed as 2% for 2015/16); (Low)
The achievement / delivery of substantial savings / efficiencies will be needed to ensure sufficient resources will be available to deliver the Council's objectives through years 4 to 5. Ongoing; (High)	A robust & critical review of savings proposals will be required / undertaken before inclusion within the forecast; A minimum General Fund capital balance of £500k is a requirement – this has been financed in the past by revenue contributions (held in a revenue reserve). (High/Medium)
Pay awards greater than forecast; (Medium)	Forecast assumes a 2% increase p.a.; (Medium / Low)
Pension costs higher than planned / adverse performance of pension fund; (Medium)	Regular update meetings with Actuary; Increases of c.2% p.a. with a new 'lump sum' element have been included with agreement made with Pension Fund following triennial review (during 2013 for 2014/15) for 3 years; (Medium)

Risk	Control Measure
<p>Assessment of business rates collection levels to inform the forecast / budget (NNDR1) and estimates of appeals, mandatory & discretionary reliefs, cost of collection, bad debts and collection levels;</p> <p>New burdens (Section 31) grant funding for Central Government policy changes – including impact on levy calculation;</p> <p>Potential changes to the Business Rates Retention system by the DCLG in support of Town Centre Regeneration / equalisation of the scheme; (High)</p>	<p>Robust estimates included to arrive at collection target. Ongoing proactive management & monitoring will continue;</p> <p>Business Rates Collection Reserve - provision of reserve funding to mitigate impact of any changes in business rate income levels;</p> <p>Monitoring of the situation / regular reporting;</p> <p>(High / Medium)</p>
<p>Local Council Tax Reduction scheme implementation – potential yield changes and maintenance of collection levels;</p> <p>(High)</p>	<p>Robust estimates included. Ongoing proactive management & monitoring (including a quarterly healthcheck on the implications on the organisation – capacity / finance) will continue;</p> <p>(High / Medium)</p>
<p>Achievement of income streams in line with targets e.g. treasury management interest, car parking, planning, commercial & industrial rents etc.; (High / Medium)</p>	<p>Robust estimates using a zero based budgeting approach have been included;</p> <p>(Medium)</p>
<p>Insurance arrangements are due for re-tendering during 2015/16 – a hardening market may see significant premium increases above inflation;</p> <p>(High / Medium)</p>	<p>The tender will include options around excess levels and further use of self insurance.</p> <p>(Medium)</p>
<p>Delivery of the capital programme (GF / HRA – including Regeneration schemes) dependent on funding through capital receipts and grants (including DFG funding through the Better Care Fund);</p> <p>(High / Medium)</p>	<p>Robust monitoring and evaluation – should funds not be available then schemes would not progress.</p> <p>(Medium)</p>
<p>Potential change in Political control – Locally and Nationally – impact on MTFS;</p> <p>(High)</p>	<p>Regular update and review of impact on MTFS.</p> <p>(Medium/High)</p>

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

Background Papers:-	Budget & Medium Term Financial Strategy 2014/15 – 2016/17, Council 25th February 2014
	Budget and Medium Term Financial Planning Process, Cabinet 21st August 2014
	Joint Scrutiny Budget Workshop, 4th December 2014
	Budget Consultation Report, Cabinet 23rd October 2014
	Draft Base Budget Forecasts 2015/16 to 2019/20, Cabinet 27th November 2014

Summary of Appendices

Description	Appendix
Detailed Considerations	A
Policy Changes Summary – GF & HRA	B
HRA Budget Summary 2015/16 – 2019/20	C
General Fund Summary Revenue Budget 2015/16	D
General Fund Technical Adjustments 2015/16 (before policy changes)	E1
HRA Technical Adjustments 2015/16 (before policy changes)	E2
General Fund 5 Year Revenue Budget Summary	F
Council Tax Levels at Each Band 2015/16	G
General Fund Capital Programme 2015/16 – 2019/20	H
Housing Capital Programme 2015/16 – 2019/20	I
Main Assumptions	J
Sensitivity Analysis	K
Contingencies	L

Detailed Considerations

The Council's approach to medium term planning aims to integrate the Council's Corporate and financial planning processes. In accordance with that approach this report contains firm proposals for 2015/16 and provisional proposals for the following years.

It is intended that all aspects of the budget should be agreed by Members and so this report details each amendment which is proposed to the 2014/15 budget to arrive at the starting point for 2015/16. The report deals in turn with each of the key elements and towards the end of each section is a summary table. Each of these tables is brought together in the summary and conclusions section at the end of the report.

The Council's medium term financial plan used as the basis for the 2015/16 budget, aimed both to deal with a challenging financial position and to find resources to address the Council's corporate priorities. The approved package was based upon:

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

Financial Background

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

There are a number of challenges affecting the Medium Term Financial Planning process for the period from 2015/16 to 2019/20 which add a high level of uncertainty to budget projections.

- a) Potential changes to future New Homes bonus levels following the announcement that the Government will be reviewing the scheme again including the potential termination of the scheme from 2015/16;
- b) Future Revenue Support Grant levels for future years following the Chancellor's Autumn Statement on 3rd December 2015. The *Local Government Finance Settlement* issued by the DCLG in December 2014 indicates a revenue support grant reduction of 31.3% in 2015/16. A review on the potential redistribution on a needs basis could also adversely impact on the grant income levels;

- c) The impact of Business Rate Reform from 1st April 2013 and the associated forecast business rates receivable in 2014/15 and future years – of which the Council’s budget will receive 40% (subject to 20% levy reduction on ‘excess’ rates payable to the Greater Birmingham & Solihull Local Enterprise Partnership (GBSLEP) after deduction of the 50% central share, 9% County Council and 1% Fire & Rescue Authority share;
- d) The calculation of the level of business rate appeal costs – of which the Council has to fund 40% from its own budgets – a provision of £983k was set aside in 2013/14 (40% of which relates to the Council);
- e) Future Pension contribution levels - following the triennial review carried out by the Actuaries employed by the Pension Fund - indicative *ongoing* annual increases in Employer’s contributions of c.2% p.a. for the next 3 years have been included. This now includes an ongoing lump sum (with an annual increase) relating to past liabilities and a set rate for future employer contributions of 16.5% p.a.

The Council has also made savings of c.£84k through pre-payment of pension contributions for the next 3 years;

- f) The impact of Pension Auto-Enrolment and the single tier pension from 2016/17 – no additional cost associated with auto enrolment has been included as salary budgets are prepared on a full cost basis (and then reduced by the 5% vacancy allowance);

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

- g) While the Government announced a pay cap for 2014/15 & 2015/16, a 2.2% increase (plus other changes) has recently been agreed from 1st January 2015. The impact of inflation on pay settlements and other contractual arrangements for future years is less certain;
- h) Proposed changes set out in the Welfare Reform Act 2012 and the introduction of Universal Credit – impact on housing benefits and associated income receipts (including Housing Rents) of the council;
- i) The impact of any further uncertainty over future interest rate levels and their impact on investment income / treasury management;
- j) The severity of the recession and the impact it has had and still could have on the Council’s income streams (including the impact of the Local Council Tax Scheme on council tax collection levels);
- k) Due to uncertainties around the Better Care Fund, a significant risk on the current grant funding for Disabled Facilities Grants (DFG) is highlighted after 2015/16. A grant of £224k p.a. has been assumed to be redistributed – in line with the funding notified for 2015/16;

- l) Finalisation of the expected outcomes and impact on the Council's financial position from the programme of short-term and medium-term workstream reviews commissioned by Cabinet in August 2013 as part of the 'Plan for a Sustainable Future' overarching strategy to identify measures to help the Council cope with grant & income reductions in the coming years - potential savings arising from the Sustainability Plan workstreams have been included;
- m) Review and finalisation of the revised budgets/policy changes and feedback from the scrutiny process – including the Council Tax increase for 2015/16 following confirmation of the referendum threshold.

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

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

Effect of x% movement:	% + / -	Impact over 1 year +/- £'000	Impact over 3 years +/- £'000	Impact over 5 years + / - £'000	Risk
Pay Award / National Insurance (GF)	0.5%	42	259	660	M/H
Pension Costs	0.5%	0	58	355	L/M
Council Tax	0.5%	33	154	244	L/M
Inflation / CPI	0.5%	39	237	604	M/H
Government Grant	1.0%	43	245	574	M/H
Investment Interest	0.5%	104	566	1354	H
Key Income Streams	0.5%	26	156	391	L/M
New Homes Bonus	10%	55	359	911	H
Business Rates	0.5%	66	402	1013	H

GENERAL FUND

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 impact of the Business Rate Retention scheme, 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 2015/16 Provisional Settlement

The final Local Government finance settlement figures for the Council for 2014/15 and the provisional figures for 2015/16 were announced in February 2014. They showed that the Government funding assessment (Revenue Support Grant (RSG) plus the new business rates baseline retained income) totalled £4.423m for 2014/15 (£5.114m 2013/14) and £3.736m for 2015/16. The provisional Local Government finance settlement figures for the Council for 2015/16 were received on 18th December 2014 and are broadly in line with the indications announced in February 2014:

External Finance	2014/15 £'000	2015/16 £'000	% Change (Increase) / Decrease
Business Rates Baseline	2,083	2,122	(1.9)%
Revenue Support Grant	2,340	1,608	31.3%
Total Funding Assessment	4,423	3,730	15.7%
% Change (Increase) / Decrease	13.5%	15.7%	

The Council's actual reduction in combined Revenue Support Grant / assessed Business Rates baseline funding need was 13.5% for 2014/15 (which meant that Government support decreased by £0.69m over 2013/14) with a further reduction of 15.7% (£0.69m) planned in 2015/16.

For future years, in light of indications of further grant reductions, it has been assumed that there will be a reduction in Revenue Support Grant as detailed below. It is expected that should grant levels deteriorate further than anticipated, this would be mitigated as New Homes Bonus funding has been included on a risk based approach.

External Finance	Actual 2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Revenue Support Grant	2,340	1,608	1,204	867	651	551
% Change (Increase)/Decrease	23.8%	31.3%	25.1%	28.0%	24.9%	15.5%

It is anticipated that, by 2020, reliance on RSG will be minimal – key income streams will be Business Rates, Council Tax, New Homes Bonus and a commercial approach in business delivery.

Business Rates

Additional monthly monitoring has been implemented since the implementation of business rate retention from 2013/14 – following approval of the NNDR1 form (Business Rates estimates) by Cabinet in January 2014.

The Council received additional business rates during 2013/14 (above forecast / baseline) and had to pay a levy of £386k to the Greater Birmingham & Solihull Local Enterprise Partnership (GBSLEP). The latest estimates indicate additional business rates receivable above the baseline in 2014/15 and future years – of which the Council will receive 40% less the Government set tariff payment of c.£11m (and a 20% levy on any surplus over the baseline to the GBSLEP) - after deduction of the 50% Central Share, 9% County & 1% Fire & Rescue Authority shares).

This is mainly due to the additional rates income generated from the warehouse site at Bitterscote – however, the future position for 2015/16 is less certain. A robust check & challenge approach has been taken of any increases on the base figure, including a risk assessed collection level.

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

The Local Government finance settlement figures for the Council for 2015/16 have recently been announced and show that the Government funding assessment (Revenue Support Grant (RSG) plus the new business rates baseline retained income) totals £3.73m.

This is the third local government finance settlement following the new arrangements for business rates retention that came into place on 1st April 2013. This meant that business rates were split into a central and a local share; each being 50% of the Expected Business Rates Aggregate (as predicted by the Office for Budget Responsibility); after deductions are made for expected appeals and reliefs.

The Council's actual reduction in combined Revenue Support Grant / Government assessed Business Rates baseline (based on past returns) funding need is 15.7% for 2015/16 (which means that Government support will decrease by £0.69m over last year) - after adjusting grant levels to include 'rolled in' grants i.e. local support for council tax, homelessness, council tax freeze.

The operation of the floor (which damps the results so that no Council loses significantly) means that the Council will receive £145k in 2015/16 (Efficiency Support Grant - to keep the reduction within the announced maximum spending power decrease for a Council of 6.4%), when compared with the level which would be due if floors were not in force.

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

External Finance	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Business Rates Baseline	2,083	2,122	2,165	2,208	2,252	2,297
Revenue Support Grant	2,339	1,608	1,204	867	651	551
Total Funding Assessment	4,422	3,730	3,369	3,075	2,903	2,848
% Change (Increase)/Decrease	13.5%	15.7%	9.7%	8.7%	5.6%	1.9%

Using local Business Rate forecasts the retained income due to the Council is shown in the table below:

External Finance	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Retained Business Rates	2,373	2,682	2,848	2,655	2,493	2,349
Revenue Support Grant	2,339	1,608	1,204	867	651	551
Total Funding Assessment	4,712	4,290	4,052	3,522	3,144	2,900
% Change (Increase)/Decrease	7.8%	9.0%	5.5%	13.1%	10.7%	7.8%

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

Overall the Council should see an improvement of c.£50k p.a. when compared to the base budget forecast for 2015/16:

- RSG is c.£12k higher than expected in 2015/16 at £1.608m (£1.596m within the previous forecast). It represents a 31.3% reduction in RSG.
- The Business Rates tariff payment is lower than the base budget forecast for 2015/16 by £88k (however, this is explained by the Government having assumed a lower inflationary increase in 2015/16 than we have – 1.91% compared to our 2.76%).
- Overall, Government External Support (combined RSG/Baseline NNDR) is £6k lower than expected – the overall reduction in Government Support is 15.66% (compared to an assumed reduction of 15.5% - notified to us as a provisional figure last year).

However, when the reduced tariff payment and the effect on the levy payment is taken into account the Council should see an improvement of c.£50k p.a. – subject to confirmation / finalisation of our business rates forecast income.

However, it should be noted that combined RSG / Business Rates income has now fallen from £6.8m in 2010/11 to £3.7m for 2015/16. A reduction of over £3m p.a. or 45.5% p.a. with indications that the austerity will continue over the next few years.

The retained Business Rates forecast will be updated based on the NNDR1 return which was not received until late December 2014. There are still significant uncertainties - specifically the treatment of:

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

The NNDR1 forecast is due to be considered by Cabinet following these clarifications – for approval by 31st January 2015 in line with statutory requirements.

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

Technical Adjustments

Revisions have been made to the 2014/15 base budget in order to produce an adjusted base for 2015/16 and forecast base for 2016/17 onwards. These changes, known as technical adjustments have been calculated to take account of:

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

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

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

Technical Adjustments	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Base Budget B/Fwd	9,132	8,242	8,344	8,612	8,842
Committee Decisions	(1,099)	(291)	86	65	-
Inflation	36	47	50	52	52
Other	(75)	(69)	(76)	(90)	65
Pay Adjustments (Including pay award / reduction of 5% for vacancy allowance)	192	415	208	203	207
Revised charges for non-general fund activities	56	-	-	-	-
Total / Revised Base Budget	8,242	8,344	8,612	8,842	9,166

* () denotes saving in base budget

Policy Changes

Long before the current austerity measures and on-going public sector spending cuts, Tamworth Borough Council has been proactive in the design and implementation of innovative and effective measures for driving efficiency.

It has previously been recognised by the Council's Executive Management Team (a non-decision making forum of Cabinet members and Chief Officers of the Corporate Management Team) that Members will need to focus on strategic decisions relating to high level financial issues as flexibility within future budgets will be extremely limited given the need to identify substantial savings following significant constraints in public spending (post grant reductions of 34% since 2010 and announcements from CSR 2013 of further grant reductions for District Councils of over 15% from 2015/16 – over 40% in real terms since 2010/11).

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

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

Potential savings arising from the Sustainability Plan workstreams (detailed below) have been identified during the Budget & Medium Term Planning Process and included within the latest forecasts.

a) Removal of 1 Cabinet Member & changes to SRA payable to Chair Licensing & Chair Audit & Governance Committees from 2015/16 - saving £12k p.a.

A review of the structure of Cabinet has been undertaken resulting in the removal of an Executive Member and a maximum Cabinet of 5 Members (including the Leader). This will result in the saving of one Special Responsibility Allowance payment (SRA) and subject to cross party agreements alter the Constitution to permanently change Cabinet to a maximum of 5 Members. Additional changes to the allowances for the Chair of Licensing Committee and Audit & Governance Committee are also included.

This will be part of a wider conversation with all members regarding savings that can be generated from Members costs to help maintain public services.

b) Senior Management Review – savings target of £200k from 2017/18

Following the Service Review process and in light of the significant and ongoing grant reductions, it has been identified that the Council will need to be clear on what the organisation will look like and which services will be delivered in the future. This would then inform a review of Senior Management requirements - the likely savings would not be until 2017/18, given potential termination costs.

c) Events – Voluntary Contributions to be requested (income target of £10k p.a.)

It has been highlighted that there is scope to generate £10k p.a. from voluntary contributions which could be received during the events programme.

d) CPP Business Support Service Review – saving £10k p.a. from a reduction in 0.4 FTE (Business Support Admin.)

The service review process has highlighted a proposed reduction in Business Support staffing (currently vacant) within Communities, Planning & Partnerships (CPP).

e) Community Safety Service Review – additional funding for 2 years of £15k p.a.

Following the Service Review, additional funding from SCC has been secured to part fund a post for 2 years.

f) Community Development Service Review – saving £45k p.a. from a reduction in 1 FTE (Head of Service)

Community Development / Community Safety – an option to combine management roles was identified as part of the Service Review process.

g) Revenues & Benefits Service Review – Saving £30k p.a. from a reduction in 1 FTE (Benefits Advisor)

The service review process has highlighted a proposed reduction in staffing (currently vacant) given reducing levels of Government Benefits Administration Grant support.

The policy changes provisionally agreed by Council in February 2014 have been included within the technical adjustments for 2015/16 onwards. **A list of the proposed new policy changes for 2015/16 is summarised below:**

Policy Changes Identified	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
1) There is a requirement to increase the ICT budget (Application Software) to cover upgrade costs for Microsoft products. This requirement is for £35K p.a.	35	35	35	35	35
2) Contingency budget to allow for 'in year' decisions to be made by Cabinet & to provide for any potential further reductions in income as a result of the financial climate	100	-	-	-	-
3) Revised budgetary contribution required re Staffs Connects partnership & continued development of CRM system - as per Staffs Connects Strategic Advisory report and revised budget proposals agreed March 2014.	10	10	10	(10.5)	(12.8)
4) Agile Working Project - Deferral of receipt of projected income for Marmion House	102.3	-	-	-	-
5) Estimated increase in costs for Street Scene equipment when new contract let	30	30	30	30	30
6) Revenues & Benefits Service Review – Saving 1 FTE (Benefits Advisor) (g)	(30)	(30)	(30)	(30)	(30)
7) Community Development Service Review – saving 1 FTE (Head of Service) (f)	(45)	(45)	(45)	(45)	(45)
8) Community Safety Service Review – additional funding for 2 years (e)	(15)	(15)	-	-	-
9) CPP Business Support Service Review – saving 0.4 FTE (Business Support Admin.) (d)	(10)	(10)	(10)	(10)	(10)
10) Events – Voluntary Contributions to be requested (c)	(10)	(10)	(10)	(10)	(10)
11) Senior Management Review (b)	-	-	(200)	(200)	(200)
12) Removal of 1 Cabinet Member & changes to SRAs (a)	(12)	(12)	(12)	(12)	(12)
Total New Items / Amendments	155.3	(47)	(232)	(252.5)	(254.8)

Capping / Local Referendum

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

The principles for 2015/16 are that authorities will be required to seek the approval of their local electorate in a referendum if, compared with 2014/15, they set council tax increases that are equal to or exceed 2.0% or £5.

The Government indicated that it would offer grant support for the 4 year Comprehensive Spending Review (CSR) period should the Council freeze Council tax levels for 2011/12. A similar scheme will operate for 2015/16 should the Council freeze the council tax level – with indications that a grant equivalent to a 1% Council Tax increase would be payable for 2015/16– and built into baseline funding thereafter.

Should Council Tax be frozen at the 2014/15 level for 2015/16 then this would reduce income by c.£62k p.a. – £320k over the 5 year period. This would be offset by grant income receivable of c. £36k p.a.

Consideration of the likely level of Council Tax increases over the 5-year period is needed to avoid the potential costs of holding a referendum and to ensure that balances are maintained at the minimum approved level of £500k. The indications are that a potential threshold will be 2.0% in future years (subject to confirmation by Ministers) - the impact of a c.1.99% p.a. (with a c.1.99% increase in 2015/16) is outlined below.

Council Tax

Last year's medium term financial plan identified ongoing increases of c.1.99% per annum from 2015/16.

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

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

The indication is that the 'capping' threshold will be around 2% - following a freeze in 2011/12 & 2012/13 and a below 2% increase for 2013/14 & 2014/15, the impact of a lower than 2% p.a. increase (Band D) is outlined below:

Model 1 Impact of 1.99% increase in Council tax in 2015/16 (followed by inflationary increases of c.1.99% p.a.) – built into MTFS projections

Year:	2015/16	2016/17	2017/18	2018/19	2019/20
Forecast:	£'000	£'000	£'000	£'000	£'000
Surplus (-) /Deficit	493	882	1,633	2,020	2,395
Balances Remaining (-) / Overdrawn	(3,389)	(2,507)	(874)	1,147	3,542
£ Increase	3.10	3.15	3.20	3.25	3.35
% Increase	1.99%	1.99%	1.98%	1.97%	1.99%
Note: Resulting Band D Council Tax	158.60	161.75	164.95	168.20	171.55

Model 1 indicates a potential surplus of £0.374m over 3 years with a shortfall in balances of £2m over 5 years - further savings of approx. £0.8m per annum from 2015/16 would have to be identified.

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 2015/16 (followed by increases of c.1.99% p.a.)

Year:	2015/16	2016/17	2017/18	2018/19	2019/20
Forecast:	£'000	£'000	£'000	£'000	£'000
Reduction in Council Tax £	63	64	65	66	68
Revised Surplus (-) / Deficit	556	946	1,698	2,086	2,463
Balances Remaining (-) / Overdrawn	(3,327)	(2,381)	(683)	1,404	3,867
£ Increase	-	3.10	3.15	3.20	3.25
% Increase	0.0%	1.99%	1.99%	1.98%	1.97%
Note: Resulting Band D Council Tax	155.5	158.60	161.75	164.95	168.20

Model 1a- Less £70k freeze grant - indicates a potential surplus of £0.25m over 3 years with a shortfall in balances £4.3m over 5 years - further savings of approx. £0.9m per annum from 2015/16 would have to be identified.

Further indicative models are outlined below:

Model 2 Impact of 2.5% increase in Council tax in 2015/16 (followed by increases of 2.5% thereafter)

Year:	2015/16	2016/17	2017/18	2018/19	2019/20
Forecast:	£'000	£'000	£'000	£'000	£'000
Increase in Council Tax £	(18)	(36)	(55)	(74)	(93)
Revised Surplus/(Deficit)	475	846	1,578	1,946	2,302
Balances Remaining (-) / Overdrawn	(3,408)	(2,562)	(984)	963	3,265
£ Increase	3.90	4.00	4.10	4.20	4.30
% Increase	2.5%	2.5%	2.5%	2.5%	2.5%
Note: Resulting Band D Council Tax	159.40	163.40	167.50	171.70	176.00

Model 2 indicates a potential surplus of £0.5m over 3 years with a shortfall in balances of £3.8m over 5 years - further savings of approx. £0.8m per annum from 2015/16 would have to be identified.

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

Model 3 Impact of 0% increase in Council tax in 2015/16 (followed by increases of 0% thereafter)

Year:	2015/16	2016/17	2017/18	2018/19	2019/20
Forecast:	£'000	£'000	£'000	£'000	£'000
Reduction in Council Tax £	64	129	196	264	335
Revised Surplus/(Deficit)	557	1,011	1,829	2,284	2,730
Balances Remaining (-) / Overdrawn	(3,325)	(2,314)	(485)	1,800	4,530
£ Increase	-	-	-	-	-
% Increase	-	-	-	-	-
Note: Resulting Band D Council Tax	155.50	155.50	155.50	155.50	155.50

Model 3 - Less £70k freeze grant - indicates balances of c.£0.5m over 3 years with a shortfall in balances of £5m over 5 years - further savings of approx. £1m per annum would have to be identified.

Model 4 Impact of 1% increase in Council tax in 2015/16 (followed by increases of 1% thereafter)

Year:	2015/16	2016/17	2017/18	2018/19	2019/20
Forecast:	£'000	£'000	£'000	£'000	£'000
Reduction in Council Tax £	32	65	99	134	171
Revised Surplus/(Deficit)	525	947	1,732	2,154	2,566
Balances Remaining (-) / Overdrawn	(3,357)	(2,410)	(678)	1,477	4,043
£ Increase	1.55	1.57	1.58	1.60	1.61
% Increase	1.00%	1.00%	1.00%	1.00%	1.00%
Note: Resulting Band D Council Tax	157.05	158.62	160.20	161.80	163.41

Model 4 indicates a potential surplus of £0.2m over 3 years with a shortfall in balances of £4.5m over 5 years - further savings of approx. £0.9million per annum would have to be identified.

Also available to the Council to support expenditure otherwise funded from Council Tax are surpluses arising from the Council's share of surpluses (or deficits) within the Council Tax or Business Rates elements of the Collection Fund. Subject to finalisation of the estimated surplus, it is proposed that all available surpluses be used (and that the relevant sums be made available to the other precepting authorities – the County Council, Fire & Rescue and Office of the Police & Crime Commissioner (OPCC)). At this stage, no surplus has been included for the Council Tax element but it is estimated that there will be a surplus of £1.2m for business rates – this will be updated following finalisation of the estimated surplus/deficit calculations.

Year:	2015/16	2016/17	2017/18	2018/19	2019/20
Council Tax	£'000	£'000	£'000	£'000	£'000
Council Tax Income	3,272	3,354	3,448	3,544	3,642
Collection Fund Surplus (Council Tax)	-	-	-	-	-
Collection Fund Surplus (Business Rates)	(493)	(240)	-	-	-

The County Council, OPCC and Fire & Rescue Authority are due to finalise their budgets for 2015/16 during February 2015. The impact of the Borough Council tax proposals is shown for each Council Tax Band in **Appendix G**.

Balances

At the Council meeting on 25th February 2014 Members approved a minimum working level of balances of £0.5m. At 31st March 2015 General Fund revenue balances are estimated to be £3.9m. The minimum level of balances for planning purposes will remain at around £0.5m.

Summary and Conclusions

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

In addition, there remains a degree of uncertainty in a number of areas including future local authority pay settlements, the potential for interest rate changes and the future local government finance settlements. A summary of all the budget proposals is shown in the table below. The summary revenue budget for 2015/16, appears at **Appendix D**. A summary of the resulting budgets over the five year period appears at **Appendix F**.

	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Estimated Net Cost of Services	8,242	8,344	8,612	8,842	9,166
Proposed Policy Changes / Additional Costs Identified (Detailed at Appendix B)	155	(47)	(232)	(253)	(255)
Net Expenditure	8,397	8,297	8,380	8,589	8,911
Financing:					
RSG	(1,608)	(1,204)	(867)	(651)	(551)
Collection Fund Surplus (Council Tax)	-	-	-	-	-
Collection Fund Surplus (Business Rates)	(493)	(240)	-	-	-
Business Rates S.31 Grants (75%, 75% then 50% p.a.)	(388)	(329)	(238)	(256)	(274)
Business Rates Levy	538	561	461	376	300
Tariff Payable	10,552	10,763	10,978	11,198	11,422
Non Domestic Ratepayers	(13,234)	(13,612)	(13,634)	(13,691)	(13,771)
Council Tax Income	(3,272)	(3,354)	(3,448)	(3,544)	(3,642)
Gross Financing	(7,904)	(7,415)	(6,747)	(6,569)	(6,516)
Surplus(-) / Deficit	493	882	1,633	2,020	2,395
Balances Remaining (-) / Overdrawn	(3,389)	(2,507)	(874)	1,147	3,542
Per Council, 25 th February 2014	(1,968)	(500)	-	-	-
Council Taxbase (Band D equivalent)	20,628	20,737	20,904	21,073	21,229

HOUSING REVENUE ACCOUNT

Technical Adjustments

The 2014/15 approved budget has been used as a base to which amendments have been made reflecting the impact of technical adjustments. The impact of the policy led changes, will be added to this figure to produce the HRA budget for 2015/16.

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

Technical Adjustments	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Base Budget	984	3,187	658	604	446
Committee Decisions	1,509	(3,212)	100	-	-
Inflation	127	143	148	151	156
Other	556	407	(369)	(374)	(383)
Pay Adjustments	61	133	67	65	57
Revised charges for non-general fund activities	(50)	-	-	-	-
Total / Revised Base Budget	3,187	658	604	446	276

Revisions have been made to the 2014/15 base budget in order to produce an adjusted base for 2015/16 and forecast base for 2016/17 onwards. These changes, known as technical adjustments, are largely beyond the control of the Council and have been calculated to take account of:

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

and are summarised in **Appendix E**.

Proposals

The policy changes proposed for inclusion in the base budget for the next five years are detailed at **Appendix B**.

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

	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Estimated Net (Surplus) / Deficit	3,187	658	604	446	276
Proposed Policy Changes / Additional Costs Identified	(239)	(107)	(444)	(530)	(180)
Surplus (-) / Deficit	2,948	551	160	(84)	96
Balances Remaining (-) / Overdrawn	(1,716)	(1,165)	(1,005)	(1,089)	(993)
Per Council, 25 th February 2014	(1,394)	(1,265)	(1,285)	(1,492)	-

Indicating Housing Revenue Account (HRA) balances of £1m over the next 5 years (Minimum recommended balances are currently £0.5m).

However this includes contributions to capital spend of £5.1m over 3 years (£7.8m over 5 years) and the regeneration reserve - £6.5m over 3 years (£11.1m over 5 years)

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

- Finalisation of the costs / income associated with the regeneration / redevelopment schemes – to inform the likely need from the Regeneration reserve;
- The impact of restructuring following Supporting People funding reductions;
- The effect of potential service charges implementation following the ongoing review;
- Results of ongoing structural surveys e.g. High Rise;
- The impact of Welfare Benefit Reform on rent collection levels – limited so far but further measures are to be rolled out (e.g. Universal Credit);
- Future impact of the Government's increased discounts to promote right to buy sales on housing stock numbers and associated income levels – 50 sales p.a. have been assumed in future years. There is also still uncertainty over retained receipt levels (pending further Government guidance) and spending plans.

Rent Restructuring

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

This framework removed the flexibility to independently set rent levels from Social Landlords and replaced it with a fixed formula (RPI plus 0.5% plus £2.00) based on the value of the property and local incomes. The aim of the framework was to ensure that by a pre-set date all social landlord rents have reached a 'target rent' for each property that will reflect the quality of accommodation and levels of local earnings. In achieving this target rent councils were also annually set a "limit rent" which restricted the level of rent increase in any one year.

Housing rents were increased in accordance with the Rent Restructuring Framework for 2014/15. However, from 2015/16, it is for the Council to decide locally at what level to increase rents. An increase in line with CPI plus 1% has been assumed following receipt of Government Guidance.

However, should the Council agree to vary this level, **for 2015/16 only**, the alternative increases outlined below could generate additional funding to support increased maintenance costs and the regeneration of key housing areas within the Borough.

	2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Option 1: CPI + 1% (capped at Formula Rent)						
Actual Rent (52 Weeks)	79.94	80.87	82.89	85.17	87.73	90.36
Actual Rent (48 Weeks)	86.60	87.61	89.80	92.27	95.04	97.89
% Increase	-	1.17%	2.50%	2.75%	3.00%	3.00%
Option 2: CPI + 1% + £2 (capped at Formula Rent)						
Actual Rent (52 Weeks)	79.94	81.51	83.55	85.84	88.42	91.07
Actual Rent (48 Weeks)	86.60	88.30	90.51	93.00	95.79	98.66
% Increase	-	1.96%	2.50%	2.75%	3.00%	3.00%
Increased Rent compared to Option 1	-	144,100	146,030	148,320	151,000	153,690
			5 year impact			743,140

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£	£	£	£	£	£
Option 3: All at Formula Rent						
Actual Rent (52 Weeks)	79.94	82.56	84.62	86.95	89.56	92.25
Actual Rent (48 Weeks)	86.60	89.44	91.68	94.20	97.02	99.93
% Increase	-	3.28%	2.50%	2.75%	3.00%	3.00%
Increased Rent compared to Option 1	-	382,190	387,300	393,360	400,460	407,600
			5 year impact			1,970,910
Inflation at CPI + 1%	3.20%	2.20%	2.50%	2.75%	3.00%	3.00%
<i>February 2014 MTFS Expected increase</i>	3.20%	3.50%	3.00%	3.00%	3.00%	3.00%

However, it should be noted that an increase to Formula Rent could mean a substantial increase in rents for individual properties – where the current rent is significantly below the formula rent level.

In addition, under Benefit regulations and circulars issued by the DWP, the Rent Rebate Subsidy Limitation scheme penalises the Council should the average rent be above the notified limit rent – for 2014/15 this was £80.85 (per circular HB S5/14 received in June 2014, after rent setting for 2014/15). The guidance on rent increases stated a CPI + 1% increase which, when applied to the 2014/15 limit rent, would give a limit rent for 2015/16 of £82.63 which would suggest that the above increases would not mean a loss of Housing Benefit subsidy grant.

It should also be noted that when the budget for 2015/16 and provisional budgets for 2016/17 onwards were set, CPI inflation was expected to be 2.5% p.a. For September 2014 (the month when the Government suggest the guideline increase) CPI was just 1.2% - a reduction of 1.3% which has impacted on forecast rent income for 2015/16 and future years.

The Tenant Consultative Group is the recognised constituted group formalised under the Landlord Co-regulatory structure and their constitution has been adopted by members and forms part of HRA decision making structures as reported to members annually.

As such they have commented on the above options contained within the Base Budget report in November 2014, as per the new social rent guidance from April 2015.

The comments made by the chair and supported by the group have been summarised as follows – based on their anecdotal feedback as some members of the group has not read the report and as such it has not been formally minuted as there has been no formal consultation or presentation as part of a set agenda item.

“As tenant representatives we have been involved in the HRA business planning process from the start and understand that there are financial sensitivities in the early years of the business plan. Following on from the landlord prospectus issued as part of the self-financing settlement in 2012, tenants’ no.1 ambitions were to regenerate Tinkers Green and Kerria as well as build new council homes. To ensure sufficient investment and resources to realise these priorities we think that option 2 is more favourable. By having CPI + 1% + £2 (capped at formula) this provides a managed increase (tenants were used to RPI + ½ % + £2) and provides for an additional £743,140 in the business plan. However we note the caution in relation to benefit limitations and given the affordability issues of all tenants would not want to jeopardise that support for tenants. As tenants involved in planning for the future we would not want the new social rent policy to undermine our tenant ambitions”. But know this needs to be balanced to ensure it is affordable, fair and transparent”.

Balances

The forecast level of balances at 31st March 2015 is £4.67m. The impact on balances of the adjustments outlined in this report would be as follows:

Balances	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Proposed Withdrawal from / Addition to (-) Balances	2,948	551	160	(84)	96
Balances Remaining (-) / Overdrawn	(1,716)	(1,165)	(1,005)	(1,089)	(993)

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

CAPITAL PROGRAMME 2015/16 to 2019/20

Capital Programme

Following a review of the Capital Programme approved by Council on 25th February 2014, a revised programme has been formulated including additional schemes which have been put forward for inclusion.

Each scheme has been assessed with regard to:

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

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

General Fund

It is estimated that approximately £2.2m (excluding the £0.5m approved minimum balance) will be needed during the period to 2019/20 for future capital spending (including the usable capital receipts generated from the sale of council housing) - resulting in balances of £0.85m over 3 years (£0.56m over 5 years).

This allows for the current Agile Working & Assembly Rooms commitments to be continued, subject to revised business case submissions.

Details of the proposed capital programme are shown in **Appendix I**.

The capital programme has been reviewed and updated:

a) Technology Replacement

A revised capital submission had been prepared for £60k p.a. from 2015/16 (the provisional programme included £70k p.a. from 2016/17);

b) Agile Working

The provisional programme included £80k for refurbishment and £48k for new furniture for 2015/16 (as well as £128k in 2014/15) in addition to the 7th floor scheme in 2013/14;

As the 2014/15 budget will not be spent by March 2015 it will be forecast to underspend – with a new business case to be prepared;

c) Disabled Facilities Grants

No changes have been made. However, due to current demand, it is likely that an increased budget will be needed – subject to the usual funding constraints.

- d) **CCTV Camera Renewals**
Required for the rolling replacement of cameras, subject to funding constraints.
- e) **Assembly Rooms**
The scheme business case has not been revised to reflect the current bid/s for funding from the single local growth fund, HLF, ERDF etc. An update on the Cultural Quarter is due to be presented to Cabinet in January following notification of the results of the bids. As a substantial element of the 2014/15 budget will not be spent by March 2015 it will be forecast to underspend – with, subject to a successful bid, a new business case to be prepared.
- f) **Gateways**
The inclusion of £83k in 2013/14 followed by £50k p.a. from TBC thereafter has drawn in funding and professional support from SCC – with plans for significant capital works in 2015/16 (funded mainly by SCC through their section 106 funds) and future years.
- g) **Contingency**
It was agreed that a £50k contingency budget would be required for 2015/16 – to be re-profiled from the unspent 2014/15 budget.

Housing

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

It is estimated that approximately £54.1m (excluding the £0.5m approved minimum balance) will be needed during the period to 2019/20 for future capital spending (including revenue contributions from the HRA of £11.3m, Regeneration reserve balances of £11m & additional borrowing of £7.2m – the ‘headroom’ in line with the HRA Government debt cap is £11.3m) - resulting in balances of £4.2m over 3 years (£2.9m over 5 years).

The capital programme has been reviewed and updated to include the new year 5 costs – with costs then smoothed over the new 5 year planning period. In addition, certain demand led schemes have been reviewed and updated to reflect current trends:

- a) **Disabled Adaptations**
The budget had been increased from c.£200k p.a. to c.£300k p.a. to reflect increased demand.
- b) **Structural Works**
The budget for 2015/16 only had been increased from £100k to £200k to address the backlog.

- c) **Fire Upgrades (Sprinklers)**
The budget of £565k had been re-profiled over 2 years.
- d) **High Rise Balconies**
The budget had been increased from £60k p.a. to £525k p.a. for 4 years, subject to the results of the ongoing survey / confirmation of the costs.
- e) **Sheltered Schemes**
A new budget of £250k had been included as a contingency pending the results of a review / survey.
- f) **General Estate Works**
The budget had been reduced from c.£250k p.a. to £200k p.a.
- g) **Regeneration Schemes**
The budgets for Tinkers Green & Kerria have not yet changed but will be updated to reflect final scheme designs.

Policy Changes Summary

General Fund

DIRECTORATE	Sheet No.	Budget Changes	Budget Changes	Budget Changes	Budget Changes	Budget Changes
		15/16	16/17	17/18	18/19	19/20
		£'000	£'000	£'000	£'000	£'000
Chief Executive		-	-	-	-	-
Executive Director Corporate Services	1	(30.00)	-	-	-	-
Director of Finance	2	100.00	(100.00)	(200.00)	-	-
Director of Technology & Corporate Programmes	3	35.00	-	-	-	-
Solicitor to the Council	4	(12.00)	-	-	-	-
Director of Transformation & Corporate Performance	5	10.00	-	-	(20.50)	(2.30)
Director of Communities, Planning & Partnerships	6	(80.00)	-	15.00	-	-
Director of Housing & Health		-	-	-	-	-
Director of Assets & Environment	7	132.25	(102.30)	-	-	-
TOTAL		155.25	(202.30)	(185.00)	(20.50)	(2.30)

Housing Revenue Account

15/16 Budget Process - Policy Changes									
HOUSING REVENUE ACCOUNT									
Item No	BC Ref	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change	
				15/16 £'000	16/17 £'000	17/18 £'000	18/19 £'000	19/20 £'000	
HRA1	SAV	Service Reviews	Potential savings arising from Service Review options	(6.6)	-	-	-	-	-
HRA2	OTHER	Capital Programme	To transfer funds from PTP to Capital to fund Energy Efficiency Improvements	(50)	-	-	-	-	-
HRA3	OTHER	Capital Programme	To transfer funds from PTP to Capital to fund Energy Efficiency Improvements	50	-	-	-	-	-
HRA4	CORP	Capital Programme	Revenue impact of Capital Programme	218	131	(336)	(536)	(150)	
HRA5	CORP	Capital Programme	Reduced Revenue Contribution to Capital Regeneration Reserve	(1,450)	-	-	1,450	-	
			Additional Contribution to allow for development of acquisitions strategy	1,000	-	-	(1,000)	500	
Total New Items / Amendments				(238.6)	131	(336)	(86)	350	
STAFFING IMPLICATIONS									
Item No	BC Ref	Proposal/(Existing Budget)	Implications	15/16 FTE	16/17 FTE	17/18 FTE	18/19 FTE	19/20 FTE	
	SAV	Service Reviews	Potential savings arising from Service Review options	(1)					
TOTAL				(1)	-	-	-	-	-

HOUSING REVENUE ACCOUNT BUDGET SUMMARY 2015/16 – 2019/20

<i>Figures exclude internal recharges which have no bottom line impact.</i>	Budget 2015/16 £	Budget 2016/17 £	Budget 2017/18 £	Budget 2018/19 £	Budget 2019/20 £
Chief Executive's Office					
Director of Housing & Health	4,088,800	4,241,440	4,336,080	4,430,980	4,520,390
Director of Assets & Environment	(12,100)	(5,160)	(1,320)	1,590	4,580
HRA Summary	(889,180)	(3,577,840)	(3,731,250)	(3,986,570)	(4,249,040)
Policy Changes	(238,600)	(107,600)	(443,600)	(529,600)	(179,600)
Grand Total	2,948,920	550,840	159,910	(83,600)	96,330

General Fund Summary Revenue Budget for 2015/16

<i>Figures exclude internal recharges which have no bottom line impact.</i>	Base Budget 2014/15 £	Technical Adjustments £ *	Policy Changes £	Budget 2015/16 £
Chief Executive	156,670	3,080	-	159,750
Executive Director Corporate Services	340,230	39,940	(30,000)	350,170
Director of Finance	79,890	(1,012,820)	100,000	(832,930)
Director of Technology & Corporate Programmes	894,600	(38,350)	35,000	891,250
Solicitor to the Council	554,590	8,640	(12,000)	551,230
Director of Transformation & Corporate Performance	939,450	(45,190)	10,000	904,260
Director of Communities, Planning & Partnerships	2,337,020	(42,320)	(80,000)	2,214,700
Director of Housing & Health	1,033,190	(90,440)	-	942,750
Director of Assets & Environment	2,796,650	287,160	132,250	3,216,060
Total Cost of Services	9,132,290	(890,300)	155,250	8,397,240
Transfer to / (from) Balances	(1,195,653)	702,463	-	(493,190)
Revenue Support Grant	(2,339,798)	732,244	-	(1,607,554)
Retained Business Rates	(12,727,008)	(507,154)	-	(13,234,162)
Less: Tariff payable	10,354,168	197,851	-	10,552,019
Business Rates S.31 Grants	-	(387,523)	-	(387,523)
Business Rates Levy (GBSLEP)	-	538,183	-	538,183
Collection Fund Surplus (Council Tax)	(53,509)	53,509	-	-
Collection Fund Surplus (Business Rates)	-	(493,412)	-	(493,412)
Council Tax Requirement	(3,170,490)	54,139	(155,250)	(3,271,601)

* As detailed in Appendix E1

General Fund Technical Adjustments

<i>Figures exclude internal recharges which have no bottom line impact</i>	Budget 2014/15	Technical Adjustments						External Recharge Changes (non-GF Activities) £	Total Adjustments £	Total Adjusted Base 2015/16 £
		Virements £	Committee Decisions £	Inflation £	Other £	Pay Adjustments £				
Chief Executive	156,670	-	-	160	(650)	5,780	(2,210)	3,080	159,750	
Executive Director Corporate Services	340,230	-	73,710	(640)	(51,720)	16,360	2,230	39,940	380,170	
Director of Finance	79,920	-	(324,300)	3,050	(696,820)	20,950	(15,700)	(1,012,820)	(932,900)	
Director of Technology & Corporate Programmes	894,590	-	-	11,720	(85,750)	17,990	17,690	(38,350)	856,240	
Solicitor to the Council	554,580	-	-	4,520	130	9,430	(5,440)	8,640	563,220	
Director of Transformation & Corporate Performance	939,450	-	(50,380)	2,630	1,020	19,240	(17,700)	(45,190)	894,260	
Director of Communities, Planning & Partnerships	2,337,010	-	(84,610)	(1,850)	1,340	42,800	-	(42,320)	2,294,690	
Director of Housing & Health	1,033,190	-	(183,710)	1,010	11,390	4,370	76,500	(90,440)	942,750	
Director of Assets & Environment	2,796,590	-	(530,140)	15,190	746,420	54,780	910	287,160	3,083,750	
Grand Total	9,132,230	-	(1,099,430)	35,790	(74,640)	191,700	56,280	(890,300)	8,241,930	

HRA Technical Adjustments

	Budget 2014/15	Technical Adjustments						Total Adjusted Base 2015/16 £	
		Virements £	Committee Decisions £	Inflation £	Other £	Pay Adjustments £	External Recharge Changes (non-HRA Activities) £		Total Adjustments £
<i>Figures exclude internal recharges which have no bottom line impact</i>									
Director of Housing & Health	4,052,290	-	(10,450)	31,770	(7,600)	57,610	(59,210)	12,120	4,064,410
Director of Assets & Environment	12,280	-	(13,510)	190	520	3,730	9,080	10	12,290
HRA Summary	(3,080,310)	-	1,533,170	94,680	563,280	-	-	2,191,130	(889,180)
Grand Total	984,260	-	1,509,210	126,640	556,200	61,340	(50,130)	2,203,260	3,187,520

General Fund Five Year Revenue Budget Summary

<i>Figures exclude internal recharges which have no bottom line impact.</i>	Budget 2015/16 £	Budget 2016/17 £	Budget 2017/18 £	Budget 2018/19 £	Budget 2019/20 £
Chief Executive	159,750	168,100	171,830	175,630	179,500
Executive Director Corporate Services	380,170	394,930	406,730	418,300	430,110
Director of Finance	(932,930)	(1,106,930)	(1,058,900)	(1,041,980)	(936,100)
Director of Technology & Corporate Programmes	856,250	892,840	917,770	943,300	968,400
Solicitor to the Council	563,230	583,840	598,210	611,880	625,840
Director of Transformation & Corporate Performance	894,260	893,660	916,340	939,710	963,900
Director of Communities, Planning & Partnerships	2,294,700	2,328,090	2,367,290	2,400,800	2,442,670
Director of Housing & Health	942,750	953,320	958,810	964,470	970,290
Director of Assets & Environment	3,083,760	3,235,950	3,333,760	3,429,570	3,521,480
Policy Changes	155,250	(47,000)	(232,000)	(252,500)	(254,800)
Total Cost of Services	8,397,240	8,296,800	8,379,840	8,589,180	8,911,290
Transfer to / (from) Balances	(493,190)	(882,315)	(1,633,431)	(2,020,466)	(2,395,384)
Revenue Support Grant	(1,607,554)	(1,204,322)	(866,893)	(651,444)	(550,714)
Retained Business Rates	(13,234,162)	(13,611,032)	(13,632,892)	(13,691,074)	(13,771,117)
Less: Tariff payable	10,552,019	10,763,050	10,978,311	11,197,878	11,421,835
Business Rates S.31 Grants	(387,523)	(328,742)	(237,577)	(256,018)	(274,483)
Business Rates Levy	538,183	560,690	460,757	376,423	300,407
Collection Fund Surplus (Council Tax)	-	-	-	-	-
Collection Fund Surplus (Business Rates)	(493,412)	(239,920)	-	-	-
Council Tax Requirement	(3,271,601)	(3,354,210)	(3,448,115)	(3,544,479)	(3,641,835)

Appendix G

Council Tax levels at each band for 2015/16

Authority:	Tamworth Council Tax 2014/15	Tamworth Borough Council (1.99% increase)	* Staffordshire County Council	* Office of the Police & Crime Commissioner (OPCC) Staffordshire	* Stoke on Trent and Staffordshire Fire and Rescue Authority	Total 2015/16	Total Council Tax 2014/15
	£	£	£	£	£	£	£
Demand/Precept on Collection Fund		3,271,601	21,190,113	3,663,739	1,395,278	29,520,731	
Council Tax Band							
A	103.67	105.73	684.83	118.41	45.09	954.06	952.00
B	120.94	123.36	798.97	138.14	52.61	1,113.08	1,110.66
C	138.22	140.98	913.11	157.88	60.12	1,272.09	1,269.33
D	155.50	158.60	1,027.25	177.61	67.64	1,431.10	1,428.00
E	190.06	193.84	1,255.53	217.08	82.67	1,749.12	1,745.34
F	224.61	229.09	1,483.81	256.55	97.70	2,067.15	2,062.67
G	259.17	264.33	1,712.08	296.02	112.73	2,385.16	2,380.00
H	311.00	317.20	2,054.50	355.22	135.28	2,862.20	2,856.00

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

General Fund Capital Programme

<u>General Fund Capital Programme</u>	2015/16	2016/17	2017/18	2018/19	2019/20	Total
	£	£	£	£	£	£
Technology Replacement	60,000	60,000	60,000	60,000	60,000	300,000
Agile Working - Floor Refurbishment	80,000	-	-	-	-	80,000
Agile Working - Furniture	48,000	-	-	-	-	48,000
Subtotal	188,000	60,000	60,000	60,000	60,000	428,000
Private Sector Grants - Disabled Facilities Grants	300,000	250,000	250,000	250,000	250,000	1,300,000
CCTV Camera Renewals	15,000	15,000	15,000	15,000	15,000	75,000
Assembly rooms development	100,000	-	-	-	-	100,000
Gateways	50,000	50,000	50,000	50,000	50,000	250,000
Contingency*	-	-	-	-	-	-
Subtotal	465,000	315,000	315,000	315,000	315,000	1,725,000
Total General Fund Capital	653,000	375,000	375,000	375,000	375,000	2,153,000
<u>Proposed Financing:</u>						
Supported Capital Expenditure	-	-	-	-	-	-
Grants - Disabled Facilities	224,000	224,000	224,000	224,000	224,000	1,120,000
General Fund Capital Receipts	100,000	146,900	73,500	4,400	-	324,800
Sale of Council House Receipts	190,000	4,100	57,300	146,600	151,000	549,000
General Fund Capital Reserve	81,000	-	20,200	-	-	101,200
Revenue Contribution to Capital Outlay in Year	58,000	-	-	-	-	58,000
Total	653,000	375,000	375,000	375,000	375,000	2,153,000

* The 2014/15 Contingency budget of £50k is to be reprofiled to 2015/16.

Appendix I Housing Capital Programme

<u>Housing Revenue Account</u>	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20 £	TOTAL £
<u>Capital Programme</u>						
Bathroom Renewals	755,370	774,250	795,540	817,420	839,900	3,982,480
Disabled Facilities Adaptations	300,000	307,500	315,960	324,650	333,580	1,581,690
Gas Central Heating Upgrades and Renewals	557,560	569,830	582,360	595,170	608,260	2,913,180
Kitchen Renewals	897,000	919,430	944,710	970,690	997,380	4,729,210
High Rise Lift Renewal	335,090	342,460	349,990	-	-	1,027,540
Major Roofing Overhaul and Renewals	152,950	156,770	161,080	165,510	170,060	806,370
Fencing/Boundary Walls	30,000	30,000	30,000	30,000	30,660	150,660
Fire Upgrades to Flats	300,000	265,460	-	-	-	565,460
Structural Works	200,000	100,000	100,000	100,000	100,000	600,000
High Rise Balconies	525,000	525,000	525,000	525,000	-	2,100,000
Sheltered Schemes	250,000	-	-	-	-	250,000
General Estate Works	200,000	200,000	200,000	200,000	200,000	1,000,000
Energy Efficiency Improvements	50,000	50,000	50,000	50,000	50,000	250,000
Window and Door Renewals	292,310	298,740	305,310	312,030	318,900	1,527,290
Gas Heating at Belgrave	284,820	-	-	-	-	284,820
Capital Salaries	165,670	169,310	173,040	176,840	180,730	865,590
CDM Fees	9,950	10,170	10,390	10,620	10,850	51,980
Contingency	100,000	100,000	100,000	100,000	100,000	500,000
Regeneration Schemes						-
Kerria	240,000	848,150	1,810,640	3,805,250	-	6,704,040
Tinkers Green	1,314,340	2,162,050	6,640,000	1,634,000	-	11,750,390
Redevelopment of Garage sites and other acquisitions	3,420,000	2,500,000	2,500,000	2,000,000	2,000,000	12,420,000
Total HRA Capital	10,380,060	10,329,120	15,594,020	11,817,180	5,940,320	54,060,700

<u>Housing Revenue Account</u>	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20 £	TOTAL £
<u>Proposed Financing:</u>						
Major Repairs Reserve	4,482,060	4,482,060	4,482,060	4,327,930	3,890,320	21,664,430
Revenue Contribution to Capital Outlay in Year	923,660	336,860	161,320	50,000	50,000	1,271,840
Capital Receipts from add Council House Sales	750,000	1,668,200	250,000	175,000	-	2,843,200
Regeneration Revenue Reserves	3,043,340	1,600,000	1,325,000	3,047,950	2,000,000	11,016,290
Revenue Contribution to Capital Outlay in Year	1,181,000	-	4,403,640	4,216,300	-	9,800,940
Unsupported Borrowing	-	2,242,000	4,972,000	-	-	7,214,000
						-
Total	10,380,060	10,329,120	15,594,020	11,817,180	5,940,320	54,060,700

Main Assumptions

Inflationary Factors	2015/16	2016/17	2017/18	2018/19	2019/20
Inflation Rate - Pay Awards	2.20%	2.00%	2.00%	2.00%	2.00%
National Insurance	7.10%	10.50%	10.50%	10.50%	10.50%
Superannuation	16.50%	16.50%	16.50%	16.50%	16.50%
Inflation Rate (RPI)	2.50%	2.75%	2.75%	2.75%	2.75%
Inflation Rate (CPI)	2.00%	2.00%	2.00%	2.00%	2.00%
Investment Rates	1.25%	2.25%	2.75%	3.25%	3.25%
Base Interest Rates	1.00%	1.75%	2.25%	2.75%	2.75%

1. Pay award – it has been assumed that public sector pay will rise in line with the latest consultation for 2014/15 & 2015/16 (generally 2.2% from 1st January 2015 plus other one-off payments) 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. Changes to the level of recharges between funds has been included;
6. Within the provisional settlement for 2015/16 announced in December 2014, the Government proposed cuts of 15.7% to the Council's funding streams for 2015/16 – revised annual grant reductions have been included.
7. The Government has indicated its policy regarding council tax bills being frozen for the next year. It has been announced that a grant will be available to authorities that agree to freeze or reduce Council Tax in 2015/16;
8. 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;
9. Annual year-on-year increases of c.2% in the pension lump sum element for past liabilities have been included (for 3 years following SCC Triennial review).
10. Increases in rent levels are restricted by the Government guidelines & current indications that sales of council houses will be approximately 50 per annum.

Sensitivity Analysis

	Risk	Potential Budgetary Effect				
		2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Pay Award / National Insurance (GF)						
Impact +/- 0.5% Variance £'000	L	42	86	131	177	224
Budget Impact over 1 year	L	42				
Budget Impact over 3 years	L/M	259				
Budget Impact over 5 years	H	660				
Pay Award / National Insurance (HRA)						
Impact +/- 0.5% Variance £'000	L	13	26	40	54	68
Budget Impact over 1 years	L	13				
Budget Impact over 3 years	L	79				
Budget Impact over 5 years	M	201				
Subject to negotiation for Local Government pay (including any protection for low paid employees)						
Pension Costs						
Impact +/- 0.5% Variance £'000	L	0	0	58	118	179
Budget Impact over 1 year	L	0				
Budget Impact over 3 years	L	58				
Budget Impact over 5 years	M	355				
3 year agreement in place from 2014/15 - subject to stock market & membership changes						
Council Tax						
Impact on Council Tax income £'000		33	51	70	90	0
Budget Impact over 1 year	L	33				
Budget Impact over 3 years	L	154				
Budget Impact over 5 years	M	244				
Inflation / CPI						
Impact +/- 0.5% Variance £'000	L	39	79	119	162	205
Budget Impact over 1 year	L	39				
Budget Impact over 3 years	M	237				
Budget Impact over 5 years	H	604				
Government Grant						
Impact +/- 1.0% Variance £'000	L	43	83	119	150	179
Budget Impact over 1 year	L	43				
Budget Impact over 3 years	M	245				
Budget Impact over 5 years	H	574				

	Risk	Potential Budgetary Effect				
		2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Investment Interest						
Impact +/- 0.5% Variance £'000	L	104	190	272	353	435
Budget Impact over 1 year	L	104				
Budget Impact over 3 years	H	566				
Budget Impact over 5 years	H	1354				
Key Income Streams (GF)						
Impact +/- 0.5% Variance £'000	L	26	52	78	104	131
Budget Impact over 1 year	L	26				
Budget Impact over 3 years	L/M	156				
Budget Impact over 5 years	H	391				
Key Income Streams (HRA)						
Impact +/- 0.5% Variance £'000	L	92	184	280	378	478
Budget Impact over 1 years	L	92				
Budget Impact over 3 years	H	556				
Budget Impact over 5 years	H	1412				
New Homes Bonus						
Impact +/- 10% Variance £'000	L	55	120	184	246	306
Budget Impact over 1 year	L	55				
Budget Impact over 3 years	M	359				
Budget Impact over 5 years	H	911				
Business Rates						
Impact +/- 10% Variance £'000	L	66	134	202	271	340
Budget Impact over 1 year	L	66				
Budget Impact over 3 years	M	402				
Budget Impact over 5 years	H	1013				

Contingencies 2015/16 - 2019/20

Revenue	2015/16	2016/17	2017/18	2018/19	2019/20
Specific Earmarked &	£'000	£'000	£'000	£'000	£'000
General					
General Fund					
Specific Contingencies					
Vacancy Allowance	50	50	50	50	50
<i>General Contingency</i>	100	-	-	-	-
Total General Fund Revenue	150	50	50	50	50
Housing Revenue Account					
<i>HRA - General Contingency</i>	100	100	100	100	100
Total HRA Revenue	100	100	100	100	100

Capital	2015/16	2016/17	2017/18	2018/19	2019/20
Specific Earmarked &	£'000	£'000	£'000	£'000	£'000
General					
General Fund					
Specific Contingencies	-	-	-	-	-
<i>General Capital Contingency*</i>	-	-	-	-	-
Total General Fund Capital	-	-	-	-	-
Housing Revenue Account					
<i>HRA - General Capital Contingency</i>	100	100	100	100	100
Total HRA Capital	100	100	100	100	100

* The 2014/15 Contingency budget of £50k is to be reprofiled to 2015/16.

22 January 2015

REPORT OF THE PORTFOLIO HOLDER FOR OPERATIONS AND ASSETS

BUSINESS RATES INCOME FORECAST 2015/16

EXEMPT INFORMATION

None

PURPOSE

To report to and seek endorsement from Members on the Business Rates income forecast for 2015/16.

RECOMMENDATIONS

- 1. Members approve the Business Rates income forecast for 2015/16 and subsequent NNDR1 form for submission to DCLG by 31 January 2015, in line with the scheme of delegation.**
- 2. Should material amendments be required to the forecast NNDR1, Cabinet authorise the Executive Director Corporate Services, in consultation with the Leader of the Council, to make such required amendments as necessary; and**
- 3. Members note discretionary relief granted to qualifying bodies in line with the existing policy.**

EXECUTIVE SUMMARY

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

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

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

- (a) There is a significantly increased risk on the level of funding retained under the system as individual elements (such as appeals and void levels) have the potential to adversely alter the monetary value of this major source of income;

- (b) It also transforms the Council's role in the collection process in terms of managing the local Business Tax base as collection levels will directly impact on the Council's funding resources, and
- (c) The payment of new burdens (Section 31) grants in line with projected estimates.

The estimates included in the NNDR1 form for 2015/16 (as attached at **Appendix A**) have been prepared on the basis of instructions & guidance from DCLG informed by local conditions. However, there continues to be some uncertainties and risks around the methodology used in preparing the forecast return – especially around the level of future appeal costs, void levels and, under the new burdens doctrine, Small Business Rate Relief and the 2% multiplier cap grant.

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

In addition it should be noted that the value of discretionary relief granted to charities and non-profit making bodies from 1 April 2014 to date is £26,378.46.

OPTIONS CONSIDERED

Not applicable

RESOURCE IMPLICATIONS

The estimate of Business Rates income collected and the submission of the NNDR1 return is a key stage in the budget setting and resource planning process of the Council, and will be used in preparing the Medium Term Financial Strategy 2015/16.

Four key issues in completing the forecast are:

1. the level of appeals estimated to be repayable in 2015/16;
2. the level of empty / void properties;
3. recovery levels including an allowance for bad debts;
4. the level of future mandatory and discretionary relief.

The estimated net yield of £13,270,052 retained by the Council (after the Preceptors and Central Share) is held within the Collection Fund (compared to a budgeted yield of £13,234,162). This is reduced by the tariff payable of £10,552,019 (£10,354,168 in 2014/15) and the 50% levy on business rates in excess of the Government assessed baseline. Additional funding of £87,464 is reported when compared to the Draft MTFS forecast.

The calculated levy for 2015/16 includes the 2013/14 surplus - on which a levy payment has already been made in 2013/14. However, the impact of the 2014/15 outturn on the levy will be adjusted within the 2014/15 projected outturn.

LEGAL/RISK IMPLICATIONS BACKGROUND

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

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

Key issues which affect forecasting Business Rates are covered below:

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

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

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

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

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

The Non-Domestic (Rates Retention) Regulations 2013 and the Department for Communities and Local Government – National Non-Domestic Rates Return 1 (NNDR1 2015/16) requires Cabinet approval of the tax base by 31 January 2015.

SUSTAINABILITY IMPLICATIONS

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

BACKGROUND INFORMATION

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

1. The Council bills businesses for the Business Rates income due within the local area.
2. 50% of the whole amount due is paid over to Central Government to be incorporated into the Revenue Support Grant (RSG) funding regime.
3. The remaining 50% retained by the Council is then split 80%/18%/2% with the 80% share being retained by the Council, 18% going to the County Council and 2% being the Fire Authority's share.
4. From here on in, a mechanism of adjustments are applied to:
 - (a) protect the Councils who are disproportionately financially worse off, and
 - (b) reduce the income of Councils who are significantly better off as a result of this fundamental change in methodology.
5. The cash value of the Council's share is compared to an amount that Central Government has pre-determined is required by the Council.
6. If the Council's retained amount exceeds this predetermined level the excess has to be paid over to Central Government in the form of a Tariff.
7. Conversely if the amount is less, the Council will receive a Top Up payment.
8. The predetermined level of income contains an assumed level of growth. If the Council grows its tax base in excess of this assumed level and receives a greater amount of income, a levy will be placed on the additional income gained. This, in effect, places a cash limit on the amount the Council is able to benefit as a result of tax base growth.

9. If the Council, however, suffers a loss of income due to large scale business decline and income falls below a threshold of c. £1.963m this level of loss would trigger a safety net payment. Any losses above this limit would be subject to payment in accordance with the pooling governance arrangements.

10. The Council is a member of the Greater Birmingham and Solihull LEP pool and as such will avoid a levy payment to DCLG (as the pool is a net Top Up) and also no safety net payment will be payable.

11. Central Government utilises the current Business Rates data submission forms returned by Councils to administer the system. Namely, NNDR1 (forward looking and forecasting income to be collected and movements in tax base) and NNDR3 (year-end backward looking return of actual income due and collected, audited by the external auditor.)

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

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

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

NNDR1 RETURN

Although an NNDR 1 return has previously been made on an annual basis, approved by the Section 151 officer, under the new regulations, Cabinet is required to formally approve the expected Business Rates income for the forthcoming year. The deadline for approval is 31st January 2015.

The Business Rates income is the net rate income yield for 2015/16. This is calculated as follows:-

Gross Rates Yield:

Total Rateable Value x NNDR rate multiplier

Less:

Mandatory Reliefs

Discretionary Reliefs

Estimated losses on Collection

Allowance for cost of collection(as set by formula)

Add:

Enterprise Zones

New Development Deals

Renewable Energy Schemes

Plus or Minus Rate Retention Adjustments for

Change in rateable value due to growth or reduction in property numbers
 Adjustments due to appeals
 Net Business Rate yield and base of the calculation of central and local shares

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

The net yield from Business Rates for 2015/16 per NNDR 1 return is £32,946,003.

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

50% to Central Government
 40% to the Local Billing Authority
 10% to the other Precepting bodies (9% to Staffordshire County Council and 1% to Staffordshire Fire & Rescue Authority).

Table 1: Income from Business Rates Retention	Version 1				Variance
	Cabinet 30 Jan 2013 2013/14	Cabinet 23 Jan 2014 2014/15	Cabinet 22 Jan 2015 2015/16	Budgeted 2015/16	
Collectable	£30,591,974	£31,909,683	£33,037,654	£32,948,081	(£89,574)
Cost of Collection	(£92,458)	(£92,162)	(£91,651)	(£91,549)	£102
Estimated yield	£30,499,516	£31,817,521	£32,946,003	£32,856,532	(£89,472)
Authority Retained share	£12,199,806	£12,823,133	£13,270,052	£13,234,162	(£35,891)
Less: Tariff	(£10,156,318)	(£10,354,168)	(£10,552,019)	(£10,552,019)	-
Total	£2,043,488	£2,468,965	£2,718,033	£2,682,143	(£35,891)
Less: Authority Baseline	(£2,042,882)	(£2,082,678)	(£2,122,475)	(£2,122,475)	-
Total Growth	£606	£386,287	£595,558	£559,668	(£35,891)
Section 31 Grants					
SBRR			£233,443	£281,731	£48,288
Other S31 Grants			£255,881	£234,966	(£20,915)
50% Levy payable	(£303)	(£193,144)	(£542,441)	(£538,183)	£4,258
Add: Baseline	£2,042,882	£2,082,678	£2,122,475	£2,122,475	-
Total	£2,043,185	£2,275,821	£2,664,916	£2,660,657	(£4,260)
Draft MTFs assumption (Additional) / reduction in funding level	£2,042,882	£2,252,382	£2,660,657	£2,660,657	-
	(£303)	(£23,439)	(£4,259)	-	(£4,260)
Total for the year	£30,591,974	£31,919,590	£34,857,711	£34,181,611	(£676,101)

Table 1: Income from Business Rates Retention	Cabinet 30 Jan 2013 2013/14	Cabinet 23 Jan 2014 2014/15	Cabinet 22 Jan 2015 2015/16	Budgeted 2015/16	Variance
Total after prudent %	£2,043,185	£2,275,821	£2,542,585	£2,531,482	(£11,103)
Draft MTFS assumption	£2,042,882	£2,252,382	£2,531,483	£2,531,483	-
(Additional) / reduction in funding level	(£303)	(£23,439)	(£11,103)	-	(£11,103)
Estimated surplus b/fwd 2015/16 from 2014/15 (*1)	-	£3,963	£809,693	£493,412	(£316,281)
Estimated surplus b/fwd 2016/17 from 2015/16 (*2)	-	-	-	£239,920	£239,920
Total (Additional) / reduction in funding level					(£87,464)

*
1*
2

*1 Levy includes 2013/14 surplus - on which a levy payment has already been made in 2013/14

*2 However, the impact of the 2014/15 outturn on the levy will be adjusted within the 2014/15 projected outturn

Central Share (DCLG)	£15,249,758	£15,908,761	£16,473,002	£16,428,266	(£44,736)
Borough Council	£12,199,806	£12,727,008	£13,178,401	£13,142,613	(£35,788)
County Council	£2,744,956	£2,863,577	£2,965,140	£2,957,088	(£8,052)
Fire & Rescue Authority	£304,995	£318,175	£329,460	£328,565	(£895)

Totals including Surplus b/fwd

Estimated surplus b/fwd	-	£9,907	£1,820,057	£1,233,530	(£586,527)
Central Share (DCLG)	£15,249,758	£15,913,714	£17,383,030	£17,045,031	(£337,999)
Borough Council	£12,292,265	£12,823,133	£13,998,075	£13,727,574	(£270,501)
County Council	£2,744,956	£2,864,469	£3,128,945	£3,068,106	(£60,839)
Fire & Rescue Authority	£304,995	£318,274	£347,661	£340,901	(£6,760)

REPORT AUTHORMichael Buckland, Head of Revenues, Tel 709523
e-mail michael-buckland@tamworth.gov.uk

LIST OF BACKGROUND PAPERS

Local Government Finance Act 1988

Local Government Finance Act 2003

Local Government Finance Act 2012

The Non-Domestic(Rates Retention) Regulations 2013

Department for Communities and Local Government – National Non-Domestic Rates Return
1 (NNDR1 2015/16)

APPENDICES

Appendix A (NNDR1) gives details of the estimated Business Rates Income forecast for 2015/16.

NATIONAL NON-DOMESTIC RATES RETURN - NDR1

2015-16

Please e-mail to: ndr.statistics@communities.gsi.gov.uk by no later than 31 January 2015.
In addition, a certified copy of the form should be returned by no later than 31 January 2015 to the same email address

All figures must be entered in whole £

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

Select your local authority's name from this list:

Sutton
Swale
Swindon
Tameside
Tamworth
Tandridge

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

Tamworth
E3439
Michael Buckland
01827 709523
michael-buckland@tamworth.gov.uk

Ver 1.1a

PART 1A: NON-DOMESTIC RATING INCOME

COLLECTIBLE RATES

1. Net amount receivable from rate payers after taking account of transitional adjustments, empty property rate, mandatory and discretionary reliefs and accounting adjustments £ **33,037,654**

TRANSITIONAL PROTECTION PAYMENTS

2. Sums due to the authority **0**

3. Sums due from the authority **0**

COST OF COLLECTION (See Note A)

4. Cost of collection formula **91,651**

5. Legal costs **0**

6. Allowance for cost of collection **91,651**

SPECIAL AUTHORITY DEDUCTIONS

7. City of London Offset : Not applicable for your authority **0**

DISREGARDED AMOUNTS

8. Amounts retained in respect of Designated Areas. Not applicable for your authority **0**

9. Amounts retained in respect of Renewable Energy Schemes (See Note B) **0**

of which:

10. sums retained by billing authority **0**

11. sums retained by major precepting authority **0**

NON-DOMESTIC RATING INCOME

12. Line 1 plus line 2, minus lines 3 and 6 - 9 **32,946,003**

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1

2015-16

Please e-mail to: nndr.statistics@communities.gsi.gov.uk by no later than 31 January 2015.
In addition, a certified copy of the form should be returned by no later than 31 January 2015 to the same email address

All figures must be entered in whole £

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

Local Authority : Tamworth

Ver 1.1a

PART 1B: PAYMENTS

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

The payments to be made, during the course of 2105-16 to:

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

are set out below

	Column 1 Central Government	Column 2 Tamworth	Column 3 Staffordshire County Council	Column 4 Staffordshire Fire Authority	Column 5 Total
Retained NNDR shares	£	£	£	£	£
13. % of non-domestic rating income to be allocated to each authority	50%	40%	9%	1%	100%
Non-Domestic Rating Income for 2015-16					
14. Non-domestic rating income from rates retention scheme	16,473,002	13,178,401	2,965,140	329,460	32,946,003
15. (less) qualifying relief in Enterprise Zones	0	0	0	0	0
16. TOTAL:	16,473,002	13,178,401	2,965,140	329,460	32,946,003
Other Income for 2015-16					
17. add: cost of collection allowance		91,651			91,651
18. add: amounts retained in respect of Designated Areas		0			0
19. add: amounts retained in respect of renewable energy schemes		0	0		0
20. add: qualifying relief in Enterprise Zones		0	0	0	0
21. add: City of London Offset : Not applicable for your authority		0			0
Estimated Surplus/Deficit on Collection Fund	£	£	£	£	£
22. Estimated Surplus/Deficit at end of 2014-15	910,028	728,023	163,805	18,201	1,820,057
TOTAL FOR THE YEAR	£	£	£	£	£
23. Total amount due to authorities	17,383,030	13,998,075	3,128,945	347,661	34,857,711

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1

2015-16

Please e-mail to: nndr.statistics@communities.gsi.gov.uk by no later than 31 January 2015.
In addition, a certified copy of the form should be returned by no later than 31 January 2015 to the same email address

All figures must be entered in whole £

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

Local Authority : Tamworth

Ver 1.1a

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

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

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

	Column 2 Tamworth	Column 3 Staffordshire County Council	Column 4 Staffordshire Fire Authority	Column 5 Total
2015-16 Multiplier Cap	£	£	£	£
24. Cost of 2% cap on 2015-16 small business rates multiplier	192,185	43,242	4,805	240,232
Small Business Rate Relief				
25. Cost of temporary doubling of SBRR	236,848	53,290	5,922	296,060
26. Cost to authorities of maintaining relief on "first" property	0	0	0	0
"New Empty" Property Relief				
27. Cost to authorities of giving relief to newly-built empty property	0	0	0	0
"Long Term Empty" Property Relief				
28. Relief on occupation of "long-term empty" property	28,408	6,392	710	35,510
Retail Relief				
29. Relief provided to retail properties	81,858	18,418	2,046	102,322
TOTAL FOR THE YEAR	£	£	£	£
30. Total amount of Section 31 grant due to authorities	539,299	121,342	13,483	674,124

Certificate of Chief Financial Officer / Section 151 Officer

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

Name of Chief Financial Officer
or Section 151 Officer :

Signature :

Date :

**PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2015-16**

All figures must be entered in whole £

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

Ver 1.1a

Local Authority : Tamworth

PART 2: NET RATES PAYABLE

You should complete column 1 only

GROSS RATES PAYABLE

(All data should be entered as +ve unless specified otherwise)

	Column 1 BA Area (exc. Designated areas) Complete this column £	Column 2 Designated areas Do not complete this column £	Column 3 TOTAL (All BA Area) Do not complete this column £
1. Rateable Value at <input type="text" value="10/12/2014"/>	<input type="text" value="78,875,751"/>	<input type="text" value=""/>	<input type="text" value="78,875,751"/>
2. Small business rating multiplier <input type="text" value="48.0"/> for 2015-16 (pence)			
3. Gross rates 2015-16 - (RV x multiplier)	<input type="text" value="37,860,360"/>	<input type="text" value="0"/>	
4. Estimated growth/decline in gross rates (+ = increase, - = decrease)	<input type="text" value="49,064"/>		
5. Forecast gross rates payable in 2015-16	<input type="text" value="37,909,424"/>	<input type="text" value="0"/>	<input type="text" value="37,909,424"/>

TRANSITIONAL ARRANGEMENTS (See Note E) - Not applicable in 2015-16

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

TRANSITIONAL PROTECTION PAYMENTS (See Note F) - Not applicable in 2015-16

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

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

Small Business Rate Relief

12. Forecast of relief to be provided in 2015-16	<input type="text" value="-1,167,217"/>	<input type="text" value="0"/>	<input type="text" value="-1,167,217"/>
13. of which: relief on existing properties where a 2nd property is occupied	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
14. Additional yield from the small business supplement (Show as +ve)	<input type="text" value="924,676"/>	<input type="text" value="0"/>	<input type="text" value="924,676"/>
15. Net cost of small business rate relief (line 12-line 14)	<input type="text" value="-242,541"/>	<input type="text" value="0"/>	<input type="text" value="-242,541"/>

Charitable occupation

16. Forecast of relief to be provided in 2015-16	<input type="text" value="-1,169,189"/>	<input type="text" value="0"/>	<input type="text" value="-1,169,189"/>
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Community Amateur Sports Clubs (CASCs)

17. Forecast of relief to be provided in 2015-16	<input type="text" value="-28,771"/>	<input type="text" value="0"/>	<input type="text" value="-28,771"/>
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Rural rate relief

18. Forecast of relief to be provided in 2015-16	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
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PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2015-16

All figures must be entered in whole £

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

Ver 1.1a

Local Authority : Tamworth

PART 2: NET RATES PAYABLE

You should complete column 1 only

	Column 1 BA Area (exc. Designated areas)	Column 2 Designated areas	Column 3 TOTAL (All BA Area)
19. Forecast of mandatory reliefs to be provided in 2015-16 (Sum of lines 15 to 18)	-1,440,501	0	
20. Changes as a result of estimated growth/decline in mandatory relief (+ = decline, - = increase)	-106,000	0	
21. Total forecast mandatory reliefs to be provided in 2015-16	-1,546,501	0	-1,546,501
UNOCCUPIED PROPERTY (See Note H) (All data should be entered as -ve unless specified otherwise)			
Partially occupied hereditaments			
22. Forecast of 'relief' to be provided in 2015-16	-142,500	0	-142,500
Empty premises			
23. Forecast of 'relief' to be provided in 2015-16	-1,065,480	0	-1,065,480
24. Forecast of unoccupied property 'relief' to be provided in 2015-16 (Line 22 + line 23)	-1,207,980	0	
25. Changes as a result of estimated growth/decline in unoccupied property 'relief' (+ = decline, - = increase)	-840,000	0	
26. Total forecast unoccupied property 'relief' to be provided in 2015-16	-2,047,980	0	-2,047,980
DISCRETIONARY RELIEFS (See Note J) (All data should be entered as -ve unless specified otherwise)			
Charitable occupation			
27. Forecast of relief to be provided in 2015-16	-12,131	0	-12,131
Non-profit making bodies			
28. Forecast of relief to be provided in 2015-16	-2,040	0	-2,040
Community Amateur Sports Clubs (CASCs)			
29. Forecast of relief to be provided in 2015-16	-9,236	0	-9,236
Rural shops etc			
30. Forecast of relief to be provided in 2015-16	0	0	0
Small rural businesses			
31. Forecast of relief to be provided in 2015-16	0	0	0
Other ratepayers			
32. Forecast of relief to be provided in 2015-16	0	0	0
	<i>of which:</i>	<i>of which:</i>	
33. Relief given to Case A hereditaments		0	
34. Relief given to Case B hereditaments	0		

PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2015-16

All figures must be entered in whole £

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Ver 1.1a

Local Authority : Tamworth

PART 2: NET RATES PAYABLE

You should complete column 1 only

Column 1
BA Area (exc.
Designated areas)

Column 2
Designated
areas

Column 3
TOTAL
(All BA Area)

35. Forecast of discretionary relief to be provided in 2015-16 (Sum of lines 27 to 32)

-23,407

0

36. Changes as a result of estimated growth/decline in discretionary relief (+ = decline, - = increase)

-5,000

0

37. Total forecast discretionary relief to be provided in 2015-16

-28,407

0

-28,407

DISCRETIONARY RELIEFS FUNDED THROUGH SECTION 31 GRANT
(See Note K) (All data should be entered as -ve unless specified otherwise)

"New Empty" properties

38. Forecast of relief to be provided in 2015-16

0

0

0

"Long term empty" properties

39. Forecast of relief to be provided in 2015-16

-70,000

0

-70,000

Retail relief

40. Forecast of relief to be provided in 2015-16

-201,702

0

-201,702

41. Forecast of discretionary reliefs funded through S31 grant to be provided in 2015-16 (Sum of lines 38 to 40)

-271,702

0

42. Changes as a result of estimated growth/decline in Section 31 discretionary relief (+ = decline, - = increase)

-368,000

0

43. Total forecast of discretionary reliefs funded through S31 grant to be provided in 2015-16

-639,702

0

-639,702

NET RATES PAYABLE

44. Forecast of net rates payable by rate payers after taking account of transitional adjustments, unoccupied property relief, mandatory and discretionary reliefs

£
33,646,834

£
0

£
33,646,834

Checked by Chief Financial / Section 151 Officer :

PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2015-16

All figures must be entered in whole £

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

Ver 1.1a

Local Authority : Tamworth

PART 3: COLLECTABLE RATES AND DISREGARDED AMOUNTS

You should complete column 1 only

	Column 1	Designated areas		Column 4
	BA Area (exc. Designated areas) Complete this column £	Column 2 Do not complete this column £	Column 3 Do not complete this column £	TOTAL (All BA Area) Do not complete this column £
NET RATES PAYABLE				
1. Sum payable by rate payers after taking account of transitional adjustments, empty property rate, mandatory and discretionary reliefs	33,646,834	0	0	33,646,834
(LESS) LOSSES				
2. Estimated bad debts in respect of 2015-16 rates payable	-269,180	0	0	-269,180
3. Estimated repayments in respect of 2015-16 rates payable	-340,000	0	0	-340,000
COLLECTABLE RATES				
4. Net Rates payable less losses	33,037,654	0	0	33,037,654
DISREGARDED AMOUNTS				
5. Renewable Energy	0	0	0	0
6. Transitional Protection Payment		0	0	
7. Baseline		0	0	
DISREGARDED AMOUNTS				
8. Total Disregarded Amounts		0	0	0

Checked by Chief Financial / Section 151 Officer :

PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NDR1
2015-16

All figures must be entered in whole £

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Ver 1.1a

Local Authority : Tamworth

PART 4: ESTIMATED COLLECTION FUND BALANCE

OPENING BALANCE

1. Opening Balance (From Collection Fund Statement)	£	£
		1,233,530

CREDITS

2. Total amount credited, or to be credited, to the Collection Fund in 2014-15	33,144,399	
3. Transitional protection payments received, or to be received in 2014-15	0	
4. Transfers/payments to the Collection Fund for end-year reconciliations	0	
5. Transfers/payments into the Collection Fund in 2014-15 in respect of a previous year's deficit	9,611	
6. Total Credits		33,154,010

CHARGES

7. Total amount charged, or to be charged, to the Collection fund in 2014-15	-490,375	
8. Transitional protection payments made, or to be made, in 2014-15	-167,425	
9. Payments made, or to be made, to the Secretary of State in respect of the central share in 2014-15	-15,908,761	
10. Payments made, or to be made to, major precepting authorities in respect of business rates income in 2014-15	-3,181,752	
11. Transfers made, or to be made, to the billing authority's General Fund in respect of business rates income in 2014-15	-12,727,008	
12. Transfers made, or to be made, to the billing authority's General Fund; and payments made, or to be made, to a precepting authority in respect of disregarded amounts in 2014-15	-92,162	
13. Transfers/payments from the Collection Fund for end-year reconciliations	0	
14. Transfers/payments made from the Collection Fund in 2014-15 in respect of a previous year's surplus	0	
15. Total Charges		-32,567,483
16. Adjustment for 5-Year Spread - not applicable for your authority		0

ESTIMATED SURPLUS/(DEFICIT) ON COLLECTION FUND IN RESPECT OF FINANCIAL YEAR 2014-15

17. Opening balance plus total credits, less total charges		£
		1,820,057

Checked by Chief Financial / Section 151 Officer :

By virtue of paragraph(s) 1 of Part 1 of Schedule 12A of the Local Government Act 1972.

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