N0N-CONFIDENTIAL

BOROUGH OF TAMWORTH

CABINET

16 November 2016

A meeting of the CABINET will be held on Thursday, 24th November, 2016, 6.00 pm in Committee Room 1 - Marmion House

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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

6 Draft Base Budget Forecasts 2017/18 to 2021/22 (Pages 5 - 52)

(The Report of the Leader of the Council)

7 Quarter Two 2016/17 Performance Report (Pages 53 - 112)

(The Report of the Leader of the Council)

8 Appointment of External Auditors 2018/19 (Pages 113 - 134)

(The Report of the Portfolio Holder for Assets and Finance)

9 Treasury Management Strategy Statement and Annual Investment Strategy Mid-year Review Report 2016/17 (Pages 135 - 156)
(The Report of the Portfolio Holder for Assets and Finance)

10 Council Tax Base 2017/18 (Pages 157 - 160)
(The Report of the Portfolio Holder for Assets and Finance)

11 Write Offs 01/04/16 - 30/09/16 (Pages 161 - 168)
(The Report of the Portfolio Holder for Assets and Finance)

12 Local Council Tax Reduction Scheme 2017/18 onwards (Pages 169 - 206)
(The Report of the Portfolio Holder for Assets and Finance)

13 Affordable Housing Development Programme (To Follow)
(The Report of the Portfolio Holder for Housing)

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

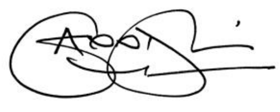
"That in accordance with the provisions of the Local Authorities (Executive Arrangements) (Meeting and Access to Information) (England) Regulations 2012, and Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during the consideration of the following business 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.

15 Commercial Investment Strategy - (Progress Report) (Pages 207 - 228)
(The Report of the Leader of the Council and Chief Executive)

16 Repairs and Investment Services (Pages 229 - 238)
(The Report of the Portfolio Holder for Housing Services)

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, J Goodall and M Thurgood.

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MINUTES OF A MEETING OF THE
CABINET
HELD ON 3rd NOVEMBER 2016

PRESENT: Councillors D Cook (Chair), R Pritchard (Vice-Chair), S Claymore, S Doyle, J Goodall and M Thurgood

The following officers were present: John Wheatley (Executive Director Corporate Services), Andrew Barratt (Corporate Director Growth, Assets and Environment), John Day (Corporate Performance Officer) and Natalie Missenden (Public Relations Officer)

53 APOLOGIES FOR ABSENCE

None

54 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 20 October 2016 were approved and signed as a correct record.

(Moved by Councillor R Pritchard and seconded by Councillor J Goodall)

55 DECLARATIONS OF INTEREST

There were no Declarations of Interest.

56 QUESTION TIME:

None

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

None

58 BUDGET CONSULTATION 2017/18

The Leader of the Council informed the Members of the outcomes arising from consultation undertaken with residents, businesses and the voluntary sector in accordance with the corporate budget setting process.

RESOLVED: That Members endorsed the report and took into account of the findings along with other sources of information when setting the 2017/18 Budget.

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

59 TAMWORTH CONSERVATION AREAS

The Portfolio Holder for Regeneration seeking approval of the draft Conservation Area Management Plans for each of the seven Conservation Areas and also for the approval a 6 week public consultation on each of the documents to be undertaken. Also for Members considered the process and costs associated with local listing and Article 4 Directions.

RESOLVED: That Members

1 resolved to approve each of the draft Conservation Area Management Plan's;

2 resolved to take each Conservation Area Management Plan forward into a 6 week consultation period;

3 authorised the Head of Managed Growth, Regeneration and Development to finalise the consultation methodology, questionnaire and arrangements for each Conservation Area Management Plan;

4 endorsed the implications identified in the report in relation to the recommendations from Aspire and Prosper Scrutiny Committee; and

5 authorised the Head of Managed Growth, Regeneration and Development to commence the process of reviewing the Tamworth Local List in terms of the resolution passed at Cabinet on 20 October 2016, to commence the local listing process for the former Wilnecote Board Schools and that a further report is received by Cabinet within 12 months.

(Moved by Councillor S Claymore and seconded by

Councillor R Pritchard)

Leader

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CABINET

24th November 2016

REPORT OF THE LEADER OF THE COUNCIL

DRAFT BASE BUDGET FORECASTS 2017/18 to 2021/22

Purpose

To inform Members of the re-priced base budget for 2017/18, base budget forecasts for the period 2017/18 to 2021/22 (the 5 Year Medium Term Planning Period) and the underlying assumptions and to consider the future strategy to address the financial trends.

Recommendations

That:

1. **the technical adjustments and re-priced base budget figures for 2017/18 & indicative budgets to 2021/22 be approved (as attached at Appendix B, C, D, E, F, G & H);**

2. **consideration be given to the proposed Policy Changes and Capital Programmes, as detailed within the report;**

3. **consideration be given to the planned changes to Council Tax and Housing Rent for 2017/18, as detailed within the report; and**

4. **in compliance with the Constitution of the Council, the Joint Scrutiny Budget Workshop be asked to consider the budget proposals contained within this report.**

Executive Summary

The following detailed budget information is contained within the report:

- Re-priced base budget information (& the associated technical adjustments) for 2017/18 in respect of the General Fund (GF) and Housing Revenue Account (HRA);

- A five year, medium term financial forecast for the General Fund and HRA;

- The associated strategy to address the financial trends & projection;

- The Provisional Capital Programmes for the General Fund and Housing Revenue Account for the period 2017/18 to 2021/22.

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.

Since the 2016/17 MTFS was approved in February 2016, the people of the UK have taken the decision to leave the European Union.

What happens next – and the implications for businesses and organisations in the UK – is less clear. There will be a wide range of dynamic factors at play over the coming months and years that will impact on the Council.

After initial market volatility, we can expect a period of instability and uncertainty. It is important to bear in mind that very little changes immediately and so, the Council, along with businesses, charities and other public bodies, should start considering the mid to long term opportunities whilst the dust settles.

It should be noted that we are still in the early days following the EU vote and that the economic situation is still very uncertain.

The updated economic forecast shows a prolonged period of low (if not negative) interest rates – which could potentially mean a significant impact to the MTFS, given the current investment balances and the receipt of the funds from the sale of the former golf course to support the MTFS.

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

Currently projections identify:

1. a General Fund shortfall of £2.2m over 3 years (with a shortfall of £7.7m over 5 years), including the minimum approved level of £0.5m;

   Further savings of around £0.75m p.a. will be required over the next 3 years (based on annual £5 increases in Council Tax) with savings of £1.5m p.a. required over 5 years. On an annualised basis this would equate to a year on year ongoing saving of £370k over 3 years (£510k over 5 years).

2. a HRA surplus of £2.9m over 3 years (with a surplus of £2.2m over 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 Government consultation on the scheme including the potential to reduce payments from 6 years to either 5 or 4 years in future and / or to apply a 'deadweight' level of growth whereby payments would be made should housing growth be over and above this level;

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

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

The Government made a clear commitment to provide central funding allocations for each year of the Spending Review period by making an offer to any council that wished to take it up, of a four-year funding settlement to 2019/20 – and also said that, as part of the move to a more self-sufficient local government, these multi-year settlements can provide a degree of funding certainty and stability.

Council on 23rd February approved acceptance of this offer and as such, this was notified to the Department for Communities and Local Government (DCLG) in March 2016 – however, the DCLG stated that they would not be able to formally confirm acceptance of the offer until shortly after the deadline for submissions in October 2016.

The impact for the Council will be confirmed by DCLG as part of the *Local Government Finance Settlement* in February 2017 following a provisional announcement in December 2016;

c) The impact of Business Rate Reform from 1st April 2013 and the associated forecast business rates receivable in 2016/17 and future years – of which the Council's budget will receive 40% (subject to 20% levy reduction on 'excess' rates payable to the Greater Birmingham & Solihull Local Enterprise Partnership (GBSLEP) after deduction of the 50% central share, 9% County Council and 1% Fire & Rescue Authority share).

   Uncertainty remains over the revaluation in 2017 (and the associated impact on the Council's business rates income and associated baseline and tariff levels) and the work progressing on the system for Councils to keep 100% of the business rates collected by 2020.

   In addition, the calculation of the level of business rate appeal costs will impact on the forecast level of retained business rates – of which the Council has to fund 40% from its own budgets – a provision of £4.3m was set aside at the end of 2015/16 (40% of which relates to the Council);

d) 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. £200k p.a. 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.

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

f) While the Government announced a pay cap for 2014/15 & 2015/16, a 2.2% increase (plus other changes) was agreed from 1st January 2015. As part of the Summer Budget announcements in 2015, a 1% pay cap for public sector workers for the next 4 years was set.

In addition, from April 2016, a new compulsory National Living Wage for the over 25s was introduced to replace the National Minimum Wage. The National Living Wage was set at £7.20 with effect from April 2016, and it will rise over the next four years to £9.00 per hour in 2020.

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

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

i) Due to uncertainties around the Better Care Fund, a significant risk on the current grant funding for Disabled Facilities Grants (DFG) is highlighted after 2016/17. A grant of £224k p.a. has been assumed to be redistributed – in line with the funding notified for 2015/16 & 2016/17;

j) Waste Management - reduction in recycling credit payments from Staffordshire County Council (SCC) arising from savings budgeted within their MTFS, c. £223k p.a. from 2019/20 (& potentially earlier) - subject to investigation of potential mitigating actions.

According to the SCC MTFS the current spend on Recycling credits is around £8.5m. There is already a SCC MTFS proposal around reducing this spend by £1.5m p.a. by 2019/20 in conjunction with the Districts specifically with regard to the treatment of Green Waste.

k) The effect of the reduction in Social Housing Rents announced in the Summer Budget 2015 – rents are to be reduced by 1% a year for four years from 2016/17, requiring local authorities and housing associations to make savings, and this will mean a reduction in HRA Rent Income of c.£600k p.a. each year for 4 years (cumulative);

l) The impact that Social Tenants with household incomes of at least £40k in London and at least £30k elsewhere, will have to pay a market or near market rent. Local Authorities will have to repay the rent subsidy that they recover from high income tenants to the Exchequer;

m) Any impact from the sale of high value council housing scheme;

n) Finalisation of the expected outcomes and impact on the Council's financial position from the programme of short-term and medium-term workstream reviews commissioned by Cabinet in August 2013 as part of the '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;

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

p) Review and finalisation of the revised budgets/policy changes and feedback from the scrutiny process – including the Council Tax increase for 2017/18.

Options Considered

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

Council Tax	Option Modelled / Considered
Model 1	**£5.00 increase in Council tax in 2017/18 (followed by increases of £5.00 p.a.)**
Model 2	1.99% increase in Council tax in 2017/18 (followed by increases of c.1.99% p.a.)
Model 3	0% increase in Council tax in 2017/18 (followed by increases of c.1.99% p.a.)
Model 4	2.5% increase in Council tax in 2017/18 (followed by increases of 2.5% thereafter)
Model 5	0% increase in Council tax in 2017/18 (followed by increases of 0% thereafter)
Model 6	1% increase in Council tax in 2016/17 (followed by increases of 1% thereafter)

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

Resource Implications

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

- The Forecast projects a General Fund shortfall of £2.2m over 3 years (£7.7m over 5 years), including the minimum approved level of £0.5m – assuming annual Council Tax increases of £5 p.a. - in line with the cap set by the Department for Communities & Local Government (DCLG) for 2016/17.

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

  a) Impact of Committee decisions on the 2016/17 budget – a General Fund (GF) net cost increase of £35k;

  b) Base Budget review 2017/18:

  - Increased pensions costs of c. £200k p.a. year on year (c.£180k p.a. GF) following the triennial review as at 31st March 2016 (there is also a potential discount of £157k (£120k GF) for payment in advance if agreement can be reached);

  - Lower interest from continued low rates arising from the current economic situation, c. £102k p.a.

  - Revised new homes bonus levels following proposed changes to the scheme and updated forecast new home build levels– reduced grant income of c. £231k;

    - Reduced car park income due to changes in the management of the Lower Gungate Car Park, c. £83k, and

    - Increased bad debt provision / costs arising from the increased use of temporary accommodation for homelessness, c. £44k.

- The current forecast projects a Housing Revenue Account (HRA) surplus of £2.9m over 3 years with a surplus of £2.2m over 5 years including the minimum recommended balances of £0.5m.

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

  a) Impact of Committee decisions on the 2015/16 budget – a net cost of £0.4m;

  b) Base Budget review:

    - The budgeted increase in bad debts due to the impact of Welfare Benefit Reforms is being contained by robust and effective arrears recovery – pending implementation of Universal Credit – reduced cost of c. £254k.

    - Increased pensions costs of c. £200k p.a. year on year (c.£56k p.a. HRA) following the triennial review as at 31st March 2016 (there is also a potential discount of £157k (£37k HRA) for payment in advance if agreement can be reached), and

    - Lower Interest payments due to the continued low rates, c. £128k.

Legal / Risk Implications

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

In line with the constitution a Joint Scrutiny Budget Workshop has been arranged for 1st December 2016.

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 24th January 2017.

Proposed amendments to the 2016/17 base budget, approved by Council on 23rd February 2016, are detailed within the report.

Risks to Capital and Revenue Forecasts:

Risk	Control Measure
Major variances to the level of grant / subsidy from the Government (including specific grants e.g. Benefits administration, Business Rates Section 31 funding); (**High)**	Sensitivity modelling undertaken to assess the potential impact in the estimation of future grant levels; **(Medium / High)**
New Homes Bonus grant levels lower than estimated; Continuation of the scheme in its current form is uncertain – further changes are subject to finalisation by DCLG. **(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% or £5 and above risk 'capping' (confirmed as 2% or £5 for District Councils for 2016/17); **(Low)**
The achievement / delivery of substantial savings / efficiencies will be needed to ensure sufficient resources will be available to deliver the Council's objectives through years 4 to 5. Ongoing; **(High)**	A robust & critical review of savings proposals will be required / undertaken before inclusion within the forecast; A minimum General Fund capital balance of £0.5m is a requirement – this has been financed in the past by revenue contributions (held in a revenue reserve). **(High/Medium)**
Pay awards greater than forecast; **(Medium)**	Public sector pay cap announced as part of the Summer Budget 2015 - 1% increase p.a. for 4 years from 2016/17; **(Medium / Low)**
Pension costs higher than planned / adverse performance of pension fund; **(Medium)**	Regular update meetings with Actuary; Increases of c.£200k p.a. with a new 'lump sum' element have been included following triennial review (during 2016 for 2017/18) for 3 years; **(Medium)**
Assessment of business rates collection levels to inform the forecast / budget (NNDR1) and estimates of appeals, mandatory & discretionary reliefs, cost of collection, bad debts and collection levels; New burdens (Section 31) grant funding for Central Government policy changes – including impact on levy calculation; Potential changes to the Business Rates Retention system by the DCLG following the announcement for Councils to keep 100% of the business rates collected by 2020; **(High)**	Robust estimates included to arrive at collection target. Ongoing proactive management & monitoring will continue; Business Rates Collection Reserve - provision of reserve funding to mitigate impact of any changes in business rate income levels; Monitoring of the situation / regular reporting; **(High / Medium)**

Risk	Control Measure
Local Council Tax Reduction scheme implementation – potential yield changes and maintenance of collection levels; **(High)**	Robust estimates included. Ongoing proactive management & monitoring (including a quarterly healthcheck on the implications on the organisation – capacity / finance) will continue; **(High / Medium)**
Achievement of income streams in line with targets e.g. treasury management interest, car parking, planning, commercial & industrial rents etc.; **(High / Medium)**	Robust estimates using a zero based budgeting approach have been included; **(Medium)**
Delivery of the capital programme (GF / HRA – including Regeneration schemes) dependent on funding through capital receipts and grants (including DFG funding through the Better Care Fund); **(High / Medium)**	Robust monitoring and evaluation – should funds not be available then schemes would not progress; **(Medium)**
Dependency on partner organisation arrangements and contributions e.g. Waste Management (SCC/LDC). **(High / Medium)**	Memorandum of Understanding in place. **(Medium)**

Report Author

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

Background Papers:-	Corporate Vision, Priorities Plan, Budget & Medium Term Financial Strategy 2016/17, Council 23rd February 2016
	Budget and Medium Term Financial Planning Process, Cabinet 28th July 2016
	Budget Consultation Report, Cabinet 3rd November 2016

Base Budget Forecast 2017/18 to 2021/22

Revisions / updates have been made to the 2016/17 base budget in order to produce an adjusted base for 2017/18 and forecast base for 2018/19 onwards.

General Fund Revenue

Forecast – When the budget for 2016/17, and indicative budgets for 2017/18 to 2018/19, were approved by Council in February 2016 it was anticipated that balances would remain above the minimum approved level of £0.5m for the 3 year period.

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

- Increased pensions costs of c. £200k p.a. year on year (c.£180k p.a. GF) following the triennial review as at 31st March 2016 (there is also a potential discount of £157k (£120k GF) for payment in advance if agreement can be reached);

- Lower interest from continued low rates arising from the current economic situation, c. £102k p.a.

- Revised new homes bonus levels following proposed changes to the scheme and updated forecast new home build levels– reduced grant income of c. £231k;

- Reduced car park income due to changes in the management of the Lower Gungate Car Park, c. £83k;

- Increased bad debt provision / costs arising from the increased use of temporary accommodation for homelessness, c. £44k.

Issues for the Medium Term

The Forecast projects a General Fund shortfall of £2.2m over 3 years (£7.7m over 5 years), including the minimum approved level of £0.5m – assuming annual Council Tax increases of £5 p.a. - in line with the cap set by the Department for Communities & Local Government (DCLG) for 2016/17.

Implications & Options

It is currently estimated that further savings of around £0.75m p.a. will be required over the next 3 years (based on annual £5 increases in Council Tax) with savings of £1.5m p.a. required over 5 years.

On an annualised basis this would equate to a year on year ongoing saving of £370k over 3 years (£510k over 5 years).

Work is continuing on a number of actions to address the GF shortfall:

- Delivering Quality Services project – the demand management approach to shift demand to more efficient methods of service delivery - online, automation (Interactive voice response, IVR);

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

- Spend freeze – Managers have previously been require to restrict / limit spending to essential spend only (there was a £2m underspend in 2015/16 – although the majority was windfall income, c. £0.75m was lower level underspend). A review is underway on where spend has not be made in the last 2 years to identify potential efficiencies for agreement by CMT;

- Alternative investment options arising from commercial investment strategy;

- Review of reserves / creation of fund for transformation costs (if needed), and

- Targeted Savings – Members to identify potential areas for review.

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

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

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

Housing Revenue Account

Forecast – When the budget for 2016/17, and indicative budgets for 2017/18 to 2020/21, were approved by Council in February 2016 it was anticipated that balances would remain above the minimum approved level of £0.5m for the 5-year period, with significant planned contributions to a regeneration reserve.

Base Budget

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

- The budgeted increase in bad debts due to the impact of Welfare Benefit Reforms is being contained by robust and effective arrears recovery – pending implementation of Universal Credit – reduced cost of c. £254k;

- Increased pensions costs of c. £200k p.a. year on year (c.£56k p.a. HRA) following the triennial review as at 31st March 2016 (there is also a potential discount of £157k (£37k HRA) for payment in advance if agreement can be reached), and

- Lower Interest payments due to the continued low rates, c. £128k.

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

- Finalisation of the costs (following tender) / income associated with the regeneration / redevelopment schemes – to inform the likely need from the Regeneration Reserve;

- The effect of service charges implementation;

- The impact of Welfare Benefit Reform on rent collection levels – limited so far but further measures are to be rolled out (e.g. Universal Credit);

- The effect of the reduction in Social housing rents announced in the Summer Budget 2015 – rents are to be reduced by 1% a year for four years from 2016/17, requiring local authorities and housing associations to make savings and will mean a reduction in HRA rent income of c.£0.6m p.a. each year for 4 years (cumulative);

- The impact that Social tenants with household incomes of at least £40k in London and at least £30k elsewhere, will have to pay a market or near market rent. Local authorities will have to repay the rent subsidy that they recover from high income tenants to the Exchequer;

- Any impact from the Sale of high value council housing scheme, and

- 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.

The current forecast projects a HRA surplus of £2.9m over 3 years with a surplus of £2.2m over 5 years) including the minimum recommended balances of £0.5m.

Detailed Considerations

Base Budget Forecasts 2017/18 to 2021/22

Revisions / updates have been made to the 2016/17 base budget in order to produce an adjusted base for 2017/18 and forecast base for 2018/19 onwards. These changes, known as technical adjustments, have been informed by feedback from budget managers and calculated to take account of:

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

General Fund – Technical Adjustments Summary

Technical Adjustments	**2017/18 £'000**	**2018/19 £'000**	**2019/20 £'000**	**2020/21 £'000**	**2021/22 £'000**
Base Budget B/Fwd	8,460	9,330	9,448	8,607	8,999
Committee Decisions	35	(3)	(722)	323	74
Inflation	34	32	31	49	53
Other	841	16	(268)	(215)	(167)
Pay Adjustments (Including pay award / reduction of 5% for vacancy allowance)	6	73	118	235	227
Revised charges for non-general fund activities	(46)	-	-	-	-
Total / Revised Base Budget	9,330	9,448	8,607	8,999	9,186

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

Future Revenue Support Grant & Business Rate Income

The final Local Government Finance Settlement figures for 2016/17 to 2019/20 were confirmed on 9th February 2016 following an announcement in Parliament on 8th February – with no change from those provisionally released in December 2015.

The Government also offered any council that wishes to take it up, a four-year funding settlement to 2019-20. Council in February 2016 approved acceptance of this offer - as part of the move to a more self-sufficient local government, these multi-year settlements can provide a degree of funding certainty and stability.

The Government has made a clear commitment to provide central funding allocations for each year of the Spending Review period, should councils choose to accept the offer - and if they have published an efficiency plan. In determining allocations for future years, the Government has assumed that it will continue to use the same methodology.

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

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

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

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

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

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

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

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

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

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

For future years, it has been assumed that there will be a reduction in Revenue Support Grant in line with that notified within the Final Local Government Finance Settlement for 2016/17, as detailed below.

BASE BUDGET	**2017/18 £**	**2018/19 £**	**2019/20 £**	**2020/21 £**	**2021/22 £**
Revenue Support Grant	770,996	493,964	184,529	-	-
% Reduction	(36)%	(36)%	(63)%	(100)%	-

Business Rates

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

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

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

BASELINE	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
Retained Business Rates	13,031,478	13,415,916	13,844,713	14,176,987	14,517,235
Less: Tariff payable	(10,849,222)	(11,169,283)	(11,526,273)	(11,802,904)	(12,086,174)
Retained Business Rates	2,182,256	2,246,633	2,318,440	2,374,083	2,431,061

The government's Business Rates Baseline for the authority is only based on an adjusted average income figure, and therefore is not representative of the Business Rates Baseline. The business rates forecast income has now been finalised – the updated budget estimates are detailed below:

BASE BUDGET	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
Retained Business Rates	13,982,727	14,103,007	14,224,161	14,346,404	14,469,882
Less: Tariff payable	(10,849,222)	(11,169,283)	(11,526,273)	(11,802,904)	(12,086,174)
Retained Business Rates	3,133,505	2,933,724	2,697,888	2,543,500	2,383,708
Growth over Baseline	**951,249**	**687,091**	**379,448**	**169,417**	**(47,353)**

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

BASE BUDGET	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
Revenue Support Grant	770,996	493,964	184,529	-	-
Retained Business Rates	13,982,727	14,103,007	14,224,161	14,346,404	14,469,882
Less: Tariff payable	(10,849,222)	(11,169,283)	(11,526,273)	(11,802,904)	(12,086,174)
Total	3,904,501	3,427,688	2,882,417	2,543,500	2,383,708
Change %	1.89%	(12.21)%	(15.91)%	(11.76)%	(6.28)%

This has meant that the following budgets have been included within the base budget forecasts – representing the 50% levy on growth above baseline including additional Section 31 grant income receivable:

Levy / Section 31 Grant	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
NNDR Levy payment to GBSLEP (20%)	632,819	507,236	359,692	261,545	160,013
Section 31 Grant income	(314,389)	(327,382)	(339,937)	(353,673)	(367,379)

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

There are still significant uncertainties relating to future years' Business Rates income - specifically the treatment of:

- The estimated level of refunds of Business Rates following the Appeal process, and
- Provision 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.

New Homes Bonus

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

The New Homes Bonus top-slice from RSG for 2016/17 is £1,275m. The 2016/17 forecast allocation of New Homes Bonus is £1,485m (£1,461m in allocations and £24m in returned funding). DCLG support for the scheme has fallen from £250m in 2015/16 to £210m in 2016/17.

No changes to the scheme were planned before 2017/18, with in-year allocations increasing to £1,485m in 2016/17, £1,493m in 2017/18 and then a reduction to £938m in 2018/19 and to £900m by 2019/20. The amounts for 2016/17 and 2017/18 would be consistent with authorities receiving allocations as per the current system. For example, the forecast allocation for Tamworth BC (below) shows a pattern consistent with the national allocations, with a reduction to the scheme value from 2018/19 onwards.

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

The following modelling on the consultation proposals was undertaken and indicated a potential loss of grant funding of £0.2m over 3 years should the Government implement all aspects of the consultation proposals:

Modelling	**2016/17 £'000**	**2017/18 £'000**	**2018/19 £'000**
Reduction in scheme payments from 6 to 5 Years from 2017/18:			
Revised Forecast	651	601	697
(Increase) / Decrease in grant	(2)	40	(78)
(Increase) / Decrease over 3 years			(40)
Reduction in scheme payments from 6 to 4 Years from 2017/18:			
Revised Forecast	651	493	697
(Increase) / Decrease in grant	(2)	149	(78)
(Increase) / Decrease over 3 years			69
As above plus a 'Deadweight' allowance of 0.25% of Taxbase:			
Budgeted	651	445	602
(Increase) / Decrease in grant	(2)	197	17
(Increase) / Decrease over 3 years			212

This excludes the further option to restrict scheme payments to 2 or 3 years.

New Homes Bonus income forecasts have subsequently been updated (including changes in forecast new home increases) and included within the base budget as follows:

BASE BUDGET	**2017/18 £**	**2018/19 £**	**2019/20 £**	**2020/21 £**	**2021/22 £**
New Homes Bonus	320,336	415,927	651,128	757,264	837,230
Variance from 2016/17 MTFS – Reduced / Additional (-) income	321,254	202,423	(48,778)	(154,914)	(234,880)
MTFS Budget	641,590	618,350	602,350	602,350	602,350
Risk Weighting applied	100%	75%	50%	50%	50%

Forecast

Using the funding forecast and assuming increases in Council Tax of £5 per annum for 2017/18 onwards, the five year base budget forecast is as follows:

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Estimated Net Cost of Services	**9,330**	**9,448**	**8,607**	**8,999**	**9,186**
Proposed Policy Changes / Additional Costs Identified	437	207	207	208	208
Net Expenditure	9,767	9,655	8,814	9,207	9,394
Financing: RSG	(771)	(494)	(185)	-	-
Collection Fund Surplus (Council Tax)	-	-	-	-	-
Collection Fund Surplus (Business Rates)	-	-	-	-	-
Tariff Payable	10,849	11,169	11,526	11,803	12,086
Non Domestic Ratepayers	(13,983)	(14,103)	(14,224)	(14,346)	(14,470)
Council Tax Income (Model 1)	(3,493)	(3,652)	(3,844)	(4,026)	(4,189)
Gross Financing	(7,398)	(7,080)	(6,727)	(6,569)	(6,573)
Surplus(-) / Deficit	2,369	2,575	2,087	2,638	2,821
Balances Remaining (-) / Overdrawn	(2,928)	(353)	1,733	4,372	7,193

Per Council, 23rd February 2016	(2,334)	(608)	-	-	-

Band D equivalents	20,951	21,266	21,751	22,147	22,430

Indicating a potential shortfall in General fund balances of approx. £2.2m over 3 years (£4.9m over 4 years & £7.7m over the 5 year period) - including the minimum approved level of £0.5m.

Balances are forecast to be £5.3m at 31st March 2017.

A detailed summary of the budget for 2017/18 is attached at **Appendix F** with 5 years attached at **Appendix G**.

Future Strategy

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

1) Variations to Council Tax Policy/Strategy

For future years potential 'capping' of the increase by the Government or a proposed local council tax referendum/veto needs to be considered when setting future Council Tax increases. The Council's Council Tax is currently £161.75 which is below the average of the Council Tax charges of similar Councils (from the Cipfa nearest neighbour grouping).

The indication is that the 'capping' threshold for District Councils will be the higher of £5 or 2.0% - following a freeze in 2011/12 & 2012/13 and a below 2% increase since then. The impact of a £5 p.a. increase (Band D) is outlined below:

Model 1 Impact of £5 increase in Council Tax in 2017/18 (followed by £5 p.a.)

Year:	2017/18	2018/19	2019/20	2020/21	2021/22
Forecast:	£'000	£'000	£'000	£'000	£'000
Surplus (-) /Deficit	2,369	2,575	2,087	2,638	2,821
Balances Remaining (-) / Overdrawn	**(2,928)**	**(353)**	**1,733**	**4,372**	**7,193**
£ Increase	5.00	5.00	5.00	5.00	5.00
% Increase	3.09%	3.00%	2.91%	2.83%	2.75%
Note: Resulting Band D Council Tax	166.75	171.75	176.75	181.75	186.75

which indicates a potential shortfall in balances of £2.2m over 3 years (£7.7m over 5 years) further savings of approx. £0.75m per annum over 3 years would have to be identified.

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

Model 2 Impact of 1.99% increase in Council Tax in 2017/18 (followed by increases of 1.99% thereafter)

Year:	2017/18	2018/19	2019/20	2020/21	2021/22
Forecast:	£'000	£'000	£'000	£'000	£'000
Reduction in Council Tax £	37	73	109	144	178
Revised Surplus (-) /Deficit	2,406	2,648	2,196	2,782	2,999
Balances Remaining (-) / Overdrawn	**(2,891)**	**(243)**	**1,952**	**4,735**	**7,734**
£ Increase	3.22	3.29	3.35	3.41	3.49
% Increase	1.99%	1.99%	1.99%	1.99%	1.99%
Note: Resulting Band D Council Tax	164.97	168.26	171.61	175.02	178.51

which indicates a potential shortfall in balances of £2.5m over 3 years (with a shortfall of £8.2m over 5 years) further savings of approx. £0.8m per annum over 3 years would have to be identified.

Model 3 Impact of 0% increase in Council Tax in 2017/18 (followed by increases of 1.99% thereafter)

Year:	2017/18	2018/19	2019/20	2020/21	2021/22
Forecast:	£'000	£'000	£'000	£'000	£'000
Reduction in Council Tax £	105	143	180	217	252
Revised Surplus (-) /Deficit	2,474	2,718	2,267	2,855	3,073
Balances Remaining (-) / Overdrawn	**(2,823)**	**(105)**	**2,161**	**5,017**	**8,090**
£ Increase	0.00	3.22	3.28	3.35	3.42
% Increase	0.00%	1.99%	1.99%	1.99%	1.99%
Note: Resulting Band D Council Tax	161.75	164.97	168.25	171.6	175.02

which indicates a potential shortfall in balances of £2.7m over 3 years (£8.6m over 5 years) further savings of approx. £0.9m per annum over 3 years would have to be identified.

Model 4 Impact of 2.5% increase in Council Tax in 2016/17 (followed by increases of 2.5% thereafter)

Year:	2017/18	2018/19	2019/20	2020/21	2021/22
Forecast:	£'000	£'000	£'000	£'000	£'000
Reduction in Council Tax £	19	37	53	67	81
Revised Surplus (-) /Deficit	2,388	2,612	2,140	2,705	2,902
Balances Remaining (-) / Overdrawn	**(2,909)**	**(297)**	**1,842**	**4,548**	**7,450**
£ Increase	4.10	4.20	4.30	4.40	4.40
% Increase	2.5%	2.5%	2.5%	2.5%	2.5%
Note: Resulting Band D Council Tax	165.85	170.05	174.35	178.75	183.15

which indicates a potential shortfall in balances of £2.3m over 3 years (£8.0m over 5 years) further savings of approx. £0.8million per annum would have to be identified.

Model 5 Impact of 0% increase in Council Tax in 2016/17 (followed by increases of 0% thereafter)

Year:	2017/18	2018/19	2019/20	2020/21	2021/22
Forecast:	£'000	£'000	£'000	£'000	£'000
Reduction in Council Tax £	105	211	320	431	543
Revised Surplus (-) /Deficit	2,474	2,786	2,407	3,069	3,364
Balances Remaining (-) / Overdrawn	**(2,823)**	**(37)**	**2,369**	**5,439**	**8,803**
£ Increase	0.00	0.00	0.00	0.00	0.00
% Increase	0.0%	0.0%	0.0%	0.0%	0.0%
Note: Resulting Band D Council Tax	161.75	161.75	161.75	161.75	161.75

which indicates a potential shortfall in balances of £2.9m over 3 years (£9.3m over 5 years) further savings of approx. £1million per annum would have to be identified.

Model 6 Impact of 1% increase in Council Tax in 2016/17 (followed by increases of 1% thereafter)

Year:	2017/18	2018/19	2019/20	2020/21	2021/22
Forecast:	£'000	£'000	£'000	£'000	£'000
Reduction in Council Tax £	71	143	216	290	364
Revised Surplus (-) /Deficit	2,440	2,718	2,303	2,928	3,185
Balances Remaining (-) / Overdrawn	**(2,857)**	**(139)**	**2,163**	**5,092**	**8,277**
£ Increase	1.61	1.63	1.65	1.66	1.68
% Increase	1.00%	1.00%	1.00%	1.00%	1.00%
Note: Resulting Band D Council Tax	163.36	164.99	166.64	168.30	169.98

which indicates a potential shortfall in balances of £2.7m over 3 years (£8.8m over 5 years) further savings of approx. £0.9million per annum would have to be identified.

2) Potential Savings / additional costs

Potential revenue policy changes are highlighted below:

Policy Changes Identified	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Contingency budget to allow for 'in year' decisions to be made by Cabinet & to provide for any potential further reductions in income as a result of the financial climate	100.0	-	-	-	-
Apprenticeship Levy - Amount required under Government legislation (GF impact)	33.0	33.0	33.0	34.0	34.0
Deferral of savings from review of Senior Management - net of the removal of the DCPP vacant post	200.0	70.0	70.0	70.0	70.0
West Midlands Combined Authority (WMCA) - contribution towards ongoing costs	25.0	25.0	25.0	25.0	25.0
To extend the current temporary two-year contract of the Training Officer by a year, funded by income generated by providing training courses to external organisations.	10.0	18.0	-	-	-
Income budget to be established to offset additional cost of above proposal	(10.0)	(18.0)	-	-	-
To make the post of Scrutiny & Corporate Support Officer a permanent full-time position on the establishment	13.5	13.5	13.5	13.5	13.5
To provide additional ongoing funding to support the provision of the Shopmobility service currently provided by MAP	5.0	5.0	5.0	5.0	5.0
Removal of the DCPP vacant post	(70.0)	(70.0)	(70.0)	(70.0)	(70.0)
Homelessness Prevention activity – proposals to add 2 members of staff for enhanced service delivery arrangements within the Housing Solutions Team	70.5	70.5	70.5	70.5	70.5
It is proposed to make the existing temporary regeneration post a permanent role	-	-	45.0	46.0	46.0
Staffing costs associated with the capital programme / disposal, creation or acquisition of assets can be capitalised	-	-	(45.0)	(46.0)	(46.0)
Revised Waste Management arrangement costs - Reflects impact of reduction in income from sale of recyclate	60.0	60.0	60.0	60.0	60.0
Total New Items / Amendments	**437.00**	**207.00**	**207.00**	**208.00**	**208.00**

As part of the planned review & scrutiny process leading up to formal presentation of the budget, Executive Management Team will consider feedback received from the Budget Consultation process, the Joint Scrutiny Budget workshop and the Joint Budget Scrutiny Committee (planned for 24th January 2017) in order to inform the next stages of the budget process:

- a review of the proposals including:
  - Reference to the Council's corporate priorities together with the feedback & issues raised by the budget consultation exercise, and
  - Consideration of how the limited resources can be 'rationed' (& whether service improvements in a priority area should be met from service reductions elsewhere).
- Inclusion of any further potential savings in order to mitigate the forecast budget shortfall. This process is ongoing and will be reported as policy changes in the next phase of the budget process in order to formulate a balanced medium term financial strategy for approval by Cabinet & Council in February 2017.

Housing Revenue Account – Technical Adjustments Summary

Technical Adjustments	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Base Budget	368	357	1,455	491	367
Committee Decisions	441	633	(933)	49	-
Inflation	127	131	134	153	157
Other	(650)	280	(209)	(404)	(325)
Pay Adjustments	48	54	44	78	74
Revised charges for non-general fund activities	23	-	-	-	-
Total / Revised Base Budget	357	1,455	491	367	273

The detail of the technical adjustments are shown in Appendix C with a more detailed summary of the HRA Technical Adjustments at Appendix E. Assuming reductions in Rent in line with the Government's announcement in the Summer Budget 2015 (a 1.0% reduction per annum for 4 years from 2016/17), the five year base budget forecast is as follows:

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Estimated Net (Surplus) / Deficit	357	1,455	491	367	273
Proposed Policy Changes / Additional Costs Identified	10	10	10	11	11
Surplus (-) / Deficit	367	1,465	501	378	284
Balances Remaining (-) / Overdrawn	(4,831)	(3,366)	(2,865)	(2,487)	(2,203)

Per Council, 23rd February 2016	(2,330)	(1,059)	(1,045)	(875)	-

Indicating a Housing Revenue Account (HRA) surplus of £2.9m over 3 years (with a surplus of £2.2m over the next 5 years) including the minimum recommended balances of £0.5m.

A summary of the HRA over the 5 year period is shown at **Appendix H**.

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

- Finalisation of the costs (following tender) / income associated with the regeneration / redevelopment schemes – to inform the likely need from the Regeneration Reserve;
- Delivery of regeneration programme to planned timescales;
- The effect of service charges implementation;

- The impact of Welfare Benefit Reform on rent collection levels – limited so far but further measures are to be rolled out (e.g. Universal Credit);

- The effect of the reduction in Social housing rents announced in the Summer Budget 2015 – rents are to be reduced by 1% a year for four years from 2016/17, requiring local authorities and housing associations to make savings and will mean a reduction in HRA rent income of c.£600k p.a. each year for 4 years (cumulative);

- The impact that Social tenants with household incomes of at least £40k in London and at least £30k elsewhere, will have to pay a market or near market rent. Local authorities will have to repay the rent subsidy that they recover from high income tenants to the Exchequer;

- Any impact from the Sale of high value council housing scheme, and

- 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.

Potential revenue policy changes for the HRA are highlighted below:

Policy Changes Identified	**2017/18 £'000**	**2018/19 £'000**	**2019/20 £'000**	**2020/21 £'000**	**2021/22 £'000**
Apprentice Levy	10	10	10	11	11

Rent Restructuring

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

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

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

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

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

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

Following various articles in the professional press, particularly reports from National Housing Federation (NHF) in January 2016; DCLG sent an update to Local Authorities on 8th February 2016. The Government's note set out further detail in relation to the sale of high value vacant housing (detailed in the Housing & Planning Bill) and further clarification with regard to the 1% reduction in social rents for 4 years (2016-2020).

The Government announced that it will put in place a one-year exemption for all supported accommodation whilst they review this area of supported accommodation. The exact definition of what is 'supported accommodation' is to be detailed in regulations not yet available or drafted. In the interim and to offer some clarity the Government identified a range of accommodation which would benefit from the exclusion - for Tamworth this includes its sheltered housing and supported accommodation for young people – totalling 385 units of council owned stock.

The Government has referred LA's to the 'Housing our Ageing population: Panel for innovation' report, as well as to rent guidance and amendments allowing for a 10% increase above social rents for supported accommodation.

The Government's expectation is that rents will not increase by more than CPI + 1% where the exemption is applied.

Rents for Supported Accommodation were frozen at 2015/16 levels.

For 2017/18 to 2019/20, it has been assumed at all rents will fall by 1%.

Capital Programme

Following a review of the Capital Programme approved by Council on 23rd February 2016, 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-minimis for capital expenditure is £10k per capital scheme.

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

With regard to the contingency schemes/allocation, **£50k** remains in current year GF contingency funds and **£100k** remains in current year HRA contingency funds (which will be re-profiled into 2017/18 to provide contingency funding).

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

General Fund

The forecast has highlighted that sufficient resources will be available to finance all of the GF schemes submitted – subject to use of part of the capital receipt from the Golf Course sale (c.£100k).

The minimum approved level of capital balances is £0.5million with GF capital balances of **£846k** predicted by 2021/22, **£855k** over the 3 years to 2019/20 (including £445k tranche 1 Golf Course capital receipts), **net £410k**. This excludes the further tranches of Golf Course capital receipt payments of £24.2m (less the revenue interest element).

It is estimated that approximately £4.4m (excluding the £0.5m approved minimum balance) will be needed during the period to 2021/22 for future capital spending (including the usable capital receipts generated from the sale of council housing).

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

The capital programme has been reviewed and updated:

	General Fund
a)	**Technology Replacement**
	A revised capital submission had been prepared for £77k in 2017/18 (with £60kp.a. from 2018/19) for ongoing, large scale upgrade and maintenance to the TBC infrastructure, in line with agreed device lifecycles. Additional to this internal demand, external factors including legislative requirements from central government in the guise of the Public Sector Network (PSN) and Government Code of Connection, have resulted in required investment into static and mobile device management and security (the provisional programme included £60k p.a. from 2017/18). Payback through savings of c. £10k p.a. from year 2.
b)	**BID Software**
	An additional scheme for £17.4k in 2017/18 has been included following a report to Cabinet seeking Members approval to progress a Business Improvement District for Tamworth Town Centre and Ventura Park (with payback of additional income of c. £12k p.a. from year 2).
	Should a BID progress (subject to further feasibility work / a ballot of local businesses) the Council will be responsible for billing, collection and recovery for the BID Levy.
	There will be an initial capital requirement to set up the BID billing system, which will include a module add-on for our current Capita system and consultancy support to get this module operational.
	ICT are to be consulted on the new software requirements.
c)	**Self service**
	An additional scheme for £115k in 2017/18 has been included to enable customers to self-serve routine and basic enquires via our telephony systems and via an online portal without the need for an officer's intervention. There are 2 elements to the scheme: 1) automated Direct Debits (Telephony system), £65k; 2) automated Direct Debits for on-line portal, £50k
	There are planned savings of £100k p.a. from year 2 (less £20k p.a. ongoing costs) in addition to those already included with the base budget (of which customer services had already delivered c.£50k);
	• The additional savings (4 FTE) are expected to be delivered from Revenues, Benefits & Housing service areas – however, this is subject to further clarification / confirmation as: ○ There appears to have been a lack of consultation with those service areas; ○ Housing already have an online portal via the Orchard system; ○ Benefits already have an online e-forms; ○ The front line staff for the demand identified for Benefits and Revenues has already transferred to the Customer Services Team.

d)	**Civil Contingencies Technology**
	An additional scheme for £19k in 2017/18 has been included as Tamworth Borough Council is a Tier 1 Responder under the Civil Contingencies Act and as such, must provide a level of preparedness and ability to respond in the event of an incident. One of the key requirements of this service is the ability to operate Incident Control facilities which can be deployed by ourselves, or any other public body. Little investment has been made in this arena and recent multi agency activities have re-enforced the need for this investment to ensure the organisation can fulfill legislative obligations.
	It was clarified that this scheme was for the technological infrastructure only and did not include for any refurbishment / furniture.

e)	**New Time Recording System**
	An additional scheme for £15k in 2017/18 has been included to source a replacement product for the current clocking system including new hardware. The current contract expires on 31st March 2017.
	The new product will need to integrate with the current Itrent HR & Payroll to prevent double entry of data and provide a user friendly employee and manager experience using self service module. Solution will also need to be able to roster and predict resource levels to meet customer demand.
	It was clarified that there is an option to extend given the 31st March contract expiry.
	The appraisal suggests efficiencies will be made by avoiding duplication – potential non-cashable savings to be quantified / a return on the investment achieved.

f)	**Disabled Facilities Grants**
	The provisional programme included £250k p.a.
	Due to uncertainties around the Better Care Fund and budgetary issues at SCC, a significant risk on the current grant funding was highlighted. An ongoing £224k p.a. has been assumed to be redistributed.

g)	**CCTV Camera Renewals**
	An updated appraisal has not been prepared – AB clarified the funding is required for the rolling replacement of cameras, subject to the results of a condition survey during 2016/17. A budget of £29k is currently available in 2016/17 following re-profiling from 2015/16.

h)	**Street Lighting**
	An updated appraisal has not been prepared – following inclusion of a rolling programme with an annual spend required from 2016/17. The Council has its own stock of street lighting across the borough, mainly in housing areas and other communal parts such as play areas and car parks. The street lighting assets are inspected and maintained by Eon on behalf of the Council under the terms of Staffordshire County Council PFI contract with Eon.

Eon have produced a replacement street lighting programme which spans 40 years and includes the replacement of all the lighting columns based on 'their life expectancy' and a lighting head replacement programme based on providing more efficient low energy lighting heads.

There is no requirement for 2021/22.

i)	**Cultural Quarter / Assembly Rooms**
	The scheme business case has not been revised to reflect the current situation.
	Revised figures (excluding SCC spend) are being prepared for inclusion.

j)	**Gateways**
	An updated appraisal has not been prepared – the provisional programme included £70k (net cost to the Council) in 2017/18 and 2018/19 which will draw in funding and professional support from SCC – with plans for significant capital works in future years(funded mainly by SCC through the Regional Growth Fund / section 106 receipts. SCC spend removed from TBC budgets. AB to confirm S106 funding.

Housing

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

The majority of the Housing capital programme has not changed from that provisionally approved (pending updated stock conditional survey information). It has been updated to include the new year 5 costs for 2021/22 (at the same level as 2020/21) and an additional scheme for Garage refurbishments.

It is estimated that the proposed Housing capital programme can be financed from forecast usable capital receipts, the major repairs allowance and revenue contributions/reserves. It is estimated that approx. **£0.5m** will remain in housing capital resources by 2019/20 with **£1.0m** at the end of the 5 year programme.

It is estimated that approximately £50.5m (excluding the £0.5m approved minimum balance) will be needed during the period to 2021/22 for future capital spending (the ‘headroom’ in line with the HRA Government Debt Cap is £11.3m).

The capital programme has been reviewed and updated:

	Housing Revenue Account

a)	**Retention of Garage Sites**
	An additional scheme for 3 years from 2017/18 has been included to invest in retained garages to meet demand and to provide alternative uses including parking areas.

It was agreed that a feasibility study is needed in 2017/18 to identify:

- Where there is demand for garage sites;
- Where there is demand for parking areas; and
- Alternative uses where there is no demand (new build, disposal etc.);

to inform a business case for refurbishment / demolition. A budget of £150k for 2017/18 followed by £500k for 2 the following years has been included.

b)	**Tinkers Green / Kerria**
	The budget will be updated following the tender results.

c)	**Development Housing on Garage Sites / Other Acquisitions**
	Funding of £3m p.a. from 2017/18 has been provisionally approved for Redevelopment of Garage Sites for housing with £0.5m p.a. for other housing acquisitions. It was agreed that the funding balance needs to be reviewed to reflect potential redevelopment / acquisition levels.

d)	**Neighbourhood Regeneration** – £100k included for 2017/18 only.

Key	
(green)	Can proceed to next stage
(amber)	Further information to be provided to inform next stage
(red)	Project request rejected

Main Assumptions

Inflationary Factors	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**
Inflation Rate - Pay Awards	1.00%	1.00%	1.00%	2.50%	2.50%
National Insurance	9.50%	9.50%	9.50%	9.50%	9.50%
Superannuation	16.50%	16.50%	16.50%	16.50%	16.50%
Inflation Rate (RPI)	2.50%	2.50%	2.50%	2.75%	2.75%
Inflation Rate (CPI)	2.30%	2.23%	2.00%	2.00%	2.00%
Investment Rates	0.50%	0.60%	0.75%	1.00%	1.00%
Base Interest Rates	0.20%	0.25%	0.50%	1.00%	1.00%

1. Pay award – it has been assumed that public sector pay will be capped at 1% for 4 years from 2016/17, in line with the announcement in the Summer Budget 2015, and is estimated at 2.5% thereafter.
2. Overall Fees and Charges will rise generally by 2.5% annually except where a proposal has otherwise been made (car parking charges, corporate & industrial property rental income, statutory set planning fees, leisure fees);
3. Revised estimates for rent allowance / rent rebate subsidy levels have been included;
4. Changes to the level of recharges between funds has been included;
5. A reduction in Revenue Support Grant levels to zero by 2020 as confirmed within the 4 year Local Government Finance Settlement in February 2016. The impact for the Council will be confirmed by DCLG as part of the *Local Government Finance Settlement* with a provisional announcement in December 2016.
6. Continuation of the New Homes Bonus scheme (at the lower payment levels outlined within the latest consultation) including additional receipts from new developments (including Anker Valley and the Former Golf Course Site);
7. Lower investment income returns due to lower interest rate forecasts;
8. An increase of £5 p.a. in Council Tax - current indications are that increases of 2% or £5 and above risk ‘capping’ (confirmed as 2% or £5 for District Councils for 2016/17);
9. The major changes to the previously approved policy changes are included within this forecast – Directors were issued with the provisional information in August to review, confirm & resubmit by the end of September;
10. Annual year-on-year pension cost increases of c. £200k p.a. via the pension lump sum element for past liabilities have been included (following initial indications from the SCC triennial review in 2016).
11. Reduction in rent levels by 1% per the statutory requirement & current indications that sales of council houses will be approximately 50 per annum.
12. Forecasts have been informed by the Bank of England Inflation report (August 2016), HM Treasury – Forecasts for the UK Economy (August 2016), Office for Budget Responsibility Economic & Fiscal Outlook (March 2016). Any significant variances will be considered later in the budget setting process.

Technical Adjustments Analysis – General Fund

	£	£	£
Chief Executive			
Virements		-	
Committee Decisions		-	
Inflation		140	
Other			
2017/18 BWP 030 Corporate Services Car Allowances	400		
2017/18 BWP 041 Insurances	(40)		
2017/18 BWP 044 Vacancy Allowance	(220)	140	
Pay Adjustments		4,300	
Changes in External Recharges		(4,580)	
			-
Executive Director Corporate Services			
Virements		(31,460)	
Committee Decisions		-	
Inflation		(2,080)	
Other			
2017/18 BWP 028 Benefits Estimates	57,550		
2017/18 BWP 030 Corporate Services Car Allowances	(260)		
2017/18 BWP 033 Bank Charges and Cash Collection	(10)		
2017/18 BWP 041 Insurances	(1,160)		
2017/18 BWP 044 Vacancy Allowance	1,990	58,110	
Pay Adjustments		(8,360)	
Changes in External Recharges		(15,800)	
			410
Director of Finance			
Virements		(26,030)	
Committee Decisions			
2013/14 Policy Change DF 1 New Homes Bonus	98,440		
2014/15 Policy Change DF 1 New Homes Bonus	(1,000)		
2015/16 Policy Change DF 2 Senior Management Review	(200,000)		
2016/17 Policy Change DF 1 Corporate Finance - General Contingency	(100,000)		
2016/17 Policy Change DF 3 West Midlands Combined Authority (WMCA) - contribution towards set up costs	(25,000)		
2016/17 Policy Change DF 4 Business Rates Levy Payment	93,330		
2016/17 Policy Change DF 5 Business Rates Section 31 Grant Income	121,960		
2016/17 Policy Change DF 6 Cultural Quarter - Potential Prudential Borrowing Financing Costs	86,000	73,730	
Inflation		2,460	

	£	£	£
Other			
2016/17 BWP 025 Revenues Income	130		
2016/17 BWP 034 NNDR Estimates	15,820		
2016/17 BWP 043 Treasury Mgmt	102,240		
2017/18 BWP 003 NNDR Cost of Collection Grant	380		
2017/18 BWP 005 Interest SOCH Mortgages	20		
2017/18 BWP 008 Superannuation Allowances	(5,220)		
2017/18 BWP 019 Depreciation Charges	(15,850)		
2017/18 BWP 030 Corporate Services Car Allowances	850		
2017/18 BWP 033 Bank Charges and Cash Collection	1,800		
2017/18 BWP 035 Pensions	180,360		
2017/18 BWP 037 New Homes Bonus	231,070		
2017/18 BWP 040 External Audit Fee	(1,980)		
2017/18 BWP 041 Insurances	170		
2017/18 BWP 043 Treasury Management	(4,790)		
2017/18 BWP 044 Vacancy Allowance	1,790	506,790	
Pay Adjustments		(10,020)	
Changes in External Recharges		8,470	
			555,400
Director of Technology & Corporate Programmes			
Virements		-	
Committee Decisions		-	
Inflation		11,930	
Other			
2017/18 BWP 019 Depreciation	41,900		
2017/18 BWP 030 Corporate Services Car Allowances	70		
2017/18 BWP 041 Insurances	(90)		
2017/18 BWP 044 Vacancy Allowance	120	42,000	
Pay Adjustments		(2,360)	
Changes in External Recharges		(51,240)	
			330
Solicitor to the Council			
Virements		-	
Committee Decisions		-	
Inflation		4,660	
Other			
2017/18 BWP 004 TBC NNDR Liabilities	(270)		
2017/18 BWP 006 Gas and Electricity Costs	100		
2017/18 BWP 030 Corporate Services Car Allowances	350		
2017/18 BWP 032 Members Allowances	3,920		
2017/18 BWP 033 Bank Charges and Cash Collection	50		
2017/18 BWP 041 Insurances	170		
2017/18 BWP 044 Vacancy Allowance	(170)	4,150	
Pay Adjustments		3,200	
Changes in External Recharges		25,900	
			37,910

	£	£	£
Director of Transformation & Corporate Performance			
Virements		57,490	
Committee Decisions		-	
Inflation		2,860	
Other			
2017/18 BWP 011 TIC Room Hire & Rent Income	46,120		
2017/18 BWP 030 Corporate Services Car Allowances	(260)		
2017/18 BWP 031 Staff Health Insurance	2,680		
2017/18 BWP 033 Bank Charges	(420)		
2017/18 BWP 041 Insurances	(800)		
2017/18 BWP 044 Vacancy Allowance	(3,620)	43,700	
Pay Adjustments		7,690	
Changes in External Recharges		(130,680)	
			(18,940)
Director of Communities, Planning & Partnerships			
Virements		-	
Committee Decisions			
Appt & Staffing 18/04/16 Senior Management Interim Arrangements		(20,330)	
Inflation		60	
Other			
2017/18 BWP 030 Corporate Services Car Allowances	20		
2017/18 BWP 041 Insurances	(50)		
2017/18 BWP 044 Vacancy Allowance	(10)	(40)	
Pay Adjustments		190	
Changes in External Recharges		20,270	
			150
Director of Communities, Partnerships & Housing			
Virements		-	
Committee Decisions			
2013/14 Policy Change CPP 3 Small Grants	700		
Appt & Staffing 18/04/16 Senior Management Interim Arrangements	5,080	5,780	
Inflation		1,590	
Other			
2017/18 BWP 002 Salaries	2,320		
2017/18 BWP 006 Gas and Electricity Costs	390		
2017/18 BWP 030 Corporate Services Car Allowances	160		
2017/18 BWP 038 Bad Debt Provision Temporary Accommodation	44,200		
2017/18 BWP 041 Insurances	(70)		
2017/18 BWP 044 Vacancy Allowance	(20)	46,980	
Pay Adjustments		340	
Changes in External Recharges		8,750	
			63,440

	£	£	£
Director of Growth, Assets & Environment			
Virements		-	
Committee Decisions			
2013/14 Policy Change CPP 3 Small Grants	1,000		
2014/15 Policy Change AE 5 Waste Management Services	(13,000)		
2015/16 Policy Change CPP 3 Community Safety Service Review	15,000		
2015/16 Policy Change CPP 5 Revenue Impact of Capital Schemes	36,750		
2015/16 Policy Change CCP 6 Revenue Impact of Capital Scheme	(80,000)		
2016/17 Policy Change CPP 1 Growth Project Officer	500		
2016/17 Policy Change CPP 2 Revenue Implications from Capital Programme	(124,300)		
2016/17 Policy Change CPP 3 Revenue Implications from Capital Programme	124,300		
Appt & Staffing 18/04/16 Senior Management Interim Arrangements	15,250	(24,500)	
Inflation		13,360	
Other			
2015/16 Policy Change CPP 3 Community Safety Service Review - RPI Adjustment	300		
2015/16 BWP 036 Waste Management Arrangement	34,290		
2017/18 BWP 004 TBC NNDR Liabilities	35,680		
2017/18 BWP 006 Gas and Electricity Costs	(5,230)		
2017/18 BWP 011 Phil Dix Centre Room Hire and Rental Income	(700)		
2017/18 BWP 013 Procurement Saving	(830)		
2017/18 BWP 016 Car Park Income and Expenditure	83,100		
2017/18 BWP 017 Community Centres Income	1,250		
2017/18 BWP 018 Civil Parking Enforcement	(7,080)		
2017/18 BWP 019 Depreciation	(26,050)		
2017/18 BWP 024 CPP Income Targets	7,200		
2017/18 BWP 026 Car Allowances	1,610		
2017/18 BWP 027 Marmion House Rents and Common Service Recharge	(39,110)		
2017/18 BWP 030 Corporate Services Car Allowances	10		
2017/18 BWP 033 Bank Charges and Cash Collection	270		
2017/18 BWP 041 Insurances	9,980		
2017/18 BWP 042 Environmental Health Income	16,290		
2017/18 BWP 044 Vacancy Allowance	(2,610)		
2017/18 BWP 049 Commercial and Industrial Rents	15,000		
2017/18 BWP 050 Business Enterprise Centre	15,830	139,200	
Pay Adjustments		10,900	
Changes in External Recharges		92,990	
			231,950
Total			**870,650**

( ) denotes saving

	£	£	£
Director of Communities, Partnerships & Housing			
Virements		-	
Committee Decisions:		-	
Inflation		29,860	
Other			
2017/18 BWP 004 TBC NNDR Liabilities	(220)		
2017/18 BWP 006 Gas and Electricity Costs	(17,460)		
2017/18 BWP 008 Superannuation Allowances	20		
2017/18 BWP 014 Alarm Call Contract	(6,010)		
2017/18 BWP 019 Depreciation	-		
2017/18 BWP 020 Enhanced Housing Management Charges	(3,320)		
2017/18 BWP 026 Car Allowances	1,730		
2017/18 BWP 031 Staff Health Insurance	1,590		
2017/18 BWP 033 Bank Charges and Cash Collection	390		
2017/18 BWP 039 Sheltered Schemes Heating Recharges	(15,520)		
2017/18 BWP 040 External Audit Fee	1,770		
2017/18 BWP 041 Insurances	3,250		
2017/18 BWP 044 Vacancy Allowance	(2,390)	(36,170)	
Pay Adjustments		47,610	
Changes in External Recharges		24,690	
			65,990
Director of Growth, Assets & Environment			
Virements		-	
Committee Decisions:		-	
Inflation		160	
Other			
2017/18 BWP 041 Insurances	(10)		
2017/18 BWP 044 Vacancy Allowance	(10)	(20)	
Pay Adjustments		260	
Changes in External Recharges		(2,030)	
			(1,630)

	£	£	£
Housing Revenue Account Summary			
Virements		-	
Committee Decisions:			
2015/16 Policy Change HRA 4B Revenue Impact of Capital Schemes	(6,300)		
2013/14 Policy Change HRA 9 Contribution to Regeneration Reserve	100,000		
2016/17 Policy Change HRA 1 Reduction in Social Housing Rents by 1%	347,010	440,710	
Inflation		97,280	
Other			
2017/18 BWP 005 Interest SOCH Mortgages	30		
2017/18 BWP 019 Depreciation	(930)		
2017/18 BWP 021 HRA Garage Rents	20,650		
2017/18 BWP 022 Housing Rental Summary	(307,450)		
2017/18 BWP 035 Pensions	55,630		
2017/18 BWP 038 Bad Debt Provision Housing Rents	(253,600)		
2017/18 BWP 043 Treasury Management	(127,900)	(613,570)	
Pay Adjustments		-	
Changes in External Recharges		-	
			(75,580)
Total			**(11,220)**

( ) denotes saving

General Fund – Technical Adjustments 2017/18

Figures include internal recharges which have no bottom line impact	Budget 2016/17	Technical Adjustments: Virements £	Committee Decisions £	Inflation £	Other £	Pay Adjustments £	External Recharge Changes (non-GF Activities) £	Total Adjustments £	Total Adjusted Base 2017/18
Chief Executive	-	-	-	140	140	4,300	(4,580)	-	**-**
Executive Director Corporate Services	571,990	(31,460)	-	(2,080)	58,110	(8,360)	(15,800)	410	**572,400**
Director of Finance	(307,280)	(26,030)	73,730	2,460	506,790	(10,020)	8,470	555,400	**248,120**
Director of Technology & Corporate Programmes	16,790	-	-	11,930	42,000	(2,360)	(51,240)	330	**17,120**
Solicitor to the Council	789,050	-	-	4,660	4,150	3,200	25,900	37,910	**826,960**
Director of Transformation & Corporate Performance	268,590	57,490	-	2,860	43,700	7,690	(130,680)	(18,940)	**249,650**
Director of Communities, Planning & Partnerships	-	-	(20,330)	60	(40)	190	20,270	150	**150**
Director of Communities, Partnerships & Housing	1,744,930	-	5,780	1,590	46,980	340	8,750	63,440	**1,808,370**
Director of Growth, Assets & Environment	5,375,750	-	(24,500)	13,360	139,200	10,900	92,990	231,950	**5,607,700**
Grand Total	**8,459,820**	**-**	**34,680**	**34,980**	**841,030**	**5,880**	**(45,920)**	**870,650**	**9,330,470**

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Housing Revenue Account – Technical Adjustments 2017/18

		Technical Adjustments							
Figures include internal recharges which have no bottom line impact.	**Budget 2016/17**	**Virements £**	**Committee Decisions £**	**Inflation £**	**Other £**	**Pay Adjustments £**	**External Recharge Changes (non-GF Activities) £**	**Total Adjustments £**	**Total Adjusted Base 2017/18**
Director of Communities, Partnerships & Housing	3,974,460	-	-	29,860	(36,170)	47,610	24,690	65,990	**4,040,450**
Director of Growth, Assets & Environment	(35,730)	-	-	160	(20)	260	(2,030)	(1,630)	**(37,360)**
HRA Summary	(3,570,630)	-	440,710	97,280	(613,570)	-	-	(75,580)	**(3,646,210)**
Grand Total	**368,100**	**-**	**440,710**	**127,300**	**(649,760)**	**47,870**	**22,660**	**(11,220)**	**356,880**

Appendix F

General Fund Summary Budgets – 2017/18

Figures exclude internal recharges which have no bottom line impact.	**Base Budget 2016/17 £**	**Technical Adjustments £**	**Policy Changes £**	**Budget 2017/18 £**
Chief Executive	165,530	3,780	-	169,310
Executive Director Corporate Services	391,940	(3,140)	-	388,800
Director of Finance	(776,910)	583,630	358,000	164,720
Director of Technology & Corporate Programmes	901,730	22,200	-	923,930
Solicitor to the Council	602,110	13,370	13,500	628,980
Director of Transformation & Corporate Performance	877,860	74,900	5,000	957,760
Director of Communities, Planning & Partnerships	99,200	(20,120)	(70,000)	9,080
Director of Communities, Partnerships & Housing	1,657,230	63,050	70,500	1,790,780
Director of Growth, Assets & Environment	4,541,130	132,980	60,000	4,734,110
Total Cost of Services	**8,459,820**	**870,650**	**437,000**	**9,767,470**
Transfer to / (from) Balances	(1,724,806)	(644,584)	-	(2,369,390)
Revenue Support Grant	(1,209,603)	438,607	-	(770,996)
Retained Business Rates	(13,262,270)	(720,457)	-	(13,982,727)
Less: Tariff payable	10,639,952	209,270	-	10,849,222
Collection Fund Surplus (Council Tax)	(81,896)	81,896	-	-
Collection Fund Surplus (Business Rates)	560,025	(560,025)	-	-
Council Tax Requirement	(3,381,222)	324,643	(437,000)	(3,493,579)

General Fund Summary Budgets – 2016/17 to 2021/22

Figures exclude internal recharges which have no bottom line impact.	**Base Budget 2016/17 £**	**Budget 2017/18 £**	**Budget 2018/19 £**	**Budget 2019/20 £**	**Budget 2020/21 £**	**Budget 2021/22 £**
Chief Executive	165,530	169,310	171,650	174,020	179,240	184,630
Executive Director Corporate Services	391,940	388,800	398,460	406,310	423,080	440,390
Director of Finance	(776,910)	(193,280)	(8,060)	(855,690)	(720,040)	(765,480)
Director of Technology & Corporate Programmes	901,730	923,930	928,470	948,230	975,170	1,002,780
Solicitor to the Council	602,110	615,480	624,360	632,910	651,650	670,030
Director of Transformation & Corporate Performance	877,860	952,760	926,390	939,210	969,800	999,560
Director of Communities, Planning & Partnerships	99,200	79,080	80,040	81,010	83,410	85,860
Director of Communities, Partnerships & Housing	1,657,230	1,720,280	1,736,390	1,749,180	1,770,070	1,780,890
Director of Growth, Assets & Environment	4,541,130	4,674,110	4,590,750	4,531,350	4,666,660	4,786,880
	8,459,820	**9,330,470**	**9,448,450**	**8,606,530**	**8,999,040**	**9,185,540**

Figures exclude proposed Policy Changes

Housing Revenue Account 2016/17 to 2021/22

Figures exclude internal recharges which have no bottom line impact.	Base Budget 2016/17 £	Budget 2017/18 £	Budget 2018/19 £	Budget 2019/20 £	Budget 2020/21 £	Budget 2021/22 £
Director of Communities, Partnerships & Housing	3,987,730	4,046,330	4,121,070	4,187,760	4,286,220	4,382,420
Director of Growth, Assets & Environment	(49,000)	(43,240)	(40,860)	(38,420)	(33,990)	(30,490)
HRA Summary	(3,570,630)	(3,646,210)	(2,625,280)	(3,658,090)	(3,884,930)	(4,078,700)
Grand Total	**368,100**	**356,880**	**1,454,930**	**491,250**	**367,300**	**273,230**

Figures exclude proposed Policy Changes

Appendix I

Draft General Fund Capital Programme 2017/18 to 2021/22

	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	Total £
Technology Replacement	77,000	60,000	60,000	60,000	60,000	**317,000**
Business Improvement District (BID) Software	17,400	-	-	-	-	**17,400**
Self Service 17/18	115,000	-	-	-	-	**115,000**
Civil Contingencies Technology 17/18	19,000	-	-	-	-	**19,000**
New Time Recording System 17/18	15,000	-	-	-	-	**15,000**
Subtotal	**243,400**	**60,000**	**60,000**	**60,000**	**60,000**	**483,400**
Private Sector Grants - Disabled Facilities Grants	250,000	250,000	250,000	250,000	250,000	**1,250,000**
CCTV Camera Renewals (£15k)	15,000	15,000	15,000	15,000	15,000	**75,000**
Street Lighting	2,600	3,100	28,200	115,300	-	**149,200**
Cultural Quarter - AR	1,943,790	229,040	-	-	-	**2,172,830**
Gateways	170,000	70,000	-	-	-	**240,000**
Subtotal	**2,381,390**	**567,140**	**293,200**	**380,300**	**265,000**	**3,887,030**
Total General Fund Capital	**2,624,790**	**627,140**	**353,200**	**440,300**	**325,000**	**4,370,430**
<u>Proposed Financing:</u>						
Grants - Disabled Facilities	224,000	224,000	224,000	224,000	224,000	**1,120,000**
Section 106 Receipts	100,000	-	-	-	-	**100,000**
General Fund Capital Receipts	361,800	7,500	-	-	41,000	**410,300**
Sale of Council House Receipts	139,700	166,600	129,200	216,300	60,000	**711,800**
General Fund Capital Reserve	20,200	-	-	-	-	**20,200**
Grants - Assembly Rooms (SLGF)	798,260	-	-	-	-	**798,260**
Public Contributions (Assembly Rooms)	25,000	-	-	-	-	**25,000**
Unsupported Borrowing	955,830	229,040	-	-	-	**1,184,870**
Total	**2,624,790**	**627,140**	**353,200**	**440,300**	**325,000**	**4,370,430**

Appendix J

Draft Housing Revenue Account Capital Programme 2017/18 to 2021/22

	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	TOTAL £
Structural Works	100,000	100,000	100,000	100,000	100,000	**500,000**
Bathroom Renewals	795,540	817,420	839,900	850,000	850,000	**4,152,860**
Gas Central Heating Upgrades and Renewals	514,000	420,000	550,000	460,000	460,000	**2,404,000**
Kitchen Renewals	944,710	970,690	997,380	900,000	900,000	**4,712,780**
High Rise Lift Renewal	349,990	-	-	-	-	**349,990**
Energy Efficiency Improvements	50,000	-	-	-	-	**50,000**
Major Roofing Overhaul and Renewals	161,080	165,510	170,060	174,310	174,310	**845,270**
Window and Door Renewals	250,000	250,000	250,000	250,000	250,000	**1,250,000**
Works to High Rise Flats	525,000	525,000	-	-	-	**1,050,000**
Neighbourhood Regeneration	100,000	-	-	-	-	**100,000**
Disabled Facilities Adaptations	315,960	324,650	333,580	341,920	341,920	**1,658,030**
Retention of Garage Sites	150,000	500,000	500,000			**1,150,000**
Capital Salaries	173,040	176,840	180,730	180,000	180,000	**890,610**
CDM Fees	5,000	5,000	5,000	5,000	5,000	**25,000**
Regeneration Schemes						
Tinkers Green	6,640,000	1,634,000				**8,274,000**
Kerria	1,810,640	3,805,250				**5,615,890**
Redevelopment of Garage sites	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	**15,000,000**
Other acquisitions	500,000	500,000	500,000	500,000	500,000	**2,500,000**
Total HRA Capital	**16,384,960**	**13,194,360**	**7,426,650**	**6,761,230**	**6,761,230**	**50,528,430**
Proposed Financing:						
Major Repairs Reserve	4,184,320	4,855,110	4,426,650	3,466,230	5,161,230	**22,093,540**
HRA Capital Receipts	400,000	1,455,000	500,000	1,290,000	-	**3,645,000**
Regeneration Revenue Reserves	5,008,640	3,516,300	1,300,000	1,355,000	1,210,000	**12,389,940**
Capital Receipts from Add Council House Sales	650,000	450,000	300,000	300,000	390,000	**2,090,000**
Regeneration Reserve	1,170,000	2,917,950	900,000	350,000	-	**5,337,950**
Unsupported Borrowing	4,972,000	-	-	-	-	**4,972,000**
Total	**16,384,960**	**13,194,360**	**7,426,650**	**6,761,230**	**6,761,230**	**50,528,430**

Appendix K

Contingencies 2017/18 - 2021/22

Revenue	2017/18	2018/19	2019/20	2020/21	2021/22
Specific Earmarked &	£'000	£'000	£'000	£'000	£'000
General					
General Fund					
Specific Contingencies					
Vacancy Allowance	50	50	50	50	50
Waste Management	50	50	50	50	50
General Contingency	100	42	97	190	264
Total GF Revenue	**200**	**142**	**197**	**290**	**364**
Housing Revenue Account					
HRA - General Contingency	100	100	100	100	100
Total HRA Revenue	**100**	**100**	**100**	**100**	**100**

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CABINET

THURSDAY, 24 NOVEMBER 2016

REPORT OF THE LEADER OF THE COUNCIL

QUARTER TWO 2016/17 PERFORMANCE REPORT

EXEMPT INFORMATION

Not applicable

PURPOSE

To provide Cabinet with a performance and financial health-check.

RECOMMENDATIONS

That Cabinet endorse the contents of this report

EXECUTIVE SUMMARY

This report provides information on:

1. Corporate plan actions and corporate risks,
2. Impact of welfare benefit reform,
3. Sustainability Strategy,
4. Financial health check

OPTIONS CONSIDERED

Not applicable

RESOURCE IMPLICATIONS

There are none

LEGAL/RISK IMPLICATIONS BACKGROUND

There are none

SUSTAINABILITY IMPLICATIONS

There are none

REPORT AUTHOR

John Day

APPENDICES

Quarter two 2016/17 performance report

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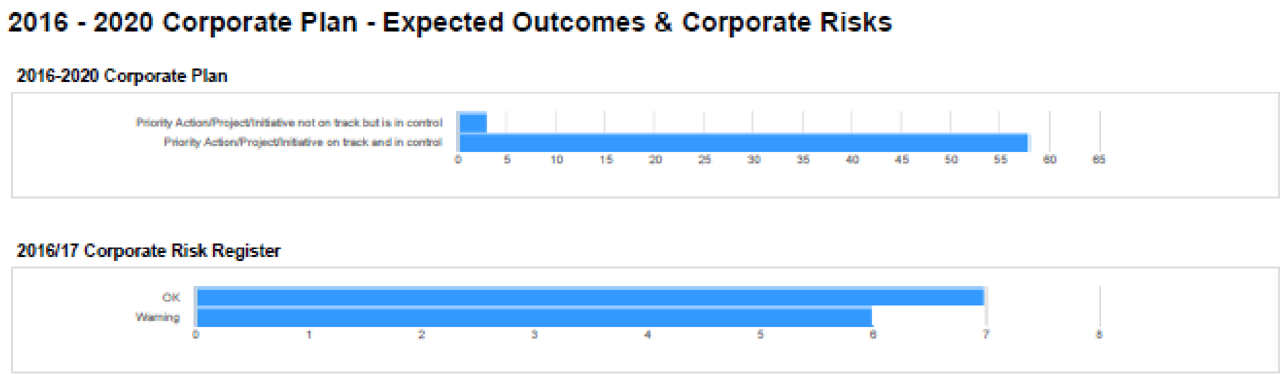
1. Overview of corporate plan actions and corporate risks

The current status of high level corporate plan actions and corporate risks is shown below.



Further details are available in the appendices:

- Corporate Plan Actions: **Appendix A**
- Corporate Risks: **Appendix B**

2. Impact of Welfare Benefit Reform on Council services

Quarterly updates are presented to monitor the impact of welfare benefit reform changes on Council services including customer demand via customer services monitoring of calls/contacts together with the financial impact of collection and demand for benefits and effect on income streams such as rent, council tax and business rates.

<u>Benefits</u>

A reduction in DHP claims is reported - DHP claims are underspent by £69k with 139 successful claims from 187 applications (compared to 114 successful claims from 190 applications at September 2015) although there is a 3.5 week backlog (4 weeks as at 30 September 2015) with claims still to be processed which will increase this figure.

Live caseload figures are 291 lower than 2015/16 – currently 6,289 (6,580 at September 2015).

<u>NNDR</u>

Reminders (549 at September 2016) are around the same level as 2015/16 levels (550 at September 2015) with summons & liability orders at higher levels to 2015/16. There has been an increase in enforcement agent referrals – 56 to September 2016 (29 at September 2015).

Strong collection performance by the Revenues team is reported with current year collection levels at 57.1%, ahead of target by 1.5% at 30 September. Court costs are around target of £4k.

Arrears for 2015/16 are ahead target at 45.7% compared to target of 25%.

Council Tax

Reminders are 209 lower than 2015/16 levels (8,443 at 30 September 2016 compared to 8,652 at 30 September 2015).

Good collection performance is reported - with current year collection levels at the target of 58.4% at September 2016 (with a target of 98% for the 2016/17 financial year). Court cost income is also ahead of target by £15k at £144k.

Arrears for 2015/16 are slightly ahead of target at 33.5% compared to target of 31.6% - work on further approaches to realise more Council Tax revenue is in place.

Collection Fund – the estimated surplus is £31k for the year with a LCTS projected underspend of £20k (total £51k).

Customer Services

Visits to Marmion House were 6,920 lower by September 2016 (3,463 by September 2016 compared to 10,383 by September 2015).

Council tax enquiries & payments were 173 lower (306 by September 2016 compared to 479 by September 2015).

Due to the demand management actions taken to date, it can be seen that demand has fallen significantly and therefore questions the value of continued monitoring of the impact of welfare benefit reform. It is suggested therefore that as the numbers concerned are insignificant they add little value other than to show channel shift - which is recorded and monitored elsewhere.

Housing

The Housing Income team continue to perform well - Total Rent arrears (excluding former tenants) at 30 September 2016 was £481k compared to £338k at 31 March 2016 – an increase of £143k (compared to a £115k increase as at 30 September 2015).

Total arrears (including garages etc.) are £1.67m at 30 September 2016, compared to £1.46m at 31 March 2016, an increase of £218k (compared to a £198k increase between 31 March 2015 and 30 September 2015).

Total arrears (including garages etc.) were £1.46m at 31 March 2016 compared to 31 March 2015 - £1.35m (£106k higher).

There were 5 evictions during the first half of 2016/17 compared to 11 during the same period of 2015/16.

3. Sustainability Strategy

Medium Term Financial Strategy 2015-2020 Monitoring,

In an attempt to provide a clear ‘route map’ for the transition from surviving to thriving, the Council has designed and adopted a series of strategic plans, policies and processes. Cabinet, on 22nd August 2013, endorsed the overarching document ‘**Planning for a Sustainable Future**’ as the strategy for meeting the challenges forecast for the Council’s Medium Term Financial Strategy (MTFS) which, through the achievement of targets and outcomes associated with the work streams, enabled the organisation to generate significant efficiencies without there being any large scale impact upon the delivery of essential services.

The **Sustainability Strategy** delivered more than just ‘big ticket’ efficiencies, it brought about changes to working models, cultures and processes – **Agile Working; Demand Management; Joint Working; Shared Services; Locality Delivery/ Commissioning** all contributed to our journey.

The adoption of a Demand Management operating model was approved by Cabinet in February 2015. This signifies a shift away from trying to sustain a full suite of services at high standards with continuing budget reductions, to understanding the needs of our customers and working with them to co-design how we meet those demands. It will also involve the application of existing and new technology to capture, collate and analyse customer insight, intelligence and data so as to understand not just the ‘need’ but the cause, behaviours or decisions creating the need.

Linked with this, a major transformation project ‘Delivering Quality Services’ has commenced which will include all customer-facing departments, and will incorporate a review of processes and demand, with the aim of re-designing processes to meet changing customer expectations and making the best use of technology to deliver efficient and effective services to the customer, including self-service and digital functionality

Corporate Management Team (CMT) review the most up-to-date budget forecasts on a quarterly basis, and discuss the delivery of the Sustainability Strategy and our Medium Term Financial Strategy (MTFS) – as outlined below.

Update: October 2016

Since the 2016/17 MTFS was approved in February 2016, the people of the UK have taken the decision to leave the European Union.

What happens next – and the implications for businesses and organisations in the UK – is less clear. There will be a wide range of dynamic factors at play over the coming months and years that will affect the impact on the Council.

After initial market volatility, we can expect a period of instability and uncertainty. It is important to bear in mind that very little changes immediately and so, the Council along with businesses, charities and other public bodies should start considering the mid-long term opportunities whilst the dust settles.

It should be noted that we are still in the early days following the EU vote and that the economic situation is still very uncertain.

The updated economic forecast shows a prolonged period of low (if not negative) interest rates – which could potentially mean a significant impact to the MTFS, given the current investment balances and the receipt of the funds from the sale of the former golf course to support the MTFS.

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

Currently projections identify:

1. a General Fund shortfall of £1.9m over 3 years (with a shortfall of £7.2m over 5 years), including the minimum approved level of £0.5m;

2. A HRA surplus of £2.9m over 3 years (with a surplus of £2.2m over 5 years) including the minimum recommended balances of £0.5m.

Work is continuing on a number of actions to address the shortfall:

- Delivering Quality Services project – the demand management approach to shift demand to more efficient methods of service delivery - online, automation (Interactive voice response**,** IVR);

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

- Spend freeze – Managers have previously been required to restrict / limit spending to essential spend only (there was a £2m underspend in 2015/16 – although the majority was windfall income, c. £750k was lower level underspend). A review is to be carried out on where spend has not be made in the last 2 years to identify potential efficiencies for agreement by the manager and CMT;

- Alternative investment options arising from commercial investment strategy;

- Review of reserves / creation of fund for transformation costs (if needed);

- Targeted Savings – Members to identify potential areas for review.

General Fund

The updated forecast as at October 2016 is detailed below:

	General Fund						
MTFS Projections 2017/18 - 2021/22	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Projected Balances per MTFS Council February 2016	(5,330)	(3,605)	(2,335)	(608)	1,066	4,032	-
Revised Stress Tested Forecast:							
Central Case Revised Forecast Balances Remaining (-) / Overdrawn (Oct 2016)	(6,680)	(5,297)	(3,058)	(613)	1,388	3,943	6,680

When the 3 year MTFS for the General Fund was approved by Council in February 2016, the forecast shortfall in balances was c.£1.6m for 2019/20 increasing to £4.5m in 2020/21. Following the updates the central forecast now identifies a shortfall in balances of £1.9m over the 3 years to 2019/20 with a shortfall of c.£4.5m for 2020/21 (including the approved minimum balances of £0.5m).

The shortfall over the next 5 years has been revised to £6.7m (£7.2m including the approved minimum balances level of £0.5m).

The forecast has been updated to include:

a) the final outturn for 2015/16 – additional balances of £1.4m from a higher underspend position;

b) the projected outturn underspend of £345k for 2016/17 (as at Period 6);

c) Inclusion of council tax increases of £5 p.a. For forward planning purposes, our three-year budget proposals included a 1.99% increase in 2017/18 with a planned inflationary Council Tax increase of c1.99% per year thereafter. However, the Government have now said that small councils, like Tamworth, can increase their council tax by up to £5 per year;

d) Increased pensions costs of c.£200k p.a. year on year (c.£150k p.a. GF) following the triennial review as at 31st March 2016 (there is also a potential discount of £157k (£120k GF) for payment in advance if agreement can be reached);

e) Cost of the Apprentice Levy of c. £43k p.a. (£33k p.a. GF) and the living wage of c.£25k p.a. (c£.10k p.a. GF);

f) Lower interest from continued low rates arising from the current economic situation – c.£400k p.a.

g) Returned business rates levy from GBSLEP - £172k in 2016/17;

h) Revised new homes bonus levels following proposed changes to the scheme and updated forecast new home build levels;

i) any known changes to the savings targets included within the current MTFS (Senior Management Review);

Housing Revenue Account

The updated forecast as at October 2016 is detailed below:

	Housing Revenue Account						
MTFS Projections 2017/18 - 2021/22	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Projected Balances per MTFS Council February 2016	(3,359)	(2,991)	(2,329)	(1,059)	(1,046)	(878)	-
Revised Stress Tested Forecasts:							
Central Case Revised Forecast Balances Remaining (-) / Overdrawn (Oct 2016)	(4,724)	(5,198)	(4,831)	(3,366)	(2,865)	(2,487)	(2,203)

When the 3 year MTFS for the HRA was approved by Council in February 2016, the forecast balances were c.£0.9m by 2020/21. Following the updates the forecast now identifies balances of c.£2.5m for 2020/21 with balances over the next 5 years of £2.2m by 2021/22.

The forecast has been updated to include:

a) the final outturn for 2015/16 – additional balances of £1.4m from a higher underspend position;

b) the projected outturn underspend of £839k for 2016/17 (as at Period 6);

c) Increased pensions costs of c.£200k p.a. year on year (c.£50k p.a. HRA) following the triennial review as at 31st March 2016 (net of a potential discount of £157k (£37k HRA) for payment in advance if agreement can be reached);

d) Cost of the Apprentice Levy of c. £43k p.a. (£10k p.a. HRA) and the living wage of c.£25k p.a. (c£.15k p.a. HRA);

e) Lower interest from continued low rates arising from the current economic situation c.£100k p.a.

4. Financial Health check Report

Executive Summary

This section to the report summarises the main issues identified at the end of September 2016.

General Fund

Revenue

GENERAL FUND	YTD Budget £000	YTD Spend £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000
Chief Executive	96	102	6	-	9	9
Executive Director Corporate Services	82	54	(28)	572	433	(139)
Director of Finance	1,407	1,369	(38)	(320)	(521)	(201)
Director of Technology & Corporate Programmes	645	738	93	17	43	26
Solicitor to the Council	399	334	(65)	791	796	5
Director of Transformation & Corporate Performance	628	687	59	280	426	146
Director of Communities, Planning & Partnerships	32	2	(30)	(18)	(90)	(72)
Director of Housing & Health	365	350	(15)	1,750	1,723	(27)
Director of Assets & Environment	2,279	1,948	(331)	5,389	5,297	(92)
Total	**5,933**	**5,584**	**(349)**	**8,461**	**8,116**	**(345)**

- The General Fund has a favourable variance against budget at Period 6 of £349k (£304k favourable at period 5).

- The projected full year position identifies a projected favourable variance against budget of £345k or 4.08% (£411k or 4.86% unfavourable at period 5).

- This projection has highlighted several budget areas for concern (detailed at **Appendix C**). Ongoing investigations into these areas have been initiated to mitigate the levels of the deficit.

- A balance of £50k was held in the General Contingency Budget at the end of September 2016.

Capital

GENERAL FUND	Budget Reprofiled from 2015/16 £000	YTD Budget £000	YTD Spend £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000	Reprofile £000	Outturn £000
Chief Executive	-	-	-	-	-	-	-	-	-
Executive Director Corporate Services	-	-	-	-	-	-	-	-	-
Director of Finance	-	-	-	-	-	-	-	-	-
Director of Technology & Corporate Programmes	116	170	88	(82)	223	160	(63)	63	223
Solicitor to the Council	-	-	-	-	-	-	-	-	-
Director of Transformation & Corporate Performance	1	1	-	(1)	1	1	-	-	1
Director of Communities, Planning & Partnerships	-	-	-	-	-	-	-	-	-
Director of Housing & Health	120	120	28	(92)	120	40	(80)	80	120
Director of Assets & Environment	1,108	921	876	(45)	4,469	1,368	(3,101)	3,100	4,468
Contingency	1,340	1,340	-	(1,340)	1,340	1,000	(340)	340	1,340
TOTAL GENERAL FUND	**2,685**	**2,552**	**992**	**(1,560)**	**6,153**	**2,569**	**(3,584)**	**3,583**	6,152

- Capital expenditure incurred was £992k compared to a profiled budget of £2.55m (£845k compared to a profiled budget of £2.49m as at period 5).
- It is predicted that £2.6m will be spent by the year-end compared to a full year budget of £6.15m (this includes re-profiled schemes from 2015/16 of £2.69m).
- There is a projected requirement to re-profile £3.58m of spend into 2017/18. Further detail is shown in the summary of Capital expenditure at **Appendix D.**

Treasury Management

- At the end of September 2016 the Authority had £55.70m invested in the money markets (excluding the £1.15m which is classified as sums at risk invested in Icelandic Banks). The average rate of return on these investments is 0.48% though this may change if market conditions ease. At this point it is anticipated that our investments will earn approximately £279k compared to the budgeted figure of £362k, an unfavourable variance of £83k, due to lower interest rates.
- Borrowing by the Authority stood at £65.060m at the end of September 2016, all being long term loans from the Treasury Public Works Loans Board. The average rate payable on these borrowings equates to 4.29%. At this point it is anticipated that our interest payments will be £2.763m compared to the budgeted figure of £2.815m, a favourable variance of £53k, due to no additional borrowing being taken.
- A more detailed summary of the Treasury Management situation, detailing our current Lending and Borrowings together with the situation with our Icelandic investments, can be found at **Appendix E.**

Balances

Balances on General Fund are projected to be in the region of £5.3m at the year-end from normal revenue operations (£4.54m as at period 5) compared to £3.61m projected within the 2016/17 budget report – additional balances of £1.7m.

Housing Revenue Account (HRA)

Revenue

HOUSING REVENUE ACCOUNT	YTD Budget £000	YTD Spend £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000
Director of Housing & Health	1,543	1,387	(156)	3,909	3,992	83
Director of Assets & Environment	(101)	(83)	18	(36)	(29)	7
HRA Summary	(8,966)	(9,567)	(601)	(3,505)	(4,134)	(629)
Housing Repairs	2,103	1,393	(710)	-	(300)	(300)
Total	**(5,421)**	**(6,870)**	**(1,449)**	**368**	**(471)**	**(839)**

- The HRA has a favourable variance against budget at Period 6 of £1.45m (£1.35m favourable at period 5).
- The projected full year position identifies a favourable variance against budget of £839k (£472k favourable at period 5). Individual significant budget areas reflecting the variance are detailed at **Appendix C**.

Capital

HOUSING REVENUE ACCOUNT	Budget Reprofiled from 2015/16 £000	YTD Budget £000	YTD Spend £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000	Reprofile £000	Outturn £000
Director of Housing & Health	4,477	1,970	1,093	(877)	10,624	2,924	(7,700)	7,700	10,624
Director of Assets & Environment	2,266	1,764	1,890	126	6,336	6,216	(120)	100	6,316
HRA Summary	-	-	-	-	-	-	-	-	-
HRA Contingency	100	100	-	(100)	100	-	(100)	100	100
TOTAL HOUSING REVENUE ACCOUNT	**6,843**	**3,834**	**2,983**	**(851)**	**17,060**	**9,140**	**(7,920)**	**7,900**	**17,040**

- Housing Capital expenditure of £2.98m has been incurred as at the end of Period 6 compared to a profiled budget of £3.83m (£3.06m compared to a profiled budget of £3.25m as at period 5).
- It is predicted that £9.14m will be spent by the year-end compared to the full year budget of £17.06m (including £6.84m re-profiled from 2015/16).
- There is a projected requirement to re-profile £7.9m of spend into 2017/18. Further detail is shown in the summary of Capital expenditure is shown at **Appendix D.**

Balances

- Balances on the Housing Revenue Account are projected to be in the region of £5.18m at the year-end (£4.81m as at period 5) compared to £2.99m projected within the 2016/17 budget report – additional balances of £2.19m.

2016 - 2020 Corporate Plan Progress Report

Title
2016 – 2020 Corporate Plan Actions

Title
SP1: Living a quality life in Tamworth

Title
LQ001 – Support and protect individuals, communities that are or may become vulnerable

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Adoption of the Tamworth Prevent Strategy	Successful implementation of the Prevent Strategy evidenced by completed awareness training of Staff, Members and partners	Strategy adopted by Council	The Tamworth Prevention Strategy was adopted by Council in March 2016.	
		Percentage of Staff trained	99.9% staff have been trained in the Tamworth Prevent Strategy.	
Implement changes to Sheltered Housing Services	Housing Management Plus services embedded and outcomes achieved	Housing Management Plus services embedded by 31/03/17	Housing Management Plus services are now embedded; ahead of schedule.	
Develop and deliver Homelessness Prevention services in line with – DCLG gold standard	Achievement of DCLG Gold Standard	Diagnostic Peer Review by June 2017. Achievement of DCLG Gold Standard by 31/3/19	A project group was established in July 2016. An internal assessment will be undertaken in December 2016 leading to the Diagnostic Peer Review in June 2017.	

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Provision/Development of multi-agency Digital Sharepoint	Improve communication, ensure robust and consistent delivery	Case study approach. Narrative on progress	There are pockets of data sharing in the authority with the County for example but there is no generic approach to date.	

Title
LQ002 - Enable residents to improve their health and quality of life

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Enable access to high quality leisure facilities through our partners	Ensure mechanisms for the provision of sports related activities are robust and meet the needs of the community Ensure the services/facilities provided match the demand within the indoor/outdoor Sports Strategy	Narrative on progress	The development in this area continues however a current possible project is being investigated in partnership with the football association is the installation of a new 3G grass pitch - this was an identification of the indoor /outdoor strategy and could possible utilise golf course capital and 106 funds	
Enable the provision of leisure activities targeted at identified sectors of the community	Deliver currently commissioned services and develop proposals for future third sector provision	Narrative on progress	Delivery continues via commissioned services around holiday provision and the department is looking to team up with external providers and the county sports partnership to offer free /low cost community provision in a range of family and individual activities.	
Support the provision of health interventions for	Deliver currently commissioned services	Commissioning Cycle Three; New services in place by April 2017.	Specifications have been drafted and Cabinet have approved the commissioning process which is now	

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
vulnerable people	and develop proposals for future third sector provision		underway.	
To secure and develop the scope of Locality Commissioning opportunities and mechanisms with strategic partners	Development of pooled budgets and integrated systems of working. Explore opportunities for Double Devolution. Agreement of shared priorities & objectives with partners.	Narrative on progress	The decommissioning of services by the County Council has presented different challenges for Tamworth Borough Council. However, partnership opportunities are to be developed by the evolution of the Unified Communities Offer.	

Title

LQ003 - Work together with partners and residents to tackle the causes of inequality in Tamworth

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Explore options and mechanisms for developing self-help opportunities at a neighbourhood level	Managed transition from current scale of state support to self-help at a neighbourhood level	Narrative on progress	Proposals being developed.	
Engage collaboratively in the review of VCSE support and Development Models	Skilled VCSE 'provider' organisations forming a local 'offer' to the market	Ongoing collaborative engagement	The unfortunate delay by Staffordshire County Council in awarding the new Commission for the county-wide VCSE Infrastructure organisation has set progress back over a month. However the Chief Executive is meeting the chief officers of the	

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
			successful consortium in July with a view to progressing this objective.	
		Successful appointment of voluntary sector support		
Facilitate review of strategic purpose and processes of the TSP	Aligned locality based multi-agency collaboration	Tamworth Strategic Partnership engaged in the delivery of priorities and objectives	Excellent progress in developing the model, working title 'Unified Community Offer'. The principles of the model have already been tested with the Police, Fire & Rescue Service and shortly the VCSE. It has been very well received by all concerned.	
		Tamworth Strategic Partnership support Tamworth Borough Council in the delivery of the Vision and Corporate Plan.	Next Steps will be to present the concept to Cabinet after the summer holiday period and then a wider multi-agency audience thereafter.	
		Tamworth Strategic Partnership sustain their role on the Commissioning Board		

Title
LQ004 - Work together with residents to maintain and improve a safe, clean and green environment

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Ensure all green spaces and nature reserves are accessible by residents and are maintained to a standard that is conducive for use.	Continued use of the Wild about Tamworth project to provide support and guidance to both the volunteer groups and the Council	Quarterly Steering Group meetings to ensure the commission meets targets on education and sites in scope	All targets are being met.	

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Continued commitment to a Community Safety Partnership that is responsive to locality, and reflects the needs of the community and partners	Public feedback on how safe the community feels in Tamworth	Number of incidents of Anti-Social Behaviour	Data collected annually; due October 2016 as part of the Community Safety Assessment.	✓
		Percentage of people who feel safe during the daytime/after dark	99% feel safe in their local area during the day. 80% feel safe in their local area after dark. (Feeling the Difference survey waves 17 to 20) Updated figures will be available in November 2016.	
Review and implement options for Council housing repairs & investment services	Strategic decisions regarding the future of repairs & investment services & implementation planning complete	Strategic decisions by 31/05/16.	Report* to Cabinet on 16th June 2016 set the parameters for the strategic decisions to be taken regarding the future of repairs and investment services. **Combined repairs and investment contractual arrangements for council housing stock.*	✓
		Implementation planning by 31/12/16	This has changed to the reprovision of existing services following the withdrawal of the current provider. Further expansion of future options to be scoped by December 2016.	
Develop a unified neighbourhood offer		Development proposals by 31/10/16	Proposals have been developed and discussions undertaken with the Portfolio Holder, Communities & Wellbeing. CMT endorsement is to be sought at their meeting on 31st October 2016.	✓

Title
LQ005 – Work together to improve housing quality in Tamworth

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Explore and develop proposals for an asset	Options understood & decisions regarding the	Options understood and decisions regarding the future informed by	This has changed to the reprovision of existing services following the withdrawal of the current	✓

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
backed vehicle for the delivery of new housing/delivery of services	future informed	September 2017	provider. Further expansion of future options to be scoped by December 2016.	
Develop and deliver a programme of housing development on Council owned sites including exploration of asset backed vehicles to deliver prs	New council homes & neighbourhood regeneration	Options understood and decisions regarding the future informed by September 2017	Housing Communities Agency garage sites developments have planning approval. Report to Cabinet in November 2016 to update on the progress made in the provision of affordable housing through the garage development programme & acquisition of units built through s106 agreements.	✓
Deliver regeneration at Tinkers Green and Kerria	New council homes & neighbourhood regeneration	Demolition of Hastings Close (Tinkers Green) by August 2016	On track for demolition by August 2016.	✓
		Appointment of a developer by August 2016	On track to appoint developer by November 2016.	
		Secure Reserved Matters Planning Permission by December 2016	On track to secure reserved matters planning permission by December 2016	
		Demolition of Saxon Close, Linthouse Walk, Leisure Walk and Cottage Walk (Tinkers Green) by February 2017		
		Start construction works at Tinkers Green by February 2017		
		Decant all tenants at Kerria by the end of March 2017	This is almost complete, ahead of schedule.	
		Demolition of Kerria by December 2017		
		Start construction at Kerria by January		

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
		2018		
		Completion of construction at Kerria by January 2019		
		Completion of construction at Tinkers Green by January 2019		
Review and update the Council’s HRA Business Plan including reviewing the impact of government policies	HRA Plan updated to inform strategic investment decisions	HRA Plan updated by 30/04/17	On target for completion by 30th April 2017	
Review of Council's Private Sector Housing offer	Review informs strategic investment decision & service development	Private Sector Housing strategy approved by Cabinet	A draft Private Sector Housing Strategy document will be ready for consultation in December 2016. Following the consultation, a final document will be produced in February 2017 ready for Cabinet approval in March 2017.	
Complete the review of the Healthy Housing Strategy & Action Plan	Updated strategic approach & action plan	Housing for Wellbeing Plan completed	A draft Healthy Housing Strategy will be ready for consultation in December 2016. Following the consultation, a final document will be produced in February 2017 ready for Cabinet approval in March 2017.	

Title
SP2: Growing Strong Together in Tamworth

Title
GS001 – Develop and support the local economy, together with local businesses and partners through our regional influence.

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Actively engage in the WMCA work stream for Innovation and Inward Investment	Fair and equitable access to Inward Investment	Narrative on progress		✓
Sustain support for GBSLEP Growth Hub	Proactive stance on managing referrals	Narrative on progress		✓

Title
GS002 – Work with businesses and developers to create a vibrant and sustainable town centre.

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
To support local businesses with their submission for B.I.D. status	The formation of a Tamworth BID	Feasibility study by October 2016. BID formed by June 2017 (Assumes positive result of feasibility study)	Consultation and engagement work underway. A further update report is scheduled to be considered by Cabinet on 20th October 2016.	✓
Use our regulatory powers within Licensing, Planning, and Environmental Health to be proactive with support and advice to	An increase in early intervention with a corresponding reduction in sanction.	A reduction in formal sanctions and appeals year on year.	This is an annually updated figure and results will be available in March 2017.	

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
enable business development				
The provision of accurate and timely advice, support, guidance and signpost town centre business to relevant information, business support programmes, training and funding opportunities	Increase in businesses staying for longer in the town centre. Increased footfall and dwell time in the town centre	Footfall and dwell time in the town centre	Monitoring framework to be developed in quarter 2 2016/17	
		Length of time businesses stay in the town centre.	At the end of September 2016 there were 35 vacant units out of 302; occupancy rate of 88.4%. The fall in the occupancy rate is attributable to a rise in the number of vacant units in Ankerside Shopping Centre.	
Collection of the levy arising from the planned Business Improvement District	Maximise the collection level for investment in local infrastructure	Percentage of BID levy collected.	BID to be formed by April 2018 dependant on outcome of feasibility study in October 2016 and Ballot by October 2018. The BID levy cannot commence until then. Capital appraisal for BID Software to be made for 2017/18.	

Title
GS003 – Use our regional influence to support an environment where business and enterprise can flourish and grow.

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Working with GBSLEP Finance Directors to maximise retention of business rates to improve	Maximise collection of business rates within the GBS rate retention pool. Use of insight data to	Percentage change in rateable value of commercial buildings	At the end of quarter four, the rateable value of commercial properties had decreased by 0.42%.	
		Percentage of Non Domestic Rates	At the end of quarter two, NNDR collection was	

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
the economy and infrastructure of the region	identify additional business rate collection opportunities in order to maximise local business rate collection levels	collected	ahead of target at 57.10%.	
Working with GBSLEP Legal Directors to ensure Scrutiny and governance compliance	Probity of decision making Robust scrutiny of proposals and decisions	Narrative on progress	There is Member representation on the GBSLEP & WMCA Scrutiny Committees. The Solicitor & Monitoring Officer attends the GSLEP quarterly meetings.	✓
Engage as necessary in order to benefit from Non-Constituent Membership of WMCA	Seek opportunities to enhance key growth, skills regeneration outcomes	Narrative on progress		✓
Maintain ongoing commitment to GBSLEP via Board and Executive membership	Influence major decisions that impact upon economic growth	Narrative on progress		✓
Maintain ongoing commitment to SSoTLEP and countywide collaborations	Further enhance growth opportunities	Narrative on progress		✓

Title
GS003a - Work together to strengthen the relationships between schools/FE & HE/Employers

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Actively engage with the	Increased opportunities	Narrative on progress		✓

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
GBSLEP & SSoTLEP in their respective programmes targeting young people	for young people in job market			
Engage as appropriate in Area Review processes	Skilled & Employment ready workforce	Engagement of secondary schools in the Education Trust Locality project	Encouragement of secondary schools, 6th form and college to engage in the Education Trust Locality project which helps develop strategic approach to careers advice linked to LEP priority areas and promotes better structured links with employers. Council officers attend the quarterly Primary and Secondary Headteacher' meetings. This engagement allows for two way information sharing.	
		TBC support to Secondary and Primary Heads Forum	Chief Executive chaired a special meeting of secondary heads and college representatives to promote collaborative working between the schools, 6th form and college to provide the full range of career pathways. Chief Executive contributes to the Area Review consultation. Council officers attend the quarterly Primary and Secondary Head teacher' meetings. This engagement allows for two way information sharing.	

Title
GS003b – Champion higher skilled and better paid jobs in Tamworth

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Actively engage in and influence key strategic work streams namely: WMCA Skills & Productivity Commission & SSoTLEP Employment & Skills work streams	Economic growth through prosperity Impact upon causes of deprivation and reduced reliance on State support	Narrative on progress		

Title
GS004 – Work together to strengthen the connections between schools/FE & HE/Employment to create opportunities for higher skilled and better paid jobs.

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Engage in the WMCA and SSoTLEP Skills and Productivity work streams	Improved links between main education providers and businesses	To be agreed once Combined Authorities workstreams convened.	Progress is on track with the 'vesting' of the WMCA completed; the Devolution Deal agreed and the Board membership established. Portfolios have been allocated to Board members for each work stream and it is clear that Skills will remain within the auspices of the GBSLEP. Following the latest meeting of the GBSLEP Board, the Tamworth Board member, Cllr.Steve Claymore has expressed an interest in assisting with driving this agenda forward. Progress in Staffordshire has been awaiting the outcome of the Area Review and associated recommendations. These are completed but not yet in the public domain.	

Title
GS005 – Adopt a commercial approach to managing Council assets in order to enhance the viability of the borough.

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
To commission a review of the Town Centre Master plan	Refreshed masterplan giving a focused view	Refreshed Master Plan	The project is expected to start in the third quarter of 2015/16.	
To facilitate progress by developers/landowners of sites identified in the local plan for housing and / or commercial activity	Additional homes and floor space	Delivery against the Local Plan Growth Profile	Annual indicator	
To facilitate progress by developers/landowners of the regeneration of the Gungate Site	Robust and Proactive approach to facilitating development of land	Narrative on progress	A series of meetings have been made with the landowner to discuss progress. Further options, including joint venture opportunities, have now been considered.	
Explore opportunities that will ensure all Council investment assets produce a revenue stream to support corporate priorities	The production of a planned sustainable income stream based upon investment assets	Occupancy level of TBC Commercial & Industrial properties	Occupation has remained stable through the first half of 2016/17. The occupancy rate for our commercial properties is 90.32%. The occupancy rate for our industrial properties is 97.33%	
To ensure consideration of commercial opportunities in business decision making	A risk/reward based return on investment requirement within planned projects.	Narrative on projects identified and the progress on those projects	The Tamworth Commercial Investment Strategy to promote growth and regeneration was approved by Cabinet on 16th June 2016 The first formal meeting of the Commercial Investment Strategy Board was on 22nd August 2016.	

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
	Producing options appraisals, business cases and review opportunities for setting up Local Authority Trading Companies as well as other business models for service to maximise return on Council assets and increase economic benefit for the Council. Increase income through adopted commercial approach.		Following an update on progress around this initiative since Cabinet endorsed the initial plans, Members gave their full endorsement for the establishment of a Member-led Steering Group to provide the necessary governance for an Officer/Advisor-led Working Group that in turn would oversee the various major work streams. Key outcomes such as the revitalisation of the Town Centre; the regeneration of the Gungate site; the development of an Inward Investment Strategy that will seek to provide the basis for ongoing managed growth, future funding bids and more. We will also be exploring new initiatives such as setting up a Subsidiary Housing Company so that we can have more control over housing options. Senior Officers have also attended Seminars to obtain practical guidance on the key legal, governance, financial and tax issues to consider when setting up and running Local Authority Trading Companies (LATC) and 'Building a successful joint venture company'.	
		Rate of return on identified projects	The Tamworth Commercial Investment Strategy to promote growth and regeneration was approved by Cabinet on 16th June 2016 The first formal meeting of the Commercial Investment Strategy Board was on 22nd August 2016.	

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
			Following an update on progress around this initiative since Cabinet endorsed the initial plans. Members gave their full endorsement for the establishment of a Member-led Steering Group to provide the necessary governance for an Officer/Advisor-led Working Group that in turn would oversee the various major work streams. Key outcomes such as the revitalisation of the Town Centre; the regeneration of the Gungate site; the development of an Inward Investment Strategy that will seek to provide the basis for ongoing managed growth, future funding bids and more. We will also be exploring new initiatives such as setting up a Subsidiary Housing Company so that we can have more control over housing options. Senior Officers have also attended Seminars to obtain practical guidance on the key legal, governance, financial and tax issues to consider when setting up and running Local Authority Trading Companies (LATC) and 'Building a successful joint venture company'.	

Title
GS006 - Work together to preserve and promote Tamworth's heritage, leisure and natural environment
GS007 - Work together to preserve our culture; preserve our heritage and sustain our national environment

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
To project manage the delivery of the Creative Quarter regeneration	Project completed on time and within budget	Narrative on progress to project plan	Initial contractual matters and delayed grant contract has slightly delayed progress however, work has commenced with the archaeological survey and all major project consultants are now appointed.	✔

Title
SP3: Delivering Quality Services in Tamworth

Title
DQ001 – Provide accurate information via a fully integrated Customer Services Centre.

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Undertake fundamental review of customer services functions across every service	Enhanced, consistent and accessible customer services Improved customer experience and satisfaction ratings Increased efficiency and capacity Reduced demand and waste Agreed, measureable	Temporary relocation of staff to CSC by 04/04/16	Staff relocated 4th April 2016. In June 2016, staff moved back to respective service areas until endorsement of CMT report on 25th July 2016 making recommendations on processes, staff relocations and proposed changes to Customer Services.	✔
		Data/Demand Capture by 13/05/16	Completed for Revenues & Benefits	
		Identification of processes to transform by 27/05/16	Recommendations for changes to Revenues and Benefits Services made and implementation of those changes is now underway.	
		Progress against the Delivery of Quality Services project plan	The sixth floor now redesigned as part of the agile working process with customer services now relocated there. One member of Revenues and one member of	

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
	standards Availability of data and customer insight to aid future planning Streamlined, efficient corporate services		Benefits have transferred to the Customer Services Centre. Transformation of Revenues/Benefits is underway to enable all customer enquiries for these services to be dealt with by the customer services function.	
Remodel service functions, standards and systems	Enhanced, consistent and accessible customer services Improved customer experience and satisfaction ratings Increased efficiency and capacity Reduced demand and waste Agreed, measureable standards Availability of data and customer insight to aid future planning	Progress against the Delivery of Quality Services project plan	Project implementation review scheduled for December 2016.	

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
	Streamlined, efficient corporate services			
Co-design Customer Service standards with user groups	Enhanced, consistent and accessible customer services Improved customer experience and satisfaction ratings Increased efficiency and capacity Reduced demand and waste Agreed, measureable standards Availability of data and customer insight to aid future planning Streamlined, efficient corporate services	Baseline of performance at the beginning compared to that at the end	Baseline captured as part of demand capture for Revenues and Benefits. Housing services demand capture now underway. The co-design of customer service standards will be developed in line with the Unified Community Offer.	✓
To provide support for the integrated Customer Services Centre	To enable first time resolution and reduction in waste Promotion of digital	Customer satisfaction with CSC	Web Chat service: Of 813 customers using this service, over 80% rated it very good or excellent. In the second quarter, there were more than 309,000 hits on the website; the highest figure	✓

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
	channels to reduce demand Technical support from back office including appropriately trained staff		recorded. In 2016/17, there have been 711 downloads of the App.	
Full and robust implementation of Corporate Change Programme	Provision of digital data and information, enablement of automation and self service, consistent and robust service provision	Efficiencies in headcount	The Delivering Quality Services programme is ongoing. Service redesign for Revenues and Benefits Service to commence to identify further efficiencies.	✓

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Title
DQ002 – Work with customers to improve their access to Council services

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Seek customer feedback consistently across all service areas	24/7 access for a full range of council services New technology exploited Improved efficiency of access channels Improved customer satisfaction with access to Council Services	Customer Satisfaction with Customer Service Centre	Web Chat service: Of 813 customers using this service, over 80% rated it very good or excellent. In the second quarter, there were more than 309,000 hits on the website; the highest figure recorded. In 2016/17 there have been 711 downloads of the App.	✓
		Number of services available on line	TBA	
		Reduction in the cost of delivery of Customer Services	£100k removed from the Customer Services budget but savings from back office functions have been identified to off-set the reduction in budget.	

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
	Increased number of services available on line Cost of delivery/transaction costs reduced			
Explore and develop new channels of access	24/7 access for a full range of council services New technology exploited Improved efficiency of access channels Improved customer satisfaction with access to Council Services Increased number of services available on line Cost of delivery/transaction costs reduced	Customer Satisfaction with Customer Service Centre	Web Chat service: Of 813 customers using this service, over 80% rated it very good or excellent. In the second quarter, there were more than 309,000 hits on the website; the highest figure recorded. In 2016/17 there have been 711 downloads of the App.	
		Number of services available on line	TBA	
		Reduction in the cost of delivery of Customer Services	£100k removed from the Customer Services budget but savings from back office functions have been identified to off-set the reduction in budget.	
Deliver services that are digital by default	24/7 access for a full range of council services New technology exploited	Customer Satisfaction with Customer Service Centre	Web Chat service: Of 813 customers using this service, over 80% rated it very good or excellent. In the second quarter, there were more than 309,000 hits on the website; the highest figure recorded.	

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
	Improved efficiency of access channels Improved customer satisfaction with access to Council Services Increased number of services available on line Cost of delivery/transaction costs reduced		In 2016/17 there have been 711 downloads of the App.	
		Number of services available on line	TBA	
		Reduction in the cost of delivery of Customer Services	£100k identified within budget.	

Title
DQ003 – Enable and support Tamworth residents and businesses using our statutory and regulatory powers

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Implementation of the Crime and Police 2014	Appropriate use of the new legislation to ensure public concerns over ASB are dealt with swiftly	Number of incidents of ASB	Data collected annually; due October 2016 as part of the Community Safety Assessment.	✓
Delivery of a Community Safety Partnership that is responsive to locality, and reflects the needs of the community and partners	Positive public feedback on how safe the community feels in Tamworth.	Percentage of people who feel safe during the daytime/after dark.	99% feel safe in their local area during the day. 80% feel safe in their local area after dark. (Feeling the Difference survey waves 17 to 20) Updated figures will be available in November 2016.	✓

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Proactive Business Continuity information sharing with businesses	Enablement of a full business and community response in the event of an incident	Case study approach. Narrative on progress	Working with the Civil Contingencies Unit to host a road show pertaining to business continuity and emergency planning to which all businesses will be invited. Currently awaiting dates from Civil Contingencies Unit. The focus in quarter two has been on 'Exercise Aurora'.	

Title
DQ004 – Enabling greater public engagement in local decision making

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Explore new methods of ways in which the community can engage with the delivery of council services using data and intelligence	Services shaped by users	Number of services shaped by users	The Delivering Quality Services Project and Unified Community Offer present opportunities for services to be shaped by users of those services. Recommendations for changes to Revenues & Benefits Services made and implementation underway.	
Continue to develop democratic community leadership	Inspirational informed community leaders Increased number of people who feel they can influence decisions in their locality	E-learning for members implemented by 31/03/17	The e-learning product has been updated. However, the functionality to allow us to write our own sessions is not yet available. Internal Audit is currently reviewing the products that are available as part of the package including the identification of any that would be suitable for roll out to members. Scrutiny workshops held for all members July 2016. Dementia & Safeguarding Training for members held in quarter two.	

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
		Percentage of people who feel they can influence decisions in their locality	Asked as a question in the resident's budget consultation; August/September 2016. 36% of respondents felt they were able to influence decisions in their local area. 44% of respondents said they would like to be involved and 49% would like to be involved depending on the issue.	
local ownership and delivery of services measured by percentage of local public assets & facilities run by Voluntary Bodies, SMEs, etc.	Increase customer capability/capacity to self-manage	Percentage of local public assets & facilities run by Voluntary Bodies, SMEs, etc.		
Budget Consultation	Carry out annual consultation process to inform local priorities for the MTFS	Narrative on outcomes of the consultation	Report to Cabinet 28th July 2016 outlining the budgetary process including budget consultation. This took place in August & September and concluded with a report to Cabinet in October 2016.	
Local Council Tax Reduction Scheme consultation	Consultation on scheme proposals needed to balance cost of scheme to council taxpayers against needs of the vulnerable	Narrative on outcomes of the consultation	Consultation took place in August & September 2016. Report to Cabinet in November 2016 and Council in December 2016.	
State of Tamworth Debate	Encourage through media sources public involvement in the democratic process to add and facilitate the shape of Tamworth the place	Narrative on outcomes of the SoTD		

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Registration of Electors/Individual Elector Registration/Elections	Provision of information to citizens through digital channels	Number of electors registering by digital means	There was an increase in digital applications for electoral registration during the last canvas with 61% being returned digitally. An updated figure of the number of individuals on the electoral roll to reflect the latest canvas will be available on 1st December 2016 but at the end of quarter two was 58,137.	
Council, Cabinet, Planning Committee	Provision of information to citizens through digital channels	All Council Agendas and Minutes on the internet	The agenda for all Council meetings are published on the internet five days before the meeting and the minutes of those meetings are published on the internet five days after the meeting.	

Title

DQ005 – Demonstrate value for money

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Review, remodel and realign services and resources by aligning them to our vision, purpose and priorities	Unified back office functions	Service realignment from DQS project for Revenues, Benefits & Housing by March 2017	Demand capture completed for Revenues and Benefits and recommendations for the service made and implementation underway. Delivery Quality Services project for Housing has started with the capture of data. Human Resources/Communications/Performance review completed and savings identified.	
Implement organisational transformation to ensure the Councils workforce is equipped and positioned	Creation of an environment that enables people to be the best they can be	Interim senior management arrangements agreed.	Interim senior management arrangements agreed by Appointments & Staffing Committee – April 2016	
		Report to Appointments & Staffing Committee setting out the scale, scope	The post of Director, Communities, Planning & Partnerships has been removed from the	

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Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
for change	Reviewed senior management structure to ensure positive, transformational and courageous leadership	& timescale for a formal review of Senior Management in 2017.	establishment. The review of Senior Management has been deferred for twelve months.	
		Delivery of Workforce Development Plan by December 2016.	Work in progress to meet delivery date of 31st December 2016.	
Challenge statutory need and reduce demand for services	Services aligned to customer needs	Capturing Demand & Channel shift	Demand capture completed for Revenues and Benefits and recommendations for the service made and implementation underway. Delivery Quality Services project for Housing has started with the capture of data. Human Resources/Communications/Performance review completed and savings identified.	
Deliver a training plan that focuses on behaviours, culture and leadership	Delivery of facilitated leadership development programme to create consistent leadership culture Organisation fit for 21st Century	Completion of training programme	Completed for leadership and feedback presented to Chief Executive.	
		Delivery of the Organisational Development Strategy by December 2016	Work in progress to meet delivery date of 31st December 2016.	
Proper Governance advice for officers and Members	Development of e-learning modules to enhance governance awareness	E-learning for members implemented by 31/03/17	The e-learning product has been updated however, the functionality to allow us to write our own sessions is not yet available. Internal Audit is currently reviewing the products that are available as part of the package including the identification of any that would be suitable for roll out to members. Scrutiny workshops were held for all members July 2016.	

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
			Dementia & Safeguarding Training for members held in quarter two.	
Business case approach to investment decisions	A risk/reward based return on investment requirement with planned projects	Rate of return on identified projects	The Tamworth Commercial Investment Strategy to promote growth and regeneration was approved by Cabinet on 16th June 2016. The first formal meeting of the Commercial Investment Strategy Board was on 22nd August 2016. Following an update on progress around this initiative since Cabinet endorsed the initial plans. Members gave their full endorsement for the establishment of a Member-led Steering Group to provide the necessary governance for an Officer/Advisor-led Working Group that in turn would oversee the various major work streams. Key outcomes such as the revitalisation of the Town Centre; the regeneration of the Gungate site; the development of an Inward Investment Strategy that will seek to provide the basis for ongoing managed growth, future funding bids and more. We will also be exploring new initiatives such as setting up a Subsidiary Housing Company so that we can have more control over housing options. Senior Officers have also attended Seminars to obtain practical guidance on the key legal,	

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
			governance, financial and tax issues to consider when setting up and running Local Authority Trading Companies (LATC) and 'Building a successful joint venture company'.	
To provide appropriate professional support	Provision of financial, legal, ICT and procurement support for the decision making process	Narrative on progress	Financial and legal support provided on the following projects: • HRA regeneration (including appointment of Employers Agent & tender for Contractor) • Enterprise Quarter • Gateways project • Commercial Investment Strategy • Renewal of repairs contract CIPFA Benchmarking 2016 completed for Human Resources, Audit, Revenues, Benefits and Finance. Legal support on procurement and elections/referendum	✓
Consideration of commercial opportunities in business decision making	Producing options appraisals, businesses cases and review opportunities for setting up local Authority Trading Companies as well as other business models for service to maximise return on Council assets and increase economic benefit for the Council	Narrative on projects identified and the progress on those projects	The Tamworth Commercial Investment Strategy to promote growth and regeneration was approved by Cabinet on 16th June 2016. The first formal meeting of the Commercial Investment Strategy Board was on 22nd August 2016. Following an update on progress around this initiative since Cabinet endorsed the initial plans. Members gave their full endorsement for the establishment of a Member-led Steering Group to	✓

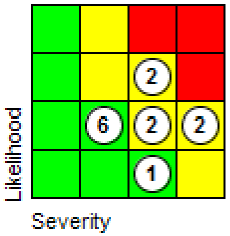
Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
			provide the necessary governance for an Officer/Advisor-led Working Group that in turn would oversee the various major work streams. Key outcomes such as the revitalisation of the Town Centre; the regeneration of the Gungate site; the development of an Inward Investment Strategy that will seek to provide the basis for ongoing managed growth, future funding bids and more. We will also be exploring new initiatives such as setting up a Subsidiary Housing Company so that we can have more control over housing options. Senior Officers have also attended Seminars to obtain practical guidance on the key legal, governance, financial and tax issues to consider when setting up and running Local Authority Trading Companies (LATC) and 'Building a successful joint venture company'.	

Key to symbols

Expected outcome	
	Not on track and not in control
	Not on track but is in control
	On track and in control

2016/17 Corporate Risk Register

Corporate Risk Register 'Heat Map'



Risk	Description of Risk	Date Last Reviewed	Severity	Likelihood	Current Risk Rating	Current Risk Status
Medium Term Financial Planning & Sustainability Strategy	Loss of Funding and Financial Stability & application of uncertainties of Brexit	21-Jul-2016	4	2	8	
Reputation	Damage to Reputation	21-Jul-2016	2	2	4	
Governance & Regulatory Failure	Failure to achieve adequate Governance Standards and statutory responsibilities	21-Jul-2016	2	2	4	
Partnership Working and Supply Chain Challenges	Failure in partnership working, shared services or supply chain	21-Jul-2016	2	2	4	
Emergency & Crisis Response Threats	Failure to manage an external or internal emergency/disaster situation	21-Jul-2016	2	2	4	
Economic Changes	Failure to plan and adapt services to economic changes within the community	21-Jul-2016	3	1	3	
Information Management & Information Technology	Failure to secure and manage data and IT infrastructure	21-Jul-2016	3	2	6	
Loss of Community Cohesion	Failure to achieve community cohesion	21-Jul-2016	3	3	9	
Workforce Planning Challenges	Failure to manage workforce planning challenges	21-Jul-2016	2	2	4	
Health & Safety	Failure to manage Health & Safety	21-Jul-2016	3	2	6	

Risk	Description of Risk	Date Last Reviewed	Severity	Likelihood	Current Risk Rating	Current Risk Status
Corporate Change	Failure to manage corporate change	21-Jul-2016	2	2	4	
Safeguarding Children & Vulnerable Adults	Failure to safeguard children and vulnerable adults	21-Jul-2016	3	3	9	
Inability to manage the impact corporately of the Government Austerity measures and new legislative requirements	Inability to manage the impact corporately of the Government Austerity measures and new legislative requirements	21-Jul-2016	4	2	8	

Risk Status	
	High Risk
	Medium Risk
	Low Risk

Appendix C

General Fund – Main Variances

Cost Centre	Account Code	Year To Date Position	Year To Date Position Budget	Year To Date Position Variance	Full Year Position Budget	Full Year Position Predicted Outturn Variance	Full Year Position Predicted Outturn	Comment
Customer Services	Salaries	156,323	132,290	24,033	290,670	36,180	326,850	£100k saving applied to budget not yet achieved
	Salaries - Overtime	28,197	1,800	26,397	3,620	52,770	56,390	Outturn assuming overtime/casual hours continue at same rate
	Telephones	30,098	-	30,098	-	-	-	Offset by underspend on Line Rental Main Switchboard
Ad Partnership & Community Dev	Salaries	-	29,130	(29,130)	76,290	(68,290)	8,000	Interim Management arrangements are in place.
Outside Car Parks	Rates	77,431	104,380	(26,949)	104,380	(20,000)	84,380	Reduced costs due to Spinning School Lane
	Refundable Deposits	16,944	53,520	(36,576)	107,090	(85,000)	22,090	
	Misc Contributions	-	(19,200)	19,200	(38,440)	32,440	(6,000)	
	Short Stay Car Parking	(420,328)	(481,000)	60,672	(925,000)	130,000	(795,000)	
Community Safety	Salaries	17,593	48,645	(31,052)	97,330	(55,000)	42,330	Underspend forecast as there are two vacant posts
Community Wardens	Payments For Temporary Staff	24,000	-	24,000	-	48,000	48,000	Estimated increased costs following an unsuccessful sickness redeployment and ongoing sickness level
Development Control	Fees & Charges Planning App	(220,115)	(100,020)	(120,095)	(200,000)	(40,000)	(240,000)	Income is currently exceeding expectations. With 6 months income still to be received the outturn may be greater than predicted. This cannot be quantified at the moment as this is demand led.
Dev. Plan Local & Strategic	Salaries	22,837	52,140	(29,303)	104,290	(36,000)	68,290	There has been a delay in recruiting to vacant posts. This underspend will be offset, in part, as temporary staff have been used to cover vacancies.
Disabled Facilities Grant-Admin	Salaries	-	13,380	(13,380)	26,740	(26,740)	-	Currently running with a vacant post and reviewing outcome with external agency. Post to be reviewed as contract proceeds.
	Vacancy Allowance	-	(660)	660	(1,340)	1,340	-	
	Car Allowances	-	960	(960)	1,900	(1,900)	-	

Cost Centre	Account Code	Year To Date Position	Year To Date Position Budget	Year To Date Position Variance	Full Year Position Budget	Full Year Position Predicted Outturn Variance	Full Year Position Predicted Outturn	Comment
Disabled Facilities Grant-Admin	Provision Of Occupational Health Services	-	2,580	(2,580)	5,200	(5,200)	-	Currently running with a vacant post and reviewing outcome with external agency. Post to be reviewed as contract proceeds.
Commercial Property Management	Rents	(900,451)	(916,000)	15,549	(807,250)	40,000	(767,250)	Based on current estimated usage. The situation will be closely monitored throughout the year.
Industrial Properties	Rents	(512,116)	(490,000)	(22,116)	(735,000)	(20,000)	(755,000)	Based on current estimated usage. The situation will be closely monitored throughout the year.
Marmion House	Rents	(57,762)	(41,190)	(16,572)	(54,920)	(30,000)	(84,920)	Additional income from new hirers to Marmion House along with prior year adjustment for the 5th floor
	Contribution-Common Services	-	-	-	(79,870)	(20,130)	(100,000)	Additional income from new hirers to Marmion House
Assembly Rooms	Heritage Lottery Fund	4,555	62,160	(57,605)	124,300	-	124,300	Budget currently underspent against profile as the project has been delayed.
Pleasure Grounds	Gymnasium	21,103	(12,600)	33,703	(25,150)	21,000	(4,150)	£22k relates to an uncollectable sundry debt which is, in part, off set elsewhere by a reduction in bad debt provision.
Castle & Museum	Salaries	65,249	101,160	(35,911)	202,290	(67,000)	135,290	There are several vacant posts which are being covered by casual staff and other staff working increased hours.
	Wages	44,205	4,560	39,645	9,140	60,000	69,140	Casual staff are covering vacant posts and part time staff are working additional hours.
Joint Waste Arrangement	Specific Contingency	-	50,000	(50,000)	50,000	-	50,000	Expected that contingency budget will be required this year due to changes in service delivery
ICT	Mft Licence/Mtce/Imp	305,197	240,820	64,377	362,530	-	362,530	Expenditure in advance of profiled budget
Community Development	Salaries	36,666	54,240	(17,574)	108,460	(34,000)	74,460	Underspend forecast due to a vacant post.
Homelessness	Provision For Bad Debts	47,851	10,000	37,851	10,000	-	10,000	Increased provision reflects increased demand for temporary accommodation

Cost Centre	Account Code	Year To Date Position	Year To Date Position Budget	Year To Date Position Variance	Full Year Position Budget	Full Year Position Predicted Outturn Variance	Full Year Position Predicted Outturn	Comment
Homelessness	Bed And Breakfast Cost	139,245	96,120	43,125	192,280	-	192,280	Increased demand reflects national trends relating to both increased homelessness and use of temporary accommodation. Measures to mitigate this position locally are now being put into place and actioned.
	Bed & Breakfast Income	(142,729)	(96,140)	(46,589)	(192,280)	-	(192,280)	Increased income off sets increased expenditure
Corporate Finance	Consultants Fees	-	50,000	(50,000)	50,000	-	50,000	Re commercial/investment strategy - not yet committed
	Specific Contingency	-	-	-	50,000	(50,000)	-	Projected underspend - no known requirements at this stage
	Vacancy Allowance	-	-	-	50,000	(50,000)	-	Offsetting overspends on service cost centres
	Nndr Levy Payments	-	-	-	394,850	331,100	725,950	Increased levy payment due to higher forecast business rates income
	Fees & Charges	-	-	-	-	(172,000)	(172,000)	Returned LEP Levy
	Interest On Internal Balances	-	-	-	-	(282,000)	(282,000)	Interest element of Golf Course receipt
Treasury Management	External Interest Payable	1,381,317	1,407,720	(26,403)	2,815,380	(52,806)	2,762,574	Additional borrowing not taken
	Misc Interest & Dividends	(139,667)	(181,020)	41,353	(362,040)	82,706	(279,334)	Lower interest than budgeted
Electoral Process	Government Grants	(50,335)	-	(50,335)	-	-	-	New Burdens IER grant not yet spent
Benefits	Rent Allowances	4,540,256	4,887,400	(347,144)	10,505,450	(771,930)	9,733,520	Based on DWP Est claim at P6
	Non-Hra Rent Rebates	86,002	180,960	(94,958)	361,860	(189,860)	172,000	Based on e-Fins @ P6
	Council Tenant Rent Rebates	5,771,242	5,766,750	4,492	11,302,930	(685,810)	10,617,120	Based on DWP Est claim at P6
	Council Tenant Grant	(5,650,762)	(5,627,500)	(23,262)	(11,029,670)	597,490	(10,432,180)	
	Private Tenant Grant	(4,424,277)	(4,669,400)	245,124	(10,041,380)	511,490	(9,529,890)	
	Non-Hra Rent Rebate Grant	(74,412)	(76,960)	2,548	(153,910)	5,080	(148,830)	
	Discretionary Hsg Paymt Grant	(40,218)	-	(40,218)	-	(120,655)	(120,655)	DHP Grant max receivable for year based on mid-year est

Cost Centre	Account Code	Year To Date Position	Year To Date Position Budget	Year To Date Position Variance	Full Year Position Budget	Full Year Position Predicted Outturn Variance	Full Year Position Predicted Outturn	Comment
Benefits	Overpayment Private Tenant	(200,932)	(359,100)	158,168	(718,150)	316,290	(401,860)	Based on e-Fins @ P6
	Overpayment Council Tenant	(220,231)	(215,100)	(5,131)	(430,170)	(10,290)	(440,460)	
	Pt Overpayment Recovery	77,024	-	77,024	-	154,050	154,050	
	Ct Overpayment Recovery	51,313	-	51,313	-	102,630	102,630	
Benefits Administration	Government Grants	(37,422)	(4,870)	(32,552)	(4,870)	-	(4,870)	New Burdens grant not budgeted & not yet spent
	Admin. Grant	(228,429)	(211,910)	(16,519)	(328,760)	(33,010)	(361,770)	Confirmed final admin grant due greater than budget est

Housing Revenue Account – Main Variances

Cost Centre	Account Code	Year To Date Position	Year To Date Position Budget	Year To Date Position Variance	Full Year Position Budget	Full Year Position Predicted Outturn Variance	Full Year Position Predicted Outturn	Comment
Housing Advice	Salaries	105,059	142,500	(37,441)	285,040	(37,000)	248,040	Vacant posts being covered by temporary agency staff
	Payments For Temporary Staff	56,702	29,000	27,702	29,000	37,000	66,000	
Regeneration Project	Council Tax Payments	51,836	-	51,836	-	52,000	52,000	Void properties awaiting demolition prior to regeneration
H R A Summary	Provision For Bad Debts	105,944	470,000	(364,056)	470,000	(300,000)	170,000	Budget reflects potential impact of welfare reforms and escalation of arrears but presently bad debt is being contained by robust and effective arrears recovery management
	Rents	(9,406,821)	(9,167,045)	(239,776)	(17,597,530)	(300,000)	(17,897,530)	Rent income is currently exceeding budget due to void levels being lower than budgeted but this is offset by right to buy sales and properties being vacated pending demolition prior to regeneration
Repairs Contract	Responsive Repairs	428,566	781,350	(352,784)	1,562,700	(200,000)	1,362,700	Numbers of repairs have reduced as a result of a demand focused management

Cost Centre	Account Code	Year To Date Position	Year To Date Position Budget	Year To Date Position Variance	Full Year Position Budget	Full Year Position Predicted Outturn Variance	Full Year Position Predicted Outturn	Comment
								approach
	Voids	342,364	437,500	(95,136)	875,000	(50,000)	825,000	The number of voids being completed has slightly reduced for the reported period and of those voids where works have been required the quantity and type of repair is less with a reduction in the number of high cost voids
	Rechargeable Works	(50,598)	-	(50,598)	-	(50,000)	(50,000)	Recharges to tenants for works outside repairs policy
Repairs - General	Planned Maintenance	131,194	225,000	(93,806)	450,000	-	450,000	Sufficient work identified to take up full spend; some work will not take place until final quarter due to leaseholder consultation

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Capital Programme Monitoring

GENERAL FUND	Budget Reprofiled from 2015/16 £000	YTD Budget £000	YTD Spend £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000	Reprofile £000	Outturn £000	Comments
Director of Technology & Corporate Programmes										
Replacement It Technology	41	71	75	4	101	101	-	-	101	Project now in progress
EDRMS (Electronic Document Records Management System)	63	63	13	(50)	63	-	(63)	63	63	Project not now expected to recommence until 2017/18
Air Conditioning	-	16	-	(16)	32	32	-	-	32	Project now due to commence
Backup Solution	-	8	-	(8)	15	15	-	-	15	Project now in progress
Gazetteer Development	12	12	-	(12)	12	12	-	-	12	Project in implementation
Directorate Total	**116**	**170**	**88**	**(82)**	**223**	**160**	**(63)**	**63**	**223**	
Director of Transformation & Corporate Performance										
HR / Payroll System	1	1	-	(1)	1	1	-	-	1	-
Directorate Total	**1**	**1**	**-**	**(1)**	**1**	**1**	**-**	**-**	**1**	
Director of Communities, Planning & Partnerships										
Directorate Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Director of Housing & Health										
Private Sector Coalfields Fund	120	120	28	(92)	120	40	(80)	80	120	Commitment to WarmZone programme which will restart activity in Early October. Spending plans to be reviewed for the remainder of the budget so may need to re-profile significant spend into 2017/18.
Directorate Total	**120**	**120**	**28**	**(92)**	**120**	**40**	**(80)**	**80**	**120**	

GENERAL FUND	Budget Reprofiled from 2015/16 £000	YTD Budget £000	YTD Spend £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000	Reprofile £000	Outturn £000	Comments
Director of Assets & Environment										
Disabled Facilities Grant	180	305	377	72	430	280	(150)	150	430	Current backlog of work with the Home Improvement Agency accounts for approximately 80% of the budget available for the full year and new cases are still being referred all the time. This position confirms the current budget allocation is significantly insufficient to meet demand. Slippage due to monies allocated but not actually paid to 3rd parties - outside TBC control.
Cctv Camera Renewals	14	-	-	-	29	9	(20)	20	29	Review of cameras locations etc. due to be completed by December - spend plan to be formulated following results of review
Streetscene Service Delivery Enhancements	30	30	-	(30)	30	-	(30)	30	30	Delays in the project due to the delays in the full implementation of the CRM system - future agile service delivery dependant on delivery of scheme.
Wigginton Park Section Section 106	42	42	3	(39)	42	12	(30)	30	42	Plans ongoing to deliver items from the Wigginton Park Management Plan
Broadmeadow Nature Reserve	52	52	5	(47)	52	37	(15)	15	52	Work ongoing to complete works from the management plan and HLS agreement

GENERAL FUND	Budget Reprofiled from 2015/16 £000	YTD Budget £000	YTD Spend £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000	Reprofile £000	Outturn £000	Comments
Public Open Space Section 106	99	126	81	(45)	126	106	(20)	20	126	Project group established - list of works currently being considered a number of tenders due out in next 3 months
Agile Working Phase 2	310	310	160	(150)	310	310	-	-	310	Building works are now complete, some furniture has been purchased. Anticipate an underspend but exact amount to be determined once the remainder of the furniture has been ordered.
Street Lighting	-	26	53	27	53	53	-	-	53	Working with contractors to determine management plan and delivery timescales
Assembly Rooms Development	180	6	157	151	2,316	316	(2,000)	2,000	2,316	Project team has now reviewed revised plans and now working to an amended timeline. Will be necessary to reprofile significant budgets to 2017/18 with project still due for completion in 2018/19.
Castle Mercian Trail	69	-	-	-	675	69	(606)	605	674	Delays in the project suggest that will only be able to complete Development Phase in 2016/17 will therefore need to reprofile Delivery Phase into 2017/18.

GENERAL FUND	Budget Reprofiled from 2015/16 £000	YTD Budget £000	YTD Spend £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000	Reprofile £000	Outturn £000	Comments
Gateways	132	24	22	(2)	252	32	(220)	220	252	The County Council are progressing the works to phase two between the Station and the town however, may need to reprofile remaining budgets into 2017/18 depending on progress. Budget reduced to reflect external spend on project previously included.
Cultural Quarter - Phil Dix Centre	-	-	18	18	144	144	-	-	144	Work due on site at the end October with 23 week project timescale so should be nearing completion at end of financial year. Majority of funding from SCC but may need to reprofile some TBC funds into 2017/18 should there be any delays. Budget reduced to reflect external spend on project previously included.
Cultural Quarter - Carnegie Centre	-	-	-	-	10	-	(10)	10	10	No update to report progress not likely until towards the end of the year
Directorate Total	**1,108**	**921**	**876**	**(45)**	**4,469**	**1,368**	**(3,101)**	**3,100**	**4,468**	
Contingency										
Gf Contingency	50	50	-	(50)	50	-	(50)	50	50	Funding to be released by Cabinet once a report detailing any new project has been approved.
Cont-Return On Investment	160	160	-	(160)	160	-	(160)	160	160	Funding to be released by Cabinet once a report detailing any new project has been approved.

GENERAL FUND	Budget Reprofiled from 2015/16 £000	YTD Budget £000	YTD Spend £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000	Reprofile £000	Outturn £000	Comments
GF Contingency Plant and Equipment	1,000	1,000	-	(1,000)	1,000	1,000	-	-	1,000	Funding to be used to provide most financially advantageous replacement of plant and equipment. Business case to be provided for any potential schemes.
Private Sector Improvement Grants (Coalfields Funding)	130	130	-	(130)	130	-	(130)	130	130	Spending plans to be reviewed for the remainder of the budget so may need to re-profile significant spend into 2017/18.
Directorate Total	**1,340**	**1,340**	**-**	**(1,340)**	**1,340**	**1,000**	**(340)**	**340**	**1,340**	
GENERAL FUND TOTAL	**2,685**	**2,552**	**992**	**(1,560)**	**6,153**	**2,569**	**(3,584)**	**3,583**	**6,152**	

HOUSING REVENUE ACCOUNT	Budget Reprofiled from 2015/16 £000	YTD Budget £000	YTD Spend £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000	Reprofile £000	Outturn £000	Comments
Director of Housing & Health										
Gas Cent Heating Upgrade & Renewals 2012	122	390	266	(124)	658	658	-	-	658	Contract behind but has time to complete budgeted spend
Tinkers Green Project	762	300	138	(162)	2,924	224	(2,700)	2,700	2,924	Contract for the demolition of the blocks awarded and works to be complete by end of 2016. Procurement has commenced for the construction contract and expect to award multiple contracts over the next few months

HOUSING REVENUE ACCOUNT	Budget Reprofiled from 2015/16 £000	YTD Budget £000	YTD Spend £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000	Reprofile £000	Outturn £000	Comments
Kerria Estate Project	646	750	409	(341)	1,495	495	(1,000)	1,000	1,495	Procurement has commenced for the construction contract and expects to award multiple contracts over the next few months. Although decant has only recently started on site and significant number of home loss payments and disturbance payments have been made with the remainder to be paid over the course of this financial year.
Regeneration General	2,947	30	9	(21)	4,547	547	(4,000)	4,000	4,547	Several contracts underway with start on sites expected Jan - Feb 2017. As a result it is anticipated that major spend will need to be reprofiled into 2017/8.
Other Acquisitions	-	500	271	(229)	1,000	1,000	-	-	1,000	Lack of available properties that fit within our acquisitions policy and a changing housing market has meant that we have not been able to acquire the number of properties required to meet the budget available. Amendments have been put agreed to the acquisitions policy with the aim of making the process more flexible thus allowing us to meet future spend targets.
Directorate Total	**4,477**	**1,970**	**1,093**	**(877)**	**10,624**	**2,924**	**(7,700)**	**7,700**	**10,624**	

HOUSING REVENUE ACCOUNT	Budget Reprofiled from 2015/16 £000	YTD Budget £000	YTD Spend £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000	Reprofile £000	Outturn £000	Comments
Director of Assets & Environment										
Structural Works	-	50	76	26	100	100	-	-	100	Ad-hoc works, spend is governed by repair requests.
Bathroom Renewals 2012	-	387	298	(89)	774	774	-	-	774	Ahead of programme but due to planned nature of the works they can be controlled to ensure full spend at year-end without overspend.
Kitchen Renewals 2012	-	460	712	252	919	919	-	-	919	Ahead of programme but due to planned nature of the works they can be controlled to ensure full spend at year-end without overspend.
High Rise Lift Renewals 2012	712	-	-	-	1,055	1,055	-	-	1,055	Majority of spend anticipated between Oct & Mar, part of wider scheme around high-rise blocks and subject to consultation and procurement
Fire Upgrades To Flats 2012	453	-	-	-	718	718	-	-	718	Anticipate spend between Dec & Mar, part of wider scheme around high-rise blocks and subject to consultation and procurement
Sheltered Schemes	235	-	23	23	235	235	-	-	235	Majority of spend anticipated between Oct & Mar, requires further consultation with Housing Management
Energy Efficiency Improvements	50	-	-	-	100	-	(100)	100	100	Slip total budget into 17/18 to allow for delivery of a single project with a value of £150,000.

HOUSING REVENUE ACCOUNT	Budget Reprofiled from 2015/16 £000	YTD Budget £000	YTD Spend £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000	Reprofile £000	Outturn £000	Comments
Glenfield and Oakendale Heating System Replacements	95	95	74	(21)	95	95	-	-	95	Scheme nearing completion
Roofing High-Rise 2012	43	-	-	-	43	43	-	-	43	Anticipate spend between Oct & Mar, part of wider scheme around high-rise blocks and subject to consultation and procurement
Roofing Overhaul & Renewal2012	-	117	152	35	157	157	-	-	157	Works to commence on site in July and due to be complete by October.
Window & Door Renewals 2012	-	126	52	(74)	250	250	-	-	250	Works commenced in July and due to complete by December.
High Rise Balconies	577	-	11	11	577	577	-	-	577	Majority of spend anticipated between Oct & Mar, part of wider scheme around high-rise blocks and subject to consultation and procurement
Works to High Rise Flats	-	-	38	38	525	525	-	-	525	Majority of spend anticipated between Oct & Mar, part of wider scheme around high-rise blocks and subject to consultation and procurement
External and Environmental Works	55	155	105	(50)	255	255	-	-	255	Works have commenced and will continue on an ad-hoc basis until year-end.
Disabled Adaptations	46	200	200	-	354	354	-	-	354	Works have commenced and will continue on an ad-hoc basis until year-end.
Capital Salaries 2012	-	169	149	(20)	169	149	(20)	-	149	Costs and provisional outturn based on latest estimates of

HOUSING REVENUE ACCOUNT	Budget Reprofiled from 2015/16 £000	YTD Budget £000	YTD Spend £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000	Reprofile £000	Outturn £000	Comments
										staffing costs
Cdm Fees 2012	-	5	-	(5)	10	10	-	-	10	-
Directorate Total	**2,266**	**1,764**	**1,890**	**126**	**6,336**	**6,216**	**(120)**	**100**	**6,316**	
HRA Contingency										
HRA Contingency	100	100	-	(100)	100	-	(100)	100	100	Funding to be released by Cabinet once a report detailing any new project has been approved.
Directorate Total	**100**	**100**	**-**	**(100)**	**100**	**-**	**(100)**	**100**	**100**	
HOUSING REVENUE ACCOUNT TOTAL	**6,843**	**3,834**	**2,983**	**(851)**	**17,060**	**9,140**	**(7,920)**	**7,900**	**17,040**	

Treasury Management Update – Period 6 - 2016/17

Investments held as at 30th September 2016:

Borrower	Deposit £m	Rate %	From	To	Notice
Coventry BS	1.00	0.60	05/04/2016	05/10/2016	-
Sumitomo Mitsui Banking Corporation	2.00	0.70	19/04/2016	18/10/2016	-
Lloyds Bank	1.00	0.80	29/04/2016	28/10/2016	-
Nationwide	1.00	0.71	09/05/2016	09/11/2016	-
Nationwide	1.00	0.71	31/05/2016	30/11/2016	-
Lloyds Bank	1.00	0.80	01/06/2016	01/12/2016	-
Bank of Scotland	2.00	0.80	30/06/2016	30/12/2016	-
Lloyds Bank	2.00	0.65	01/07/2016	03/10/2016	-
Coventry BS	1.00	0.50	07/07/2016	09/01/2017	-
Nationwide	2.00	0.42	08/07/2016	10/10/2016	-
Nationwide	1.00	0.49	15/07/2016	13/01/2017	-
Coventry BS	1.00	0.42	20/07/2016	20/01/2017	-
Lloyds Bank	1.00	0.65	09/08/2016	09/02/2017	-
Bank of Scotland	2.00	0.65	10/08/2016	10/02/2017	-
Barclays Bank	1.00	0.40	10/08/2016	10/02/2017	-
Barclays Bank	3.00	0.42	01/09/2016	01/03/2017	-
Barclays Bank	1.00	0.41	05/09/2016	06/03/2017	-
Barclays Bank	1.00	0.41	07/09/2016	07/03/2017	-
Barclays Bank	1.00	0.42	12/09/2016	13/03/2017	-
Coventry BS	4.00	0.37	12/09/2016	13/03/2017	-
Leeds	1.00	0.32	12/09/2016	13/03/2017	-
Nationwide	1.00	0.42	15/09/2016	15/03/2017	-
Nationwide	1.00	0.42	30/09/2016	31/03/2017	-
Santander UK plc	1.00	0.15	-	-	On call
Santander UK plc	6.00	0.65	-	-	On call
MMF - Ignis	8.00	0.32	-	-	On call
MMF - PSDF	6.32	0.29	-	-	On call
MMF - Deutsche	1.38	0.30	-	-	On call
TOTAL	**55.70**	**0.48 (avg)**			

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

External Borrowing as at 30th September 2016:

Borrowing from PWLB				
Loan Number	**Rate**	**Principal**	**Start**	**Maturity**
468478	11.750%	2,000,000	23/04/1990	18/02/2017
475875	8.875%	1,200,000	29/04/1995	25/04/2055
478326	8.000%	1,000,000	17/10/1996	17/10/2056
479541	7.375%	1,000,000	28/05/1997	28/05/2057
479950	6.750%	2,000,000	02/10/1997	03/09/2057
481087	5.625%	3,000,000	22/06/1998	22/06/2058
481641	4.500%	1,400,000	09/10/1998	09/10/2058
483694	4.875%	92,194	21/12/1999	18/10/2059
488835	5.000%	2,000,000	01/07/2004	01/07/2034
490815	4.250%	1,000,000	24/11/2005	24/05/2031
494265	4.430%	2,000,000	21/01/2008	01/01/2037
494742	4.390%	700,000	15/08/2008	15/08/2058
500759	3.520%	5,000,000	28/03/2012	28/03/2053
500758	3.510%	5,000,000	28/03/2012	28/03/2054
500757	3.510%	5,000,000	28/03/2012	28/03/2055
500761	3.510%	5,000,000	28/03/2012	28/03/2056
500755	3.500%	5,000,000	28/03/2012	28/03/2057
500756	3.500%	3,000,000	28/03/2012	28/03/2058
500753	3.500%	1,000,000	28/03/2012	28/03/2059
500760	3.490%	5,000,000	28/03/2012	28/03/2060
500762	3.490%	5,000,000	28/03/2012	28/03/2061
500754	3.480%	5,668,000	28/03/2012	28/03/2062
504499	3.230%	3,000,000	30/11/2015	30/11/2065
Total		**65,060,194**		

ICELANDIC BANKING SITUATION AS AT ***30/09/2016***

	Deposit with;	Ref Number	Date Invested	Amount		%
1	GLITNIR	1696	10/10/2007	1,000,000		
	GLITNIR	1715	31/08/2007	1,000,000		
	GLITNIR	1754	14/12/2007	1,000,000		
	Total Principal			3,000,000		
	Estimated of Contractual or Interest due to point of administration (subject to currency exchange rate fluctuations)			331,000		
	Total of Claim			3,331,000		
	Repayments Received to date			(2,554,432)	*	*76.69*
	Outstanding at 30/09/2016			**776,568**	**	
	Estimated Remaining			**776,568**		

On the 15th March 2012, the Council received £2.554m being the majority of our deposits with the bank. The balance of our approved claim, equating to £777k, is being held in an interest bearing ESCROW account. The release of these funds is dependent on a change in Icelandic Law which currently does not allow the distribution of ISK outside the country. Interest will accrue on these funds until the date of final settlement. which is still unknown.

2	Heritable Bank	1802	12/09/2008	500,000		
	Heritable Bank	1803	15/09/2008	1,000,000		
	Total Principal			1,500,000		
	Interest due at point of administration 07/10/2008			5,127		
	Total of Claim			1,505,127		
	Repayments Received to date			(1,475,024)		*98.00*
	Outstanding at 30/09/2016			**30,103**		
	Estimated Remaining			**-**		

As at the end of September the Council had received £1.475m against our claim of £1.505m, a total recovery of 98%. Negotiations are currently underway to finalise the affairs of Heritable and it is anticipated that a distribution of residual funds may be made over the next few months.

3	Singer & Friedlander	1716	31/08/2007	1,000,000		
	Singer & Friedlander	1740	31/10/2007	1,000,000		
	Singer & Friedlander	1746	14/01/2008	1,000,000		
	Total Principal			3,000,000		
	Interest due at point of administration 08/10/2008			175,256		
	Total of Claim			3,175,256		
	Repayments Received to date			(2,659,277)		*83.75*
	Outstanding at 30/09/2016			**515,979**		
	Estimated Remaining			**47,629**		

As at the end of September the Council had received £2.659m against our claim of £3.175m. Current estimates given by the Administrator project a total recovery of 85.25% or approximately £2.707m, with the majority of repayments estimated to be received by March 2017.

	Summary					
	Total Principal			7,500,000		
	Interest			511,383		
	Total of Claim			8,011,383		
	Repayments Received to date			(6,688,733)		*83.49*
	Outstanding at 30/09/2016			**1,322,650**		
	Estimated Remaining			**824,197**		
1	Registered Bank in Iceland - In Administration under Icelandic Law					
2 &	Registered Bank in UK - In Administration in UK by Ernst & Young					
3	Under English Law					
	Total Estimated Recovery (including Outstanding)			**7,512,930**		
	Total Estimated % Remaining			**93.78%**		
	Check Total Repayments					
	Above			(6,688,733)		
	Reconciliation on Investment Database			-6589099		
	Icelandic Monitoring Spreadsheet			-6688733		

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CABINET

24th November 2016

REPORT OF THE PORTFOLIO HOLDER FOR OPERATIONS AND ASSETS

Appointment of External Auditor – re Accounts Audit Commencing 2018/19

Purpose

To advise Members of the options process and legislative requirement to appoint External Auditors for the Accounting Period 2018/19 and to seek Member endorsement of the recommended option for Council approval.

Recommendations

That Cabinet endorse :

1. **That Council approve that the Authority opts into the appointing person arrangements made by the Public Sector Audit Appointments (PSAA) for the appointment of External Auditors, and**

2. **That the Executive Director Corporate Services confirms our interest in undertaking the opt in appointing process following ratification by Council and has delegated powers in relation to the appointment process.**

Executive Summary

Local Authorities are required under legislation to appoint their own External Auditors for the Accounts 2018/19. The Local Audit and Accountabilities Act 2014 requires Local Authorities to decide between opting from one of the following two options available, namely

1. Utilising the Public Sector Audit Appointments (PSAA), under the appointing persons regime (supported by the Society of District Council Treasurers and other Treasurers Societies), or
2. Running our own procurement exercise.

Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt-in must be made by Full Council.

The Audit & Governance Committee at the meeting on 27th October 2016 endorsed this approach.

Reasons for Proposed Decision:

Option 1: Sector Led Procurement Exercise Utilising PSAA

This is the least resource demanding of the two options available to the Authority - the use of PSAA. The procurement exercise undertaken on a larger scale than an Authority led procurement exercise will ensure that the most competitive rates are obtained, a larger interest from the Audit Sector Partners and will result in a reduced cost for undertaking the procurement exercise (establishing an audit panel, advertising & interview costs) as procurement exercise costs will be shared by the number of Authorities opting for this option.

Option 2: Running our own procurement exercise

This would require the establishment of an auditor panel and conducting our own procurement exercise. Undertaking our own procurement exercise will involve disproportionate use of resources (cost and management time) and would not deliver economies of scale / bulk buying power which the sector led procurement process would deliver. In light of the benefits that the sector led procurement option offers, undertaking our own procurement exercise is not recommended.

For the reasons stated above Option 1 is the recommended option as it provides the best opportunity to deliver Value For Money.

Legal and Governance Implications

The process as set out above and the recommendation should ensure compliance with the Local Audit and Accountability Act 2014.

Financial Implications

Option 1 provides the most cost effective procurement option. Costs of undertaking our own procurement process would be higher than the PSAA route and this offers greater opportunity in achieving a lower audit base fee due to economies of scale and buying power available under joint procurement.

Until the procurement exercise is completed it is not possible to identify the financial impact of the process and Audit Fees for 2018/19. However, as stated the PSAA option should deliver a reduced cost over Option 2 as there is greater opportunity through using PSAA that any increase will be minimised with better quality outcomes.

Impact Assessments:

<u>Risk Management</u>

As set out in the report, use of PSAA minimises the risks inherent re Financial, Compliance & Governance in undertaking our own procurement.

Background

1. As part of closing the Audit Commission the Government novated external audit contracts to PSAA on 1 April 2015. The audits were due to expire following conclusion of the audits of the 2016/17 accounts, but could be extended for a period of up to three years by PSAA, subject to approval from the Department for Communities and Local Government.

2. In October 2015 the Secretary of State confirmed that the transitional provisions would be amended to allow an extension of the contracts for a period of one year. This meant that for the audit of the 2018/19 accounts it would be necessary for authorities to either undertake their own procurements or to opt in to the appointed person regime.

3. There was a degree of uncertainty around the appointed person regime until July 2016 when PSAA were specified by the Secretary of State as an appointing person under regulation 3 of the Local Audit (Appointing Person) Regulations 2015. The appointing person is sometimes referred to as the sector led body and PSAA has wide support across most of local government. PSAA was originally established to operate the transitional arrangements following the closure of the Audit Commission and is a company owned by the Local Government Association's Improvement and Development Agency (IDeA).

4. The date by which Authorities will need to opt in to the appointing person arrangements is 9th March 2017 following ratification by Council beforehand.

5. The main advantages of using PSAA are set out in its prospectus and are copied below; these can also be viewed as the disadvantages if the Council was to decide to undertake its own procurement.

* Assure timely auditor appointments;
* Manage independence of auditors;
* Secure highly competitive prices;
* Save on procurement costs;
* Save time and effort needed on auditor panels;
* Focus on audit quality, and
* Operate on a not for profit basis and distribute any surplus funds to scheme members.

Background Papers:

PSAA Prospectus – Appendix A
PSAA – Appointing Person – Frequently Asked Questions – Appendix B
Appointment of External Auditor – re Accounts Audit Commencing 2018/19, Audit & Governance Committee, 27th October 2016

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Developing the option of a national scheme for local auditor appointments

www.psaa.co.uk

Public Sector
Audit Appointments

"The LGA has worked hard to secure the option for local government to appoint auditors through a dedicated sector-led national procurement body. I am sure that this will deliver significant financial benefits to those who opt in."

– Lord Porter CBE, Chairman, Local Government Association

Over the next few months all principal authorities will need to decide how their auditors will be appointed in the future. They may make the appointment themselves, or in conjunction with other bodies. Or they can take advantage of a national collective scheme which is designed to offer them a further choice. Choosing the national scheme should pay dividends in quality, in cost, in responsiveness and in convenience.

Public Sector Audit Appointments Ltd (PSAA) is leading the development of this national option. PSAA is a not-for-profit company which already administers the current audit contracts. It aims to be designated by the Department for Communities & Local Government (DCLG) to operate a collective scheme for auditor appointments for principal authorities (other than NHS bodies) in England. It is currently designing the scheme to reflect the sector's needs and views.

The Local Government Association (LGA) is strongly supportive of this ambition, and 200+ authorities have already signalled their positive interest. This is an opportunity for local government, fire, police and other bodies to act in their own and their communities' best interests.

We hope you will be interested in the national scheme and its development. We would be happy to engage with you to hear your views – please contact us at **generalenquiries@psaa.co.uk**

You will also find some questions at the end of this booklet which cover areas in which we would particularly welcome your feedback.

Public Sector
Audit Appointments

Audit does matter

High quality independent audit is one of the cornerstones of public accountability. It gives assurance that taxpayers' money has been well managed and properly expended. It helps to inspire trust and confidence in the organisations and people responsible for managing public money.

Imminent changes to the arrangements for appointing the auditors of local public bodies are therefore very important. Following the abolition of the Audit Commission, local bodies will soon begin to make their own decisions about how and by whom their auditors are appointed. A list of the local government bodies affected can be found at the end of this booklet.

The Local Government Association (LGA) has played a leadership role in anticipating these changes and influencing the range of options available to local bodies. In particular, it has lobbied to ensure that, irrespective of size, scale, responsibilities or location, principal local government bodies can, if they wish, subscribe to a specially authorised national scheme which will take full responsibility for local auditor appointments which offer a high quality professional service and value for money.

The LGA is supporting PSAA in its application to the Department for Communities & Local Government (DCLG) to be appointed to deliver and manage this scheme.

PSAA is well placed to award and manage audit contracts, and appoint local auditors under a national scheme

PSAA is an independent, not-for-profit company limited by guarantee and established by the LGA. It already carries out a number of functions in relation to auditor appointments under powers delegated by the Secretary of State for Communities & Local Government. However, those powers are time-limited and will cease when current contracts with audit firms expire with the completion of the 2017/18 audits for local government bodies, and the completion of the 2016/17 audits for NHS bodies and smaller bodies.

The expiry of contracts will also mark the end of the current mandatory regime for auditor appointments. Thereafter, local bodies will exercise choice about whether they opt in to the authorised national scheme, or whether they make other arrangements to appoint their own auditors.

PSAA wishes to be selected to be the trusted operator of the national scheme, formally specified to undertake this important role by the Secretary of State. The company is staffed by a team with significant experience in appointing auditors, managing contracts with audit firms and setting and determining audit fees. We intend to put in place an advisory group, drawn from the sector, to give us ready access to your views on the design and operation of the scheme. We are confident that we can create a scheme which delivers quality-assured audit services to every participating local body at a price which represents outstanding value for money.

Public Sector
Audit Appointments

"Many district councils will be very aware of the resource implications of making their own appointment. Joining a well-designed national scheme has significant attractions."

– Norma Atlay, President,
Society of District Council Treasurers

"Police bodies have expressed very strong interest in a national scheme led by PSAA. Appointing the same auditor to both the PCC and the Chief Constable in any area must be the best way to maximise efficiency."

– Sean Nolan, President,
Police and Crime Commissioners
Treasurers' Society (PACCTS)

www.psaa.co.uk

The national scheme can work for you

We believe that the national scheme can be an excellent option for all local bodies. Early indications are that many bodies agree - in a recent LGA survey more than 200 have expressed an interest in joining the scheme.

We plan to run the scheme in a way that will save time and resources for local bodies - time and resources which can be deployed to address other pressing priorities. Bodies can avoid the necessity to establish an auditor panel (required by the Local Audit & Accountability Act, 2014) and the need to manage their own auditor procurement. The scheme will take away those headaches and, assuming a high level of participation, be able to attract the best audit suppliers and command highly competitive prices.

The scope of public audit is wider than for private sector organisations. For example, it involves forming a conclusion on the body's arrangements for securing value for money, dealing with electors' enquiries and objections, and in some circumstances issuing public interest reports. PSAA will ensure that the auditors which it appoints are the most competent to carry out these functions.

Auditors must be independent of the bodies they audit, to enable them to them to carry out their work with objectivity and credibility, and in a way that commands public confidence. PSAA plans to take great care to ensure that every auditor appointment passes this test. It will also monitor any significant proposals, above an agreed threshold, for auditors to carry out consultancy or other non-audit work to ensure that these do not undermine independence and public confidence.

The scheme will also endeavour to appoint the same auditors to bodies which are involved in formal collaboration/joint working initiatives or within combined authority areas, if the parties consider that a common auditor will enhance efficiency and value for money.

Public Sector
Audit Appointments

PSAA will ensure high quality audits

We will only contract with firms which have a proven track record in undertaking public audit work. In accordance with the 2014 Act, firms must be registered with one of the chartered accountancy institutes acting in the capacity of a Recognised Supervisory Body (RSB). The quality of their work will be subject to scrutiny by both the RSB and the Financial Reporting Council (FRC). Current indications are that fewer than ten large firms will register meaning that small local firms will not be eligible to be appointed to local public audit roles.

PSAA will ensure that firms maintain the appropriate registration and will liaise closely with RSBs and the FRC to ensure that any concerns are detected at an early stage and addressed effectively in the new regime. The company will take a close interest in feedback from audited bodies and in the rigour and effectiveness of firms' own quality assurance arrangements, recognising that these represent some of the earliest and most important safety nets for identifying and remedying any problems arising. We will liaise with the National Audit Office (NAO) to help ensure that guidance to auditors is updated when necessary.

We will include obligations in relation to maintaining and continuously improving quality in our contract terms and quality criteria in our tender evaluation method.

PSAA will secure highly competitive prices

A top priority must be to seek to obtain the best possible prices for local audit services. PSAA's objective will be to make independent auditor appointments at the most competitive aggregate rate achievable.

Our current thinking is that the best prices will be obtained by letting three year contracts, with an option to extend to five years, to a relatively small number of appropriately registered firms in two or three large contract areas nationally. The value of each contract will depend on the prices bid, with the firms offering the best prices being awarded larger amounts of work. By having contracts with a number of firms we will be able to ensure independence and avoid dominance of the market by one or two firms.

Correspondingly, at this stage our thinking is to invite bodies to opt into the scheme for an initial term of three to five years, subject, of course, to the terms of specification by DCLG.

The procurement strategy will need to prioritise the importance of demonstrably independent appointments, in terms of both the audit firm appointed to each audited body and the procurement and appointment processes used. This will require specific safeguards in the design of the procurement and appointment arrangements.

"Early audit planning is a vital element of a timely audit. We need the auditors to be available and ready to go right away at the critical points in the final accounts process."

– Steven Mair, City Treasurer,
Westminster City Council

"In forming a view on VFM arrangements it is essential that auditors have an awareness of the significant challenges and changes which the service is grappling with."

– Charles Kerr, Chair,
Fire Finance Network

www.psaa.co.uk

PSAA will establish a fair scale of fees

Audit fees must ultimately be met by individual audited bodies. PSAA will ensure that fee levels are carefully managed by securing competitive prices from firms and by minimising PSAA's own costs. The changes to our role and functions will enable us to run the new scheme with a smaller team of staff. PSAA is a not-for-profit company and any surplus funds will be returned to scheme members.

PSAA will pool scheme costs and charge fees to audited bodies in accordance with a fair scale of fees which has regard to size, complexity and audit risk. Pooling means that everyone within the scheme will benefit from the most competitive prices. Current scale fees are set on this basis. Responses from audited bodies to recent fee consultations have been positive.

PSAA will continue to consult bodies in connection with any proposals to establish or vary the scale of fees. However, we will not be able to consult on our proposed scale of fees until the initial major procurement has been completed and contracts with audit firms have been let. Fees will also reflect the number of scheme participants - the greater the level of participation, the better the value represented by our scale of fees. We will be looking for principal bodies to give firm commitments to join the scheme during Autumn 2016.

Public Sector
Audit Appointments

The scheme offers multiple benefits for participating bodies

We believe that PSAA can deliver a national scheme which offers multiple benefits to the bodies which take up the opportunity to collaborate across the sector by opting into scheme membership.

Benefits include:

- assured appointment of a qualified, registered, independent auditor
- appointment, if possible, of the same auditors to bodies involved in significant collaboration/joint working initiatives or combined authorities, if the parties believe that it will enhance efficiency and value for money
- on-going management of independence issues
- securing highly competitive prices from audit firms
- minimising scheme overhead costs
- savings from one major procurement as opposed to a multiplicity of small procurements
- distribution of surpluses to participating bodies
- a scale of fees which reflects size, complexity and audit risk
- a strong focus on audit quality to help develop and maintain the market for the sector
- avoiding the necessity for individual bodies to establish an auditor panel and to undertake an auditor procurement
- enabling time and resources to be deployed on other pressing priorities
- setting the benchmark standard for audit arrangements for the whole of the sector

We understand the balance required between ensuring independence and being responsive, and will continually engage with stakeholders to ensure we achieve it.

How can you help?

We are keen to receive feedback from local bodies concerning our plans for the future. Please let us have your views and let us know if a national scheme operated by PSAA would be right for your organisation.

In particular we would welcome your views on the following questions:

1. Is PSAA right to place emphasis on both quality and price as the essential pre-requisites for successful auditor appointments?
2. Is three to five years an appropriate term for initial contracts and for bodies to sign up to scheme membership?
3. Are PSAA's plans for a scale of fees which pools scheme costs and reflects size, complexity and audit risk appropriate? Are there any alternative approaches which would be likely to command the support of the sector?
4. Are the benefits of joining the national scheme, as outlined here, sufficiently attractive? Which specific benefits are most valuable to local bodies? Are there others you would like included?
5. What are the key issues which will influence your decisions about scheme membership?
6. What is the best way of us continuing our engagement with you on these issues?

Please reply to: generalenquiries@psaa.co.uk

Public Sector
Audit Appointments

The following bodies will be eligible to join the proposed national scheme for appointment of auditors to local bodies:

- county councils in England
- district councils
- London borough councils
- combined authorities
- passenger transport executives
- police and crime commissioners for a police area in England
- chief constables for an area in England
- national park authorities for a national park in England
- conservation boards
- fire and rescue authorities in England
- waste authorities
- the Greater London Authority and its functional bodies.

BOARD MEMBERS

Steve Freer (Chairman), former Chief Executive CIPFA

Caroline Gardner, Auditor General Scotland

Clive Grace, former Deputy Auditor General Wales

Stephen Sellers, Solicitor, Gowling WLG (UK) LLP

CHIEF OFFICER

Jon Hayes, former Audit Commission Associate Controller

www.psaa.co.uk

"Maintaining audit quality is critically important. We need experienced audit teams who really understand our issues."

– Andrew Burns, Director of Finance and Resources, Staffordshire County Council

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London SW1P 3HZ

www.psaa.co.uk

Public Sector
Audit Appointments

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Appointing person: Frequently asked questions

Question	Response
1. What is an appointing person?	Public Sector Audit Appointments Limited (PSAA) has been specified as an appointing person under the Local Audit (Appointing Person) Regulations 2015 and has the power to make auditor appointments for audits of the accounts from 2018/19 on behalf of principal local government bodies that opt in, in accordance with the Regulations. Eligible bodies are principal local government bodies listed in schedule 2 of the Local Audit and Accountability Act 2014. This includes county councils, district councils, London Borough councils, unitary authorities, metropolitan councils, police bodies, fire and rescue authorities, joint authorities, combined authorities, national park authorities, conservation boards, PTEs, waste authorities, and the GLA and its functional bodies. The 'appointing person' is sometimes referred to as the sector-led body. PSAA is a company owned by the LGA's Improvement and Development Agency (IDeA) and was established to operate the transitional arrangements following closure of the Audit Commission.
2. When will invitations to opt in be issued?	The date by which principal authorities will need to opt into the appointing person arrangement is not yet finalised. The aim is to award contracts to audit firms by June 2017, giving six months to consult with authorities on appointments before the 31 December 2017 deadline. We anticipate that invitations to opt in will be issued before December 2016 at the latest.

Question	Response
	Authorities will have a minimum period of eight weeks to respond to the invitation. In order to maximise the potential economies of scale from agreeing large contracts with firms, and to manage any auditor independence issues, PSAA needs as much certainty as possible about the volume and location of work it is able to offer to firms. Our provisional timetable suggests that we will need to start preparing tender documentation early in 2017, so we will need to know by then which authorities want to be included.
3. Who can accept the invitation to opt in?	In accordance with Regulation 19 of the Local Audit (Appointing Person) Regulations 2015, a principal authority will need to make the decision to opt in at full council (authority meeting as a whole), except where the authority is a corporation sole (such as a police and crime commissioner), in which case the function must be exercised by the holder of the office.
4. Can we join after it has been set up or do we have to join at the beginning?	The Regulations require that once the invitations to opt in have been issued, there will be a minimum period of eight weeks for you to indicate acceptance of the invitation. One of the main benefits of a an appointing person approach is the ability to achieve economies of scale as a result of being able to offer larger volumes of work. The greater the number of participants we have signed up at the outset, the better the economies of scale we are likely to achieve. This will not prevent authorities from joining the sector-led arrangements in later years, but they will need to make their own arrangements to appoint an auditor in the interim. In order to be in the best position we would encourage as many authorities as possible to commit by accepting the invitation within the specified timeframe.

Public Sector Audit Appointments

Question	Response
5. Will membership be free for existing members of the LGA?	The option to join the appointing person scheme will be open to all principal local government authorities listed under Schedule 2 of the Local Audit and Accountability Act 2014. There will not be a fee to join the sector-led arrangements. The audit fees that opted-in bodies will be charged will cover the costs to PSAA of appointing auditors and managing the arrangements. We believe that audit fees achieved through large contracts will be lower than the costs that individual authorities will be able to negotiate. In addition, by opting into the PSAA offer, authorities will avoid the costs of their own procurement and the requirement to set up an auditor panel with independent members.
6. How will we be able to influence the development of the appointing person scheme and associated contracts with audit firms?	We have not yet finalised the governance arrangements and we are considering the options, including how best to obtain stakeholder input. We are considering establishing a stakeholder engagement panel or advisory panel which can comment on our proposals. PSAA continues to work in partnership with the LGA in setting up the appointing person scheme and you can feed in comments and observations to PSAA by emailing generalenquiries@psaa.co.uk and via the LGA and their Principal Advisors.
7. Will there be standard contract terms and conditions?	The audit contracts between PSAA and the audit firms will require firms to deliver audits compliant with the National Audit Office (NAO) Code of Audit Practice. We are aware that authorities would like to understand how performance and delivery will be monitored and managed. This is one of the issues that could be discussed with the stakeholder advisory panel (see Q6).
8. What will be the length of the contracts?	The optimal length of contract between PSAA and firms has not been decided. We would welcome views on what the sector

Question	Response
	considers the optimal length of audit contract. We anticipate that somewhere between three and five years would be appropriate.
9. In addition to the Code of Audit Practice requirements set out by the NAO, will the contract be flexible to enable authorities to include the audit of wholly owned companies and group accounts?	Local authority group accounts are part of the accounts produced under the CIPFA SORP and are subject to audit in line with the NAO Code of Audit Practice. They will continue to be part of the statutory audit. Company audits are subject to the provisions of the Companies Act 2006 and are not covered by the Local Audit (Appointing Person) Regulations 2015. Local authority companies will be able to appoint the same audit firm as PSAA appoints to undertake the principal body audit, should they so wish.
10. Will bodies that opt in be able to seek information from potential suppliers and undertake some form of evaluation to choose a supplier?	PSAA will run the tendering exercise, and will evaluate bids and award contracts. PSAA will consult authorities on individual auditor appointments. The appointment of an auditor independently of the body to be audited is an important feature of the appointing person arrangements and will continue to underpin strong corporate governance in the public sector.
11. Will the price be fixed or will there be a range of prices?	The fee for the audit of a body that opts in will reflect the size, audit risk and complexity of the work required. PSAA will establish a system for setting the fee which is fair to all opted-in authorities. As a not-for-profit organisation, PSAA will be able to return any surpluses to participating authorities after all costs have been met.
12. We have shared service arrangements with our neighbouring bodies and we are looking to ensure that we share the same auditor. Will the appointing person scheme allow for this?	PSAA will be able to make appointments to all principal local government bodies listed in Schedule 2 of the Local Audit and Accountability Act 2014 that are 'relevant authorities' and not excluded as a result of being smaller authorities, for example parish councils.

Question	Response
	In setting up the new arrangements, one of our aims is to make auditor appointments that take account of joint working and shared service arrangements. Requests for the same auditor as other authorities will need to be balanced with auditor independence considerations. As we have set out in our prospectus, auditors must be independent of the bodies they audit. PSAA will have an obligation under the provisions of the Local Audit and Accountability Act 2014 and in compliance with the Ethical Standards issued by the Financial Reporting Council to ensure that every auditor appointment it makes passes this test. We will need information from opted-in authorities on potential independence considerations and joint working arrangements, and will also need information on independence issues from the audit firms. Risks to auditor independence include, for example, an audit firm having previously been engaged to advise on a major procurement which could, of course, later be subject to audit.
13. We have a joint committee which no longer has a statutory requirement to have an external auditor but has agreed in the interests of all parties to continue to engage one. Is it possible to use this process as an option to procure the external auditor for the joint committee?	The requirement for joint committees to produce statutory accounts ceased after production of the 2014/15 accounts and they are therefore not listed in Schedule 2. Joint committees that have opted to produce accounts voluntarily and obtain non-statutory assurance on them will need to make their own local arrangements.
14. How will the appointing person scheme ensure audit firms are not over-stretched and that the competition in the market place is increased?	The number of firms eligible to undertake local public audit will be regulated through the Financial Reporting Council and the recognised Supervisory Bodies (RSBs). Only appropriately accredited firms will be able to bid for appointments whether that is through PSAA or an auditor panel. The seven firms appointed by PSAA and the Audit Commission generally

Question	Response
	maintain a dedicated public sector practice with staff trained and experienced in public sector work. One of the advantages of the appointing person option is to make appointments that help to ensure that each successful firm has a sufficient quantum of work to make it possible for them to invest in public sector specific training, maintain a centre of excellence or hub that will mean: • firms have a regional presence; • greater continuity of staff input; and • a better understanding the local political, economic and social environment.
15. Will the appointing person scheme contract with a number of different audit firms and how will they be allocated to authorities?	PSAA will organise the contracts so that there is a minimum number of firms appointed nationally. The minimum is probably four or five (depending on the number of bodies that opt in). This is required, not just to ensure competition and capacity, but because each firm is required to comply with the FRC's ethical standards. This means that an individual firm may not be appointable for 'independence' reasons, for example, because they have undertaken consultancy work at an audited body. PSAA will consult on appointments that allow each firm a balanced portfolio of work subject to independence considerations.
16. What will be the process to feed in opinions from customers of current auditors if there are issues?	PSAA will seek feedback on its auditors as part of its engagement with the sector. PSAA will continue to have a clear complaints process and will also undertake contract monitoring of the firms it appoints.
17. What is the timetable for set up and key decisions?	We expect the key points in the timetable to be broadly:

Question	Response
	• establish an overall strategy for procurement - by 31 October 2016; • achieve 'sign-up' of scheme members - by early January 2017; • invite tenders from audit firms - by 31 March 2017; • award contracts - by 30 June 2017; • consult on and make final auditor appointments - by 31 December 2017; and • consult on, propose audit fees and publish fees - by 31 March 2018.
18. What are the terms of reference of the appointing person?	PSAA is wholly owned by the IDeA (the IDeA is wholly owned by the LGA). PSAA will continue to operate as an independent company, although there will be changes to its governance arrangements and its founding documents to reflect the fact that it will be an appointing person rather than a transitional body.
19. Will the appointing person take on all audit panel roles and therefore mitigate the need for there to be one in each individual authority?	Opting into the appointing person scheme will remove the need to set up an auditor panel. This is set out in the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015.

Question	Response
20. What will be the arrangements for overseeing the quality of audit work undertaken by the audit firms appointed by the appointing person?	PSAA will only contract with firms which have a proven track record in undertaking public audit work. In accordance with the 2014 Act, firms must be registered with one of the chartered accountancy institutes acting in the capacity of a Recognised Supervisory Body (RSB). The quality of their work will be subject to scrutiny by both the RSB and the Financial Reporting Council (FRC). Current indications are that fewer than ten large firms will register meaning that small local firms will not be eligible to be appointed to local public audit roles. PSAA will ensure that firms maintain the appropriate registration and will liaise closely with RSBs and the FRC to ensure that any concerns are detected at an early stage and addressed effectively in the new regime. The company will take a close interest in feedback from audited bodies and in the rigour and effectiveness of firms' own quality assurance arrangements, recognising that these represent some of the earliest and most important safety nets for identifying and remedying any problems arising. We will liaise with the NAO to help ensure that guidance to auditors is updated when necessary.

CABINET

THURSDAY 24TH NOVEMBER 2016

REPORT OF THE PORTFOLIO HOLDER FOR OPERATIONS AND ASSETS

TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY MID-YEAR REVIEW REPORT 2016/17

EXEMPT INFORMATION

None

PURPOSE

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

RECOMMENDATIONS

That Council accept the Treasury Management Strategy Statement and Annual Investment Strategy Mid-year Review Report 2016/17.

EXECUTIVE SUMMARY

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

- An economic update for the first six months of 2016/17;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's Capital Position (Prudential Indicators);
- A review of the Council's investment portfolio for 2016/17;
- A review of the Council's borrowing strategy for 2016/17;
- A review of any debt rescheduling undertaken during 2016/17;
- Icelandic Banking Situation;
- A review of compliance with Treasury and Prudential Limits for 2016/17.

The main issues for Members to note are:

1. The Council has complied with the professional codes, statutes and guidance.

2. There are no issues to report regarding non-compliance with the approved prudential indicators.

3. The investment portfolio yield for the first six months of the year is 0.59% (0.69% for the same period in 2015/16) compared to the 3 Month LIBID benchmark rate of 0.38% (0.46% for the same period in 2015/16). This excludes all investments currently classified as 'At Risk' in the former Icelandic Banking institutions.

The aim of this report is to inform Members of the treasury and investment management issues to enable all Members to have ownership and understanding when making decisions on Treasury Management matters. In order to facilitate this, training on Treasury Management issues has been delivered for Members in February 2015 and October 2015.

RESOURCE IMPLICATIONS

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

LEGAL/RISK IMPLICATIONS BACKGROUND

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

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management (revised 2011) suggests that Members should be informed of Treasury Management activities at least twice a year, but preferably quarterly. This is the second monitoring report for 2016/17 presented to Members this year and therefore ensures the Council is embracing best practice. Cabinet also receives regular monitoring reports as part of the quarterly healthcheck on Treasury Management activities and risks.

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

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

Treasury Management is defined as:

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

Introduction

The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management (revised 2011) was adopted by this Council on 13th December 2012.

The primary requirements of the Code are as follows:

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

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

- An economic update for the first part of the 2016/17 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's Capital Position (Prudential Indicators);
- A review of the Council's investment portfolio for 2016/17;
- A review of the Council's borrowing strategy for 2016/17;
- A review of any debt rescheduling undertaken during 2016/17;
- Icelandic Banking Situation;
- A review of compliance with Treasury and Prudential Limits for 2016/17.

1. Economic Update

1.1 UK

UK GDP growth rates in 2013 of 2.2% and 2.9% in 2014 were strong but 2015 was disappointing at 1.8%, though it still remained one of the leading rates among the G7 countries. Growth improved in quarter 4 of 2015 from +0.4% to 0.7% but fell back to +0.4% (2.0% y/y) in quarter 1 of 2016 before bouncing back again to +0.7% (2.1% y/y) in quarter 2. During most of 2015, the economy had faced headwinds for exporters from the appreciation during the year of sterling against the Euro, and weak growth in the EU, China and emerging markets, plus the dampening effect of the Government's continuing austerity programme. The referendum vote for Brexit in June this year delivered an immediate shock fall in confidence indicators and business surveys, pointing to an impending sharp slowdown in the economy. However, subsequent surveys have shown a sharp recovery in confidence and business surveys, though it is generally expected that although the economy will now avoid flat lining, growth will be weak through the second half of

2016 and in 2017.

The Bank of England meeting on August 4th addressed this expected slowdown in growth by a package of measures including a cut in Bank Rate from 0.50% to 0.25%. The Inflation Report included an unchanged forecast for growth for 2016 of 2.0% but cut the forecast for 2017 from 2.3% to just 0.8%. The Governor of the Bank of England, Mark Carney, had warned that a vote for Brexit would be likely to cause a slowing in growth, particularly from a reduction in business investment, due to the uncertainty of whether the UK would have continuing full access, (i.e. without tariffs), to the EU single market. He also warned that the Bank could not do all the heavy lifting and suggested that the Government will need to help growth by increasing investment expenditure and possibly by using fiscal policy tools (taxation). The new Chancellor Phillip Hammond announced after the referendum result, that the target of achieving a budget surplus in 2020 will be eased in the Autumn Statement on November 23rd.

The Inflation Report also included a sharp rise in the forecast for inflation to around 2.4% in 2018 and 2019. CPI has started rising during 2016 as the falls in the price of oil and food twelve months ago fall out of the calculation during the year and, in addition, the post referendum 10% fall in the value of sterling on a trade weighted basis is likely to result in a 3% increase in CPI over a time period of 3-4 years. However, the MPC is expected to look thorough a one off upward blip from this devaluation of sterling in order to support economic growth, especially if pay increases continue to remain subdued and therefore pose little danger of stoking core inflationary price pressures within the UK economy.

1.2 US

The American economy had a patchy 2015 with sharp swings in the growth rate leaving the overall growth for the year at 2.4%. Quarter 1 of 2016 disappointed at +0.8% on an annualised basis while quarter 2 improved, but only to a lacklustre +1.4%. However, forward indicators are pointing towards a pickup in growth in the rest of 2016. The Fed. embarked on its long anticipated first increase in rates at its December 2015 meeting. At that point, confidence was high that there would then be four more increases to come in 2016. Since then, more downbeat news on the international scene and then the Brexit vote, have caused a delay in the timing of the second increase which is now strongly expected in December this year.

1.3 Eurozone

In the Eurozone, the ECB commenced in March 2015 its massive €1.1 trillion programme of quantitative easing to buy high credit quality government and other debt of selected EZ countries at a rate of €60bn per month; this was intended to run initially to September 2016 but was extended to March 2017 at its December 2015 meeting. At its December and March meetings it progressively cut its deposit facility rate to reach -0.4% and its main refinancing rate from 0.05% to zero. At its March meeting, it also increased its monthly asset purchases to €80bn. These measures have struggled to make a significant impact in boosting economic growth and in helping inflation to rise from around zero towards the target of 2%. GDP growth rose by 0.6% in quarter 1 2016 (1.7% y/y) but slowed to +0.3% (+1.6% y/y) in quarter 2. This has added to comments from many forecasters that central banks around the world are running out of ammunition to stimulate economic growth and to boost inflation. They stress that national governments will need to do more by way of structural reforms, fiscal measures and direct investment expenditure to support demand in the their economies and economic growth.

1.4 Japan and China

Japan is still bogged down in anaemic growth and making little progress on fundamental reform of the economy while Chinese economic growth has been weakening and medium term risks have been increasing.

1.5 Interest rate forecasts

The Council's treasury advisor, Capita Asset Services, has provided the following forecast:

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
Bank rate	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.25%	0.25%	0.25%	0.25%	0.50%
5yr PWLB rate	1.00%	1.00%	1.10%	1.10%	1.10%	1.10%	1.20%	1.20%	1.20%	1.20%	1.30%
10yr PWLB rate	1.50%	1.50%	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.70%	1.80%
25yr PWLB rate	2.30%	2.30%	2.40%	2.40%	2.40%	2.40%	2.50%	2.50%	2.50%	2.50%	2.60%
50yr PWLB rate	2.10%	2.10%	2.20%	2.20%	2.20%	2.20%	2.30%	2.30%	2.30%	2.30%	2.40%

Capita Asset Services undertook a quarterly review of its interest rate forecasts after the MPC meeting of 4th August cut Bank Rate to 0.25% and gave forward guidance that it expected to cut Bank Rate again to near zero before the year end. The above forecast therefore includes a further cut to 0.10% in November this year and a first increase in May 2018, to 0.25%, but no further increase to 0.50% until a year later. Mark Carney, has repeatedly stated that increases in Bank Rate will be slow and gradual after they do start. The MPC is concerned about the impact of increases on many heavily indebted consumers, especially when the growth in average disposable income is still weak and could well turn negative when inflation rises during the next two years to exceed average pay increases.

The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. An eventual world economic recovery may also see investors switching from the safe haven of bonds to equities. However, we have been experiencing exceptional levels of volatility in financial markets which have caused significant swings in PWLB rates. Our PWLB rate forecasts are based on the Certainty Rate (minus 20 bps) which has been accessible to most authorities since 1st November 2012.

The overall balance of risks to economic recovery in the UK remains to the downside. Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Monetary policy action reaching its limit of effectiveness and failing to stimulate significant sustainable growth, combat the threat of deflation and reduce high levels of debt in some major developed economies, combined with a lack of adequate action from national governments to promote growth through structural reforms, fiscal policy and investment expenditure.
- Weak capitalisation of some European banks.
- A resurgence of the Eurozone sovereign debt crisis.
- Geopolitical risks in Europe, the Middle East and Asia, increasing safe haven flows.
- Emerging country economies, currencies and corporates destabilised by falling commodity prices and / or Fed. rate increases, causing a further flight to safe havens (bonds).
- UK economic growth and increases in inflation are weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU and US.

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- The pace and timing of increases in the Fed. funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.

- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

2. Treasury Management Strategy Statement and Annual Investment Strategy Update

The Treasury Management Strategy Statement (TMSS) for 2016/17 was approved by Council on 23rd February 2016.

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

3. The Council's Capital Position (Prudential Indicators)

This part of the report is structured to update:

- The Council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

3.1 Prudential Indicator for Capital Expenditure

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

Capital Expenditure by Service	2016/17 Original Programme	Budget B'fwd from 2015/16	Virements to Programme in Year	Total 2016/17 Budget	Actual Spend @ Period 6	2016/17 Revised Estimate*
	£m	£m	£m	£m	£m	£m
General Fund	4.535	2.686	(1.069)	6.152	0.991	6.152
HRA	10.217	6.844	-	17.061	2.983	17.041
Total	**14.752**	**9.530**	**(1.069)**	**23.213**	**3.974**	**23.193**

* Includes potential expenditure slippage into 2017/18

3.2 Changes to the Financing of the Capital Programme

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

This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Capital Expenditure	**2016/17** **Estimate** **£m**	**2016/17** **Revised Estimate *** **£m**
Unsupported	2.242	3.242
Supported	12.510	19.951
Total spend	**14.752**	**23.193**
Financed by:		
Grants - Disabled Facilities	0.224	0.224
Coalfields Grant	-	0.250
Section 106's	0.284	0.375
GF Receipts	0.461	0.806
GF Reserve	-	0.209
Sale of Council House Receipts	0.090	0.438
HRA Receipts	0.868	0.868
HLF Assembly Rooms Lottery	0.579	0.759
Grants - SCC (Assembly Rooms / Gateways)	0.040	-
Grants - Assembly Rooms (SLGF)	1.962	1.530
Public Contributions (Assembly Rooms)	0.025	0.025
HLF/SCC/Donation - Castle Mercian Trail	0.480	0.536
Grants - Gateways (SLGF)	0.390	-
MRR	4.407	5.651
HRA 1-4-1 Replacements Receipts	0.780	0.898
HRA Reserve	0.679	3.311
HRA Regeneration Fund	1.241	3.578
HCA Grant	-	0.493
Total Financing	**12.510**	**19.951**
Borrowing need	**2.242**	**3.242**

* includes potential expenditure slippage into 2017/18

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

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

Prudential Indicator – Capital Financing Requirement

We are on target to achieve the original forecast Capital Financing Requirement.

Prudential Indicator – the Operational Boundary for External Debt

Prudential Indicator	**2015/16 Outturn £m**	**2016/17 Original Estimate £m**	**2016/17 Revised Estimate £m**	
CFR – Non Housing	1.001	0.665	0.943	*
CFR – Housing	68.041	70.283	70.283	
Total CFR	69.042	70.948	71.226	
Net movement in CFR	**(0.241)**	**2.208**	**2.184**	
Operational Boundary				
Expected Borrowing	73.268	73.268	73.268	
Other long term liabilities	-	-	-	
Total debt 31 March	**73.268**	**73.268**	**73.268**	

* The actual level of additional Voluntary Repayment of principal in relation to the capitalisation value of outstanding Icelandic debt was lower than previously forecast within the 2016/17 original estimate.

3.4 Limits to Borrowing Activity

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2016/17 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

Activity	**2015/16 Outturn £m**	**2016/17 Original Estimate £m**	**2016/17 Revised Estimate £m**
Gross borrowing	65.060	67.302	65.060
Plus other long term liabilities	-	-	-
Less investments	39.715	35.194	51.200
Net borrowing	25.345	32.108	13.860
CFR (year end position)	69.042	70.948	71.226

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

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

Authorised Limit for External Debt	2016/17 Original Indicator	Current Position	2016/17 Revised Indicator
Borrowing	89.112	89.112	89.112
Other Long Term Liabilities	3.000	3.000	3.000
Total	92.112	92.112	92.112

4. Investment Portfolio 2016/17

In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As set out in Section 1, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the current 0.25% Bank Rate. The continuing potential for a re-emergence of a Eurozone sovereign debt crisis, together with other risks which could impact on the creditworthiness of banks, prompts a low risk strategy. Given this risk environment, investment returns are likely to remain low.

The Council held £55.7m of investments as at 30th September 2016 (£39.715m at 31st March 2016) and the investment portfolio yield for the first six months of the year is 0.59% against a benchmark of the 3 months LIBID of 0.38%. A full list of investments held as at 30th September 2016 is detailed in **APPENDIX 1**.

The Executive Director Corporate Services confirms that on one occasion during the first six months of 2016/17 that the approved limits within the Annual Investment Strategy were breached by £29k. This occurred when a payment was received late in the day, resulting in £1.029m being held within the Lloyds Bank account overnight, which exceeded the approved limit of £1m.

The Council's budgeted investment return for 2016/17 is £362k, and performance for the year is projected to be £83k below budget, due to the recent reduction in interest rates.

CIPFA Benchmarking Club

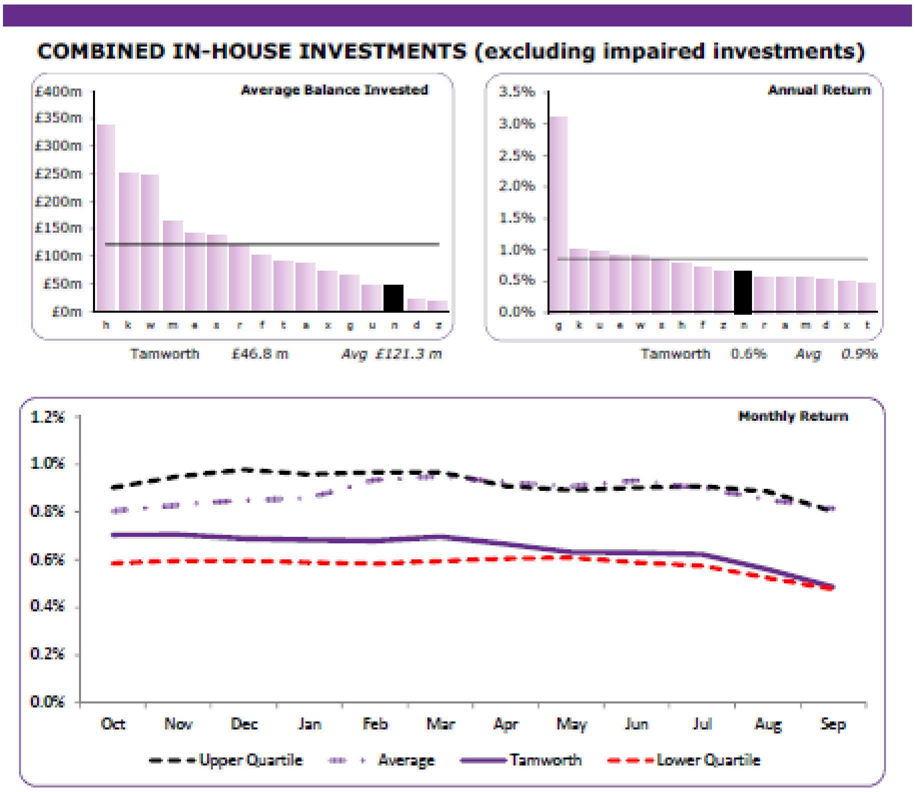
The Council is a member of the CIPFA Treasury Management Benchmarking Club which is a means to assess our performance over the year against other members. Our average return for In House Investments for the period October 2015 to September 2016 was 0.65% compared to the group average of 0.95% (information from CIPFA Benchmarking Draft Report Q2 2016/17) excluding the impaired investments in Icelandic banks. This is considered to be a reasonable result in light of the current financial climate, our lower levels of deposits/funds and shorter investment time-lines due to Banking sector uncertainty, when compared to other Authorities.

This can be analysed further into the following categories:

Category	Average Balance Invested £m		Average Annual Return Received %	
	Tamworth Borough Council	CIPFA Benchmarking Club	Tamworth Borough Council	CIPFA Benchmarking Club
Fixed Investments (up to 30 days)	-	1.4	-	0.2
Fixed Investments (between 31 and 90 days)	-	6.2	-	0.2
Fixed Investments (between 91 and 364 days)	25.2	42.3	0.7	0.8
Fixed Investments (between 1 year and 5 years)	-	26.6	-	1.8
Fixed Investments (Over 5 years)	-	0.3	-	2.7
Callable and Structured Deposits	-	6.3	-	2.6
Notice Accounts	6.5	31.2	0.8	0.5
Money Market Funds (Constant Net Asset Value)	13.1	25.9	0.4	0.5
Money Market Funds (Variable Net Asset Value)	-	21.0	-	0.7
DMADF	-	1.7	-	0.1
CD's, Gilts and Bonds	2.0	25.4	0.8	0.8
Average of all investments (Managed in House)	**46.8**	**121.3**	**0.6**	**0.9**

The data above and graphs below display that despite the Council being a small investor in the markets, performance is only marginally lower in those areas where both the Council and other member authorities invest.

The main variances arise from longer term fixed investments (in excess of 1 year) and instruments that the council do not currently get involved with i.e. Callable and Structured Deposits which are longer term deposits which (in line with our use of the Capita Asset Services methodology and our approved specified limits in our Treasury Management strategy) are currently prohibited for Tamworth Borough Council and affirms our 'low appetite for risk' in the continuing unsettled markets.



Monthly Return (Oct 15 - Sept 16)	Oct	Nov	Dec	Jan	Feb	March	April	May	June	July	Aug	Sept	Year
Av Bal £'m	44.51	43.97	47.94	49.33	48.35	44.14	44.66	43.90	45.06	45.90	48.35	55.09	46.77
Earned £'k	26.6	25.5	28.0	28.6	26.1	26.1	24.5	23.6	23.4	24.3	23.0	22.0	301.7
Upper Quartile	0.90%	0.95%	0.98%	0.96%	0.97%	0.97%	0.91%	0.89%	0.90%	0.91%	0.89%	0.80%	0.90%
Average	*0.80%*	*0.83%*	*0.85%*	*0.86%*	*0.93%*	*0.95%*	*0.92%*	*0.91%*	*0.93%*	*0.90%*	*0.85%*	*0.81%*	*0.85%*
% Return	0.70%	0.70%	0.69%	0.68%	0.68%	0.70%	0.67%	0.63%	0.63%	0.62%	0.56%	0.49%	0.65%
Lower Quartile	0.59%	0.60%	0.60%	0.59%	0.58%	0.59%	0.61%	0.61%	0.59%	0.57%	0.52%	0.48%	0.56%
% Diff from Av	-0.10%	-0.13%	-0.16%	-0.18%	-0.25%	-0.25%	-0.26%	-0.28%	-0.30%	-0.28%	-0.29%	-0.33%	

Investment Counterparty Criteria

The current investment counterparty criteria selection approved in the TMSS and as amended at Council on the 23rd February 2016 will meet the requirement of the Treasury Management function.

5. Borrowing

The Council's estimated revised capital financing requirement (CFR) for 2016/17 is £71.226m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. Table 3.4 shows the Council will have estimated borrowings of £65.060m and has utilised £6.166m of cash flow funds in lieu of borrowing. This is a prudent and cost effective approach in the current economic climate.

In the first half of the year the Council had no PWLB debt maturing, with £2m due to mature in February 2017. In addition, the capital programme requires additional unsupported borrowing of £3.2m.

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is relatively high.

Use of internal funds is a more efficient use of resources as borrowing rates are significantly higher than investment returns. However, as and when resources are depleted or utilised, the opportunity to use internal balances will decrease and interest charges will increase.

Against this background and the risks within the economic forecast, caution will be adopted with the 2016/17 treasury operations. The Director of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

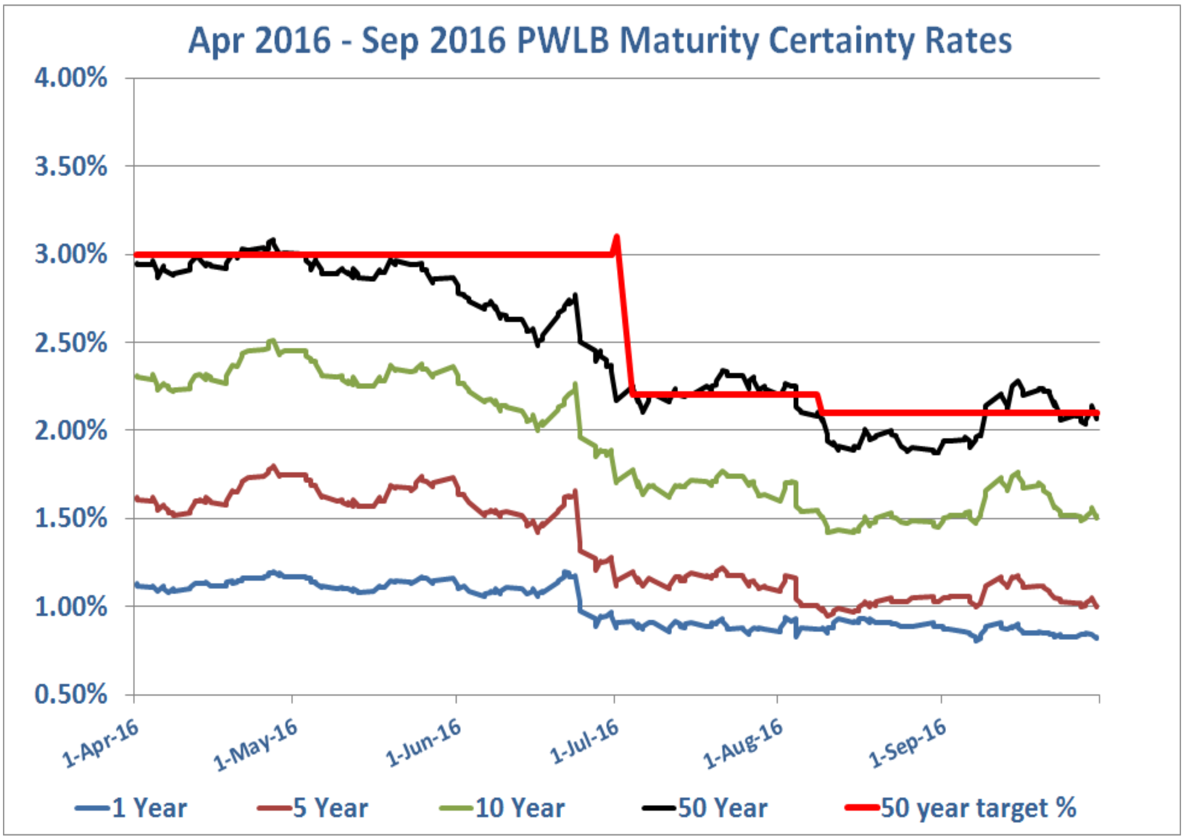
* *if it was felt that there was a significant risk of a sharp FALL in long and short term rates* (e.g. due to a marked increase of risks around recession or risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.

* *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast,* perhaps arising from a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.

Given the current economic forecasts for the coming years, it is unlikely that any additional borrowing will be undertaken during 2016/17.

The table and graph below show the movement in PWLB (Certainty Rates) for the first six months of the year to 30.9.16:

	1 Year	5 Year	10 Year	25 Year	50 Year
1/4/16	1.13%	1.62%	2.31%	3.14%	2.95%
30/9/16	0.83%	1.01%	1.52%	2.27%	2.10%
Low	0.81%	0.95%	1.42%	2.08%	1.87%
Date	07/09/2016	10/08/2016	10/08/2016	12/08/2016	30/08/2016
High	1.20%	1.80%	2.51%	3.28%	3.08%
Date	27/04/2016	27/04/2016	27/04/2016	27/04/2016	27/04/2016
Average	0.99%	1.33%	1.92%	2.69%	2.46%



6. Debt Rescheduling

Debt rescheduling opportunities have been limited in the current economic climate and consequent structure of interest rates. No debt rescheduling was undertaken during the first six months of 2016/17.

7. Icelandic Banks Update

Appendix 2 contains details of the situation with Icelandic investments as at 30th September 2016.

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

- Glitnir

On 15th March 2012, the Council received £2.554m being the majority of our deposits with the bank. The balance of our approved claim, equating to £777k, is being held in an interest bearing ESCROW account. The release of these funds is dependent on a change in Icelandic Law which currently does not allow the distribution of ISK outside the country. Interest will accrue on these funds until the date of final settlement, which is still unknown.

- Heritable

As at the end of September the Council had received £1.475m against our claim of £1.505m, a total recovery of 98%. The administrators are currently retaining a reserve to cover final Administrator's costs until closure of the administration of an outstanding legal case. This may allow for a further small distribution once resolved.

- Kaupthing, Singer and Friedlander

As at the end of September the Council had received £2.659m against our claim of £3.175m. Current estimates given by the Administrator project a total recovery of 85.25% or approximately £2.707m, with the majority of repayments estimated to be received during 2016/17 and 2017/18.

REPORT AUTHOR

Please contact Stefan Garner, Director of Finance or Jo Goodfellow, Management Accountant extension 241.

LIST OF BACKGROUND PAPERS

Background Papers -	*Local Government Act 2003*
	CIPFA Code of Practice on Treasury Management in Public Services 2011
	Annual Report on the Treasury Management Service and Actual Prudential Indicators 2015/16 –Council 15th September 2016
	Treasury Management Strategy & Prudential Indicators Report 2016/17 - Council 23rd February 2016
	Budget & Medium Term Financial Strategy 2016/17 - Council 23rd February 2016
	Financial Healthcheck Period 6, September 2016
	CIPFA Treasury Management Benchmarking Club Report Quarter 2, September 2016

APPENDICES

APPENDIX 1 Current Investment List
APPENDIX 2 Icelandic Banking Situation

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APPENDIX 1

Treasury Management Update – Period 6 - 2016/17

Investments held as at 30th September 2016:

Borrower	Deposit £m	Rate %	From	To	Notice
Coventry BS	1.00	0.60	05/04/2016	05/10/2016	-
Sumitomo Mitsui Banking Corporation	2.00	0.70	19/04/2016	18/10/2016	-
Lloyds Bank	1.00	0.80	29/04/2016	28/10/2016	-
Nationwide	1.00	0.71	09/05/2016	09/11/2016	-
Nationwide	1.00	0.71	31/05/2016	30/11/2016	-
Lloyds Bank	1.00	0.80	01/06/2016	01/12/2016	-
Bank of Scotland	2.00	0.80	30/06/2016	30/12/2016	-
Lloyds Bank	2.00	0.65	01/07/2016	03/10/2016	-
Coventry BS	1.00	0.50	07/07/2016	09/01/2017	-
Nationwide	2.00	0.42	08/07/2016	10/10/2016	-
Nationwide	1.00	0.49	15/07/2016	13/01/2017	-
Coventry BS	1.00	0.42	20/07/2016	20/01/2017	-
Lloyds Bank	1.00	0.65	09/08/2016	09/02/2017	-
Bank of Scotland	2.00	0.65	10/08/2016	10/02/2017	-
Barclays Bank	1.00	0.40	10/08/2016	10/02/2017	-
Barclays Bank	3.00	0.42	01/09/2016	01/03/2017	-
Barclays Bank	1.00	0.41	05/09/2016	06/03/2017	-
Barclays Bank	1.00	0.41	07/09/2016	07/03/2017	-
Barclays Bank	1.00	0.42	12/09/2016	13/03/2017	-
Coventry BS	4.00	0.37	12/09/2016	13/03/2017	-
Leeds	1.00	0.32	12/09/2016	13/03/2017	-
Nationwide	1.00	0.42	15/09/2016	15/03/2017	-
Nationwide	1.00	0.42	30/09/2016	31/03/2017	-
Santander UK plc	1.00	0.15	-	-	On call
Santander UK plc	6.00	0.65	-	-	On call
MMF - Ignis	8.00	0.32	-	-	On call
MMF - PSDF	6.32	0.29	-	-	On call
MMF - Deutsche	1.38	0.30	-	-	On call
TOTAL	**55.70**	**0.48 (avg)**			

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

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ICELANDIC BANKING SITUATION AS AT 30/09/2016

	Deposit with;	Ref Number	Date Invested	Amount
1	GLITNIR	1696	10/10/07	1,000,000
	GLITNIR	1715	31/08/07	1,000,000
	GLITNIR	1754	14/12/07	1,000,000
	Total Principal			3,000,000
	Estimated of Contractual or Interest due to point of administration (subject to currency exchange rate fluctuations)			331,000
	Total of Claim			3,331,000
	Repayments Received to date			(2,554,432)
	Outstanding at 30/09/2016			**776,568**
	Estimated Remaining			**776,568**

On the 15th March 2012, the Council received £2.554m being the majority of our deposits with The balance of our approved claim, equating to £777k, is being held in an interest bearing ESC account. The release of these funds is dependent on a change in Icelandic Law which currentl allow the distribution of ISK outside the country. Interest will accrue on these funds until the da settlement. which is still unknown.

2	Heritable Bank	1802	12/09/08	500,000
	Heritable Bank	1803	15/09/08	1,000,000
	Total Principal			1,500,000
	Interest due at point of administration 07/10/2008			5,127
	Total of Claim			1,505,127
	Repayments Received to date			(1,475,024)
	Outstanding at 30/09/2016			**30,103**
	Estimated Remaining			**-**

As at the end of September the Council had received £1.475m against our claim of £1.505m, a recovery of 98%. Negotiations are currently underway to finalise the affairs of Heritable and it is that a distribution of residual funds may be made over the next few months.

3	Singer & Friedlander	1716	31/08/07	1,000,000
	Singer & Friedlander	1740	31/10/07	1,000,000
	Singer & Friedlander	1746	14/01/08	1,000,000
	Total Principal			3,000,000
	Interest due at point of administration 08/10/2008			175,256
	Total of Claim			3,175,256
	Repayments Received to date			(2,659,277)
	Outstanding at 30/09/2016			**515,979**
	Estimated Remaining			**47,629**

As at the end of September the Council had received £2.659m against our claim of £3.175m.

As at the end of September the Council had received [illegible] against our claim of [illegible]
estimates given by the Administrator project a total recovery of 85.25% or approximately £2.70
majority of repayments estimated to be received by March 2017.

	Summary			
	Total Principal			7,500,000
	Interest			511,383
	Total of Claim			8,011,383
	Repayments Received to date			(6,688,733)
	Outstanding at 30/09/2016			**1,322,650**
	Estimated Remaining			**824,197**

1 Registered Bank in Iceland - In Administration under Icelandic Law

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

3 Under English Law

Total Estimated Recovery (including Outstanding)	**7,512,930**
Total Estimated % Remaining	**93.78%**

Check Total Repayments	
Above	(6,688,733)
Reconciliation on Investment Database	-6589099
Icelandic Monitoring Spreadsheet	-6688733

	%
*	*76.69*
**	

the bank.
CROW
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Current

7m, with the

	83.49

REPORT OF THE PORTFOLIO HOLDER FOR ASSETS AND FINANCE

COUNCIL TAX BASE 2017/18

EXEMPT INFORMATION

None

PURPOSE

To report the Council Tax Base for the Borough Council for 2017/18.

RECOMMENDATIONS

That Tamworth Borough Council resolves its calculation of the Council Tax Base for the year 2017/18 to be 21,093 (2016/17 – 20,904).

EXECUTIVE SUMMARY

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

The Authority is required to approve the Council Tax Base.

The Council Tax Base is the total of the number of domestic properties in the Borough, after making deductions for exempt dwellings and for the granting of reliefs and discounts for disabled occupiers, single occupiers and as appropriate empty properties. The figure is also reduced for the properties where Council Tax Support (replacing Council Tax Benefit from April 2013) is given. This is expressed as Band D equivalents.

OPTIONS CONSIDERED

Not applicable.

RESOURCE IMPLICATIONS

The figure for 2017/18 Council Tax Base is calculated at 21,093.
This represents an increase in the current year of 189 or 0.9%.

LEGAL/RISK IMPLICATIONS BACKGROUND

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

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

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

In accordance with the Local Authority (Calculation of Council Tax Base) Regulations 1992 as amended, the Tax Base for the year 2017/18 is calculated by applying a formula A *x B*.

A is the number of properties in each band (expressed as a number of band D equivalents).

B is the Authority's estimate of its collection rate for that year. It is recommended that this should be 97.9%.

Applying the collection rate to A gives a Council Tax Base of 21,093 (21,545 x 97.9%).

REPORT AUTHOR

Michael Buckland, Head of Revenues, Telephone 01827 709523
e-mail michael-buckland@tamworth.gov.uk

LIST OF BACKGROUND PAPERS

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

APPENDICES

Appendix A – Council Tax Base Calculation 2017/18

Appendix A

Band		Band D Equivalent	LCTS adjustment	Total
A		5,416.2	-1461.1	3,955.1
B		8,266.1	-912.1	7,354.0
C		4,473.6	-214.3	4,259.3
D		3,359.0	-65.2	3,293.8
E		2,035.5	-24.6	2,010.9
F		576.0	-9.7	566.3
G		102.1	-0.8	101.3
H		4.5	0.0	4.5
Total		24,233.0	-2,687.8	21,545.2
	x 97.90%	23,724.1	-2,631.4	21,092.8
Council Tax Base				**21,093**

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REPORT OF THE PORTFOLIO HOLDER FOR ASSETS AND FINANCE

WRITE OFFS 01/04/16 - 30/09/16

EXEMPT INFORMATION

None

PURPOSE

That Members endorse the amount of debt written off for the period 01 April 2016 to 30 September 2016.

RECOMMENDATIONS

To provide Members with details of write offs from 01 April 2016 to 30 September 2016.

EXECUTIVE SUMMARY

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

Type	**01/04/16 – 30/09/16 £ p**
Council Tax	(£1,040.92)
Business Rates	(£106.41)
Sundry Income	£0.00
Housing Benefit Overpayments	£45,252.17

A revised approach to the calculation of Business Rates bad debt has been developed which involves a review of all of the outstanding debts to ascertain whether they are likely to be collectable. This has then been used to determine the balance to apply the usual aged debtor percentage.

Business Rates	**01/04/16 – 30/09/16 £ p**
Bad Debt provision	£1,086,899.44
Add reversal of amount previously written off under delegated powers	£106.41
Amount remaining	£1,087,005.85

OPTIONS CONSIDERED

Not applicable

RESOURCE IMPLICATIONS

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

LEGAL/RISK IMPLICATIONS BACKGROUND

Not applicable

SUSTAINABILITY IMPLICATIONS

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

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

BACKGROUND INFORMATION

Debt Write Off

Authorisations are needed to write off debt:

Authority	**Account Value**
Head of Revenues	up to £1,000
Chief Officer (or authorised delegated officer)	£1,001 - £5,000
Executive Director Corporate Services	£5,001 - £10,000
Cabinet	over £10,000

These limits apply to each transaction

Bad Debt Provision

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

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

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

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

REPORT AUTHOR

Michael Buckland, Head of Revenues, Tel 709523

e-mail michael-buckland@tamworth.gov.uk

LIST OF BACKGROUND PAPERS

Corporate Credit Policy - effective management of debt

APPENDICES

Appendices A to D give details of write offs completed for Revenues and Benefits Services for 01 April 2016 to 30 September 2016.

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Appendix A

Summary of Council Tax Write Offs 01/04/2016-30/09/2016

Date of Write Off	Head of Revenues			Director of Finance	Executive Director Corporate Services		Remitted	Credit Write Off	Reversed Write Off	Total	No. of Accounts (Write Off Only)	Reason(s)
	(£0.00-£75.00)	(£75.01-£500.00)	(£500.01-£1,000.00)	(£1,000.01-£5,000)	(£5,000.01-£10,000.00)	(£10,000.01 and Over)						
05/07/2016									(£3.96)	(£3.96)		dividend payment
27/07/2016									(£6.39)	(£6.39)		dividend payment
07/08/2016									(£3.94)	(£3.94)		dividend payment
25/08/2016									(£29.38)	(£29.38)		dividend payment
26/08/2016									(£3.70)	(£3.70)		dividend payment
30/09/2016									(£200.06)	(£200.06)		dividend payment
Q2 Totals	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**(£247.43)**	**(£247.43)**	**0**	
Q1 Totals (B/F)	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	(£703.08)	(£90.41)	(£793.49)	0	
Overall Total	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**(£703.08)**	**(£337.84)**	**(£1,040.92)**	**0**	

Appendix B

Summary of NNDR Write Offs 01/04/2016-30/09/2016

Date of Write Off	Head of Revenues (£0.00-£75.00)	Head of Revenues (£75.01-£500.00)	Head of Revenues (£500.01-£1,000.00)	Director of Finance (£1,000.01-£5,000)	Executive Director Corporate Services (£5,000.01-£10,000.00)	(£10,000.01 and Over)	Remitted	Credit Write Off	Reversed Write Off	Total	No. of Accounts (Write Off Only)	Reason(s)
Q2 Totals	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**0**	
Q1 Totals (B/F)	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	(£106.41)	(£106.41)	0	
Overall Total	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**(£106.41)**	**(£106.41)**	**0**	

Appendix C

Summary of Sundry Income Write Offs 01/04/2016-30/09/2016												
Date of Write Off	Director of Assets & Environment (£0.00-£999.99)	(£1,000.00-£5,000.00)	Director of Transformation & Corporate Finance (up to £5,000.00)	Head of Revenues (£0.01-£999.99)	Director of Finance (£1,000.00-£5,000.00)	Director Communities, Planning & Partnerships (up to £5,000.00)	Director Housing & Health (up to £5,000.00)	Executive Director Corporate Services (£5,000.01-£10,000.00)	Cabinet (£10,000.01 +)	Total	No. of Accounts	Reason(s)
Q2 Totals	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**0**	
Q1 Totals (B/F)	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	0	
											0	
Overall Total	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**0**	

Appendix D

Summary of Benefit Overpayment Write Offs 01/04/2016-30/09/2016									
Date of Write Off	Head of Benefits (£0.00-£75.00)	(£75.01-£500.00)	(£500.01-£1,000.00)	(£1,000.01-£2,000)	Executive Director Corporate Services (£2,000.01-£10,000.00)	Cabinet (£10,000.01 and Over)	Total	No. of Accounts	Reason(s)
31.07.2016	£90.00						£90.00	2	court costs (2014)
"	£20.17						£20.17	1	less than £40 o/s (2015)
"	£18.70	£627.33					£646.03	3	not financially viable (2014)
"	£1.36						£1.36	1	uneconomical to pursue (2016)
"		£621.40					£621.40	3	HB Reg 100 compliant - not recoverable (2016)
"		£477.18					£477.18	2	absconded (2015)
31.08.2016	£74.05	£332.85					£406.90	4	less than 2 wks o/s due to death (2016)
"	£77.03	£2,136.56	£605.97	£3,915.03			£6,734.59	14	not financially viable (2010)
"	£40.00						£40.00	1	court costs (2015)
"	£85.66						£85.66	3	less than £40 o/s (2014)
"	£4.28						£4.28	3	uneconomical to pursue (2008)
30.09.2016	£242.18	£1,387.33	£630.21	£1,057.28			£3,317.00	12	not financially viable (2010)
"	£32.34						£32.34	2	less than £40 o/s (2014)
"	£1.29						£1.29	1	uneconomical to pursue (2015)
"		£618.12					£618.12	6	less than 2 wks o/s due to death (2016)
"	£31.74	£148.10					£179.84	2	HB Reg 100 compliant - not recoverable (2016)
Q2 Totals	**£718.80**	**£6,348.87**	**£1,236.18**	**£4,972.31**	**£0.00**	**£0.00**	**£13,276.16**	**60**	
Q1 Totals (B/F)	£1,352.57	£5,815.47	£1,431.42	£4,429.85	£18,946.70	£0.00	£31,976.01	111	
Overall Total	**£2,071.37**	**£12,164.34**	**£2,667.60**	**£9,402.16**	**£18,946.70**	**£0.00**	**£45,252.17**	**171**	

REPORT OF THE PORTFOLIO HOLDER FOR ASSETS AND FINANCE

LOCAL COUNCIL TAX REDUCTION SCHEME 2017/18 ONWARDS AND CONSULTATION RESULTS

EXEMPT INFORMATION

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

PURPOSE

To advise Members of the results and feedback from the recently undertaken consultation on the proposed Local Council Tax Reduction Scheme from 2017 onwards. To review the consultation feedback when considering potential changes to be applied in the 2017/18 onwards Local Council Tax Reduction Scheme;

To advise members that the Local Council Tax Reduction Scheme for working age customers for 2017/18 should include continued alignment to Applicable Amounts with those of Housing Benefit;

That Members endorse the proposed change, moderately supported by the consultation results, to restrict Council Tax Reduction awards to a maximum of 4 weeks only where the claimant(s) are abroad.

RECOMMENDATIONS

1 That Cabinet consider the results of the public consultation on the current scheme, carried out 15 August to 14 October 2016, and endorse or otherwise the proposed recommended change detailed below when the scheme is considered by Council on 13th December 2016;

2 The base scheme goes forward with the following;

a) That the Local Council Tax Reduction Scheme for working age customers for 2017/18 will continue to be aligned to Applicable Amounts with those of Housing Benefit, and

b) That Council Tax Reduction awards will be restricted to a maximum of 4 weeks *only* where the claimant(s) are abroad.

EXECUTIVE SUMMARY

This report details the key issues arising from the Local Council Tax Reduction Scheme.

The Welfare Reform Act abolished Council Tax Benefit from 1 April 2013. It was replaced by a new Local Council Tax Reduction Scheme for working age customers. A national scheme of regulations was introduced for pensioners, which mirrors the obsolete Council Tax Benefit Scheme.

Grant funding was reduced and is distributed by the Department for Communities and Local Government rather than the Department for Work and Pensions. Outturn on the 2015/16 scheme is £4.04m of which the Authority's share was £436k (10.8% of the impact on the Collection Fund). At inception, the scheme design was modelled to ensure that the Authority complied with the Central Government requirement to achieve a 10% reduction in benefit cost but without increasing the burden of cost to the Council tax Payer. However, grant funding predictions are expected to reduce further in future years and future years' Revenue Support Grant (RSG) projections indicate an ongoing reduction in grant funding to the Authority from 2017/18 and will mean that RSG will cease to be paid by 2020 and that the Council will have to fund the scheme from its own resources and retained Business Rates income in the future.

The impact of grant funding and expenditure is closely monitored on a regular basis to identify whether the scheme is achieving its objectives but also not increasing cost burdens to the Medium Term Financial Strategy. The current maximum level of award under the existing scheme is 75%. Current financial modelling indicates that although grant levels are reducing the scheme maxima should not be changed for the 2017/18 scheme consultation as it would add further potential hardship to claimants. This position is under regular review. Members should be aware of the impact of the Central Government Grant reductions when formulating the scheme for 2017/18 as any subsequent changes to the scheme governance arrangements, not consulted on would require a further consultation exercise.

Continued alignment of the scheme with applicable amounts for the Housing Benefit scheme should be considered. This is not a legislative requirement for those of working age, but a decision for this Council. This will prevent confusion between schemes and reduce administrative burdens. Furthermore, it would reflect any cost of living rises allowed by the Government.

In compliance with the above, a web based consultation exercise was carried out between 15 August to 14 October 2016. The results are attached at **Appendix 1**. Local Community Groups were notified of the consultation and two press releases also encouraged responses. 84 responses were received. The proposal to reduce Council Tax Reduction awards to a maximum of 4 weeks where the claimant and any partner are abroad was moderately supported.

OPTIONS CONSIDERED

The current scheme for most working age customers bases an award on a maximum of 75% of their Council Tax liability. Those who receive a Severe Disability Premium, or who have a disabled child and those who receive a War Widows/War Disability Pension or Armed Forces Compensation Scheme payment have their awards based on 100% of their liability.

Pensioners also continue, under the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, to have their awards based on 100% of their Council Tax liability.

Appendix 1 confirms that current policy principles and the proposed change to restrict entitlement to 4 weeks where the claimant is abroad are supported.

RESOURCE IMPLICATIONS

Council Tax Benefit subsidy awarded for 2012/13 was £5.38m. The current scheme was modelled on delivering an estimated benefit reduction in the region of £700k for 2013/14, necessitated by grant cuts of 10% and protection for Pensioners and other vulnerable groups. The final amount awarded for 2013/14 was £4.427m, £4.156m for 2014/15 and £4.04m for 2015/16.

Latest figures confirm that £4.03m has so far been awarded in Local Council Tax Reduction (LCTR) for 2016/17, to both working age and pensioner customers. The live caseload has reduced by approximately 12% since April 2013, which is attributable to customers finding employment, becoming financially self sufficient and contributes to the lesser amount now awarded. Furthermore, welfare reforms have also reduced the amount awarded to some claimants who are no longer entitled to the Severe Disability Premium, thus their award is now based on a maximum of 75% rather than 100% of their Council Tax liability.

It is impossible to predict what savings the restriction of Council Tax Reduction awards to the first 4 weeks only of absences where the claimant is abroad would be. However it is envisaged that the savings will be nominal.

LEGAL/RISK IMPLICATIONS BACKGROUND

The Department for Communities and Local Government have confirmed that consultation on the scheme is not required annually if it is not amended. However, the Council has decided it wise to consult even when changes are not proposed. Notwithstanding this, as an amendment to the scheme is proposed for 2017/18, consultation was mandatory for the 2017/18 scheme.

Appendix 1 confirms the public consultation results, gauging views on each of the current policy elements of the scheme as well as views on proposed changes.

Section 13 A(2) and Schedule 1A of the Local Government Finance Act 1992, as well as Schedule 1A, paragraph 16 of the Local Government Finance Act 2012 legislate that the scheme must be agreed annually by full Council.

Full Equality Impact Assessments were considered and taken into account when the scheme was initially finalised and agreed.

SUSTAINABILITY IMPLICATIONS

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

BACKGROUND INFORMATION

The Welfare Reform Act 2012
http://www.legislation.gov.uk/ukpga/2012/5/pdfs/ukpga_20120005_en.pdf

The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Regulations) 2012
http://www.legislation.gov.uk/uksi/2012/2885/pdfs/uksi_20122885_en.pdf

REPORT AUTHOR

Karen Taylor x529/J Wheatley x252

LIST OF BACKGROUND PAPERS

Local Council Tax Reduction Scheme 2013/14 Report, presented to Council on 13th December 2012 http://democracy.tamworth.gov.uk/mgIssueHistoryHome.aspx?IId=2548

Local Council Tax Reduction Scheme 2014/15 Report, presented to Council on 17th December 2013 http://democracy.tamworth.gov.uk/mgIssueHistoryHome.aspx?IId=3849

Local Council Tax Reduction Scheme 2015/16 report, presented to Council on 16th December 2014
http://democracy.tamworth.gov.uk/documents/s10311/LOCAL%20COUNCIL%20TAX%20REDUCTION%20SCHEME%20FROM%20201516.pdf

Local Council Tax Reduction Scheme 2016/17 report, presented to Council on 15th December 2015
http://democracy.tamworth.gov.uk/documents/s12836/Local%20Council%20Tax%20Reduction%20Scheme%202016%20onwards.pdf

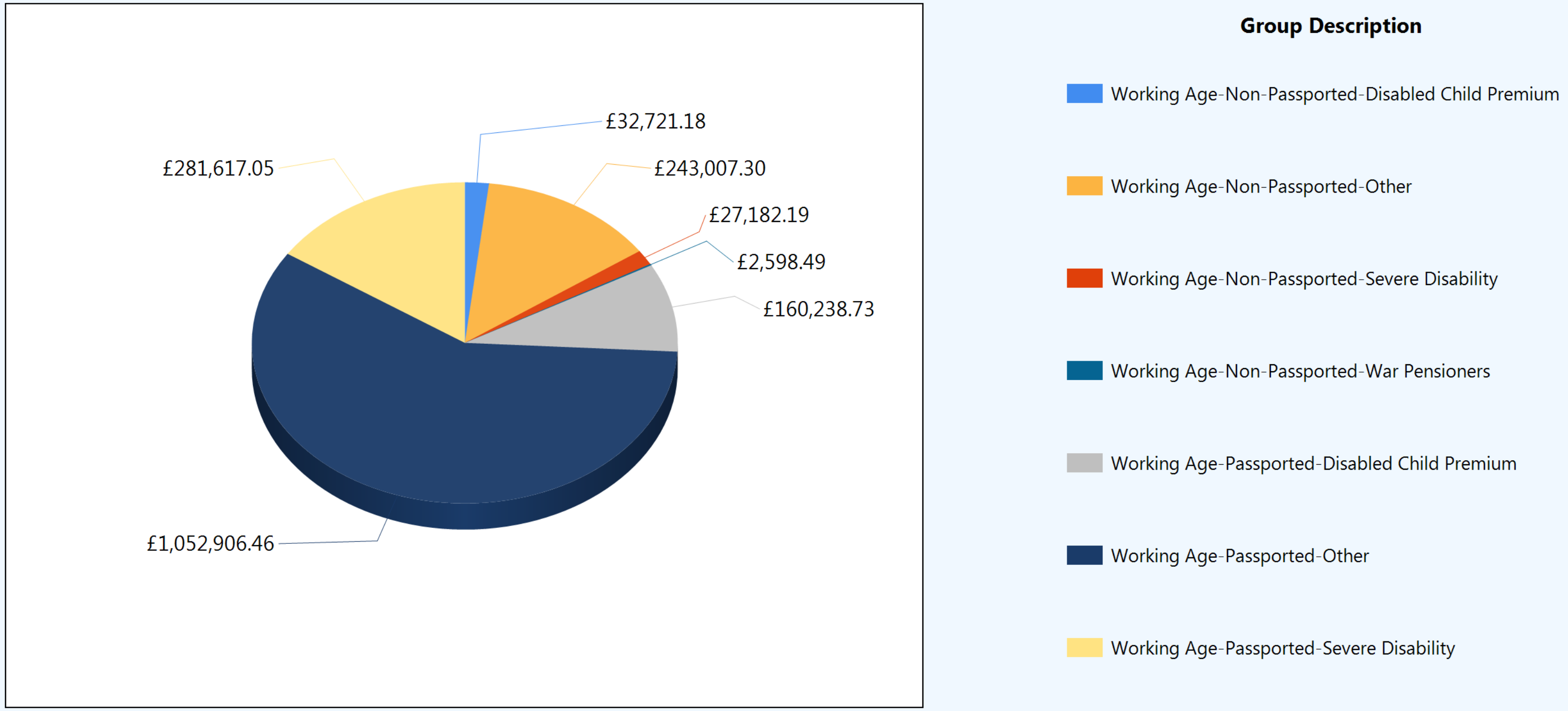
APPENDICES

Appendix 1 Local Council Tax Reduction Scheme Consultation Summary report 2016
Appendix 2 Council Tax Reduction Working Age Expenditure summary
Appendix 3 Council Tax Reduction Caseload summary
Appendix 4 Equality Impact Assessment

CTS Expenditure Summary

Tamworth Borough Council

CTS Expenditure as of 2016-2017



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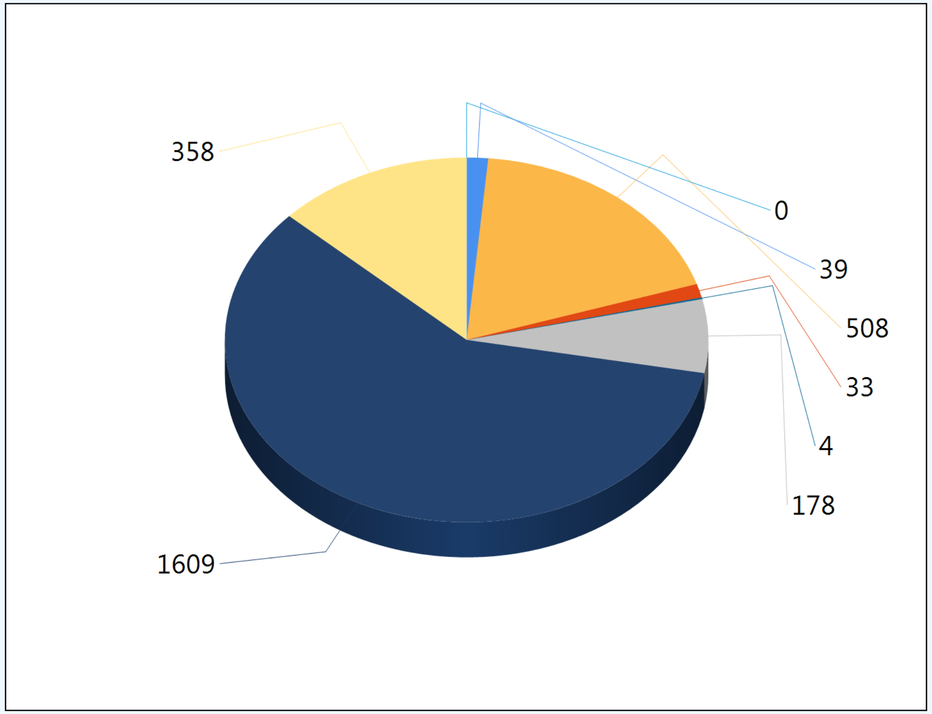
CAPITA
SOFTWARE SERVICES

CTS Caseload Summary

Tamworth Borough Council

CTS Caseload as of 24.10.2016



Group Legend

- Working Age-Non-Passported-Disabled Child Premium
- Working Age-Non-Passported-Other
- Working Age-Non-Passported-Severe Disability
- Working Age-Non-Passported-War Pensioners
- Working Age-Passported-Disabled Child Premium
- Working Age-Passported-Other
- Working Age-Passported-Severe Disability
- Working Age-Passported-War Pensioners

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APPENDIX 4

Equality Impact Assessment Template – Protecting Pensioner Cases and Severely Disabled Working Age Claimants

Name of policy/ procedure/ practice to be assessed	**Introduction of Localised Council Tax Support (Council Tax Reduction**			**Date of Assessment**	**October 2016**
Is this a new or existing policy/ procedure/ practice?	New	**Officer responsible for the Assessment**	Karen Taylor Head of Benefits	**Department**	Benefit Services

1. Briefly describe the aims, objectives and purpose of the policy/ procedure/ practice?	The national Council Tax Benefit (CTB) scheme came to an end on 1st April 2013 was replaced by a locally determined system of Council Tax Reduction (CTR). The funding available for the new scheme will be cash limited. The aim of the new support scheme is to provide financial assistance to council taxpayers who have low incomes. Persons who are of state pension age are protected under the scheme in that the calculation of the reduction they receive has been set by Central Government. For working age applicants however the help they receive is to be determined by the local authority. This equality impact assessment looks at the ongoing potential for **not only** protecting pensioners (as required under the legislation) **but also** providing full support to all working age claimants who are considered **severely disabled** within the current Council Tax Benefit scheme. The definition of severely disabled is where the claimant or partner is in receipt of a **severe disability premium**, within either their Council Tax Reduction, Housing Benefit or other means tested benefit; The objective in continuing to adopt this policy would be to protect a specific section of the existing claimant group deemed to be highly vulnerable and independently verified as being he most seriously sick and not likely to be able to obtain work. The main issue for the Council is that the funding for support has been reduced

	significantly. However exempting this one additional group (bearing in mind that pensioners are already protected under the scheme by Central Government) would increase the shortfall in funding to be borne by working age claimants who are not deemed severely disabled. Central Government has not been prescriptive in how an authority should protect vulnerable groups but points to the Council's existing responsibilities including the Child Poverty Act 2010, the Disabled Person Act 1986 and the Housing Act 1996 as well as the public sector equality duty in section 149 of the Equality Act 2010. No definition has been given as to the level of disability which would lead to protection being given, although it is acknowledged that where a person is in the longer term able to undertake work, that they should be incentivised to do so. This would not apply to those who are deemed severely disabled. The current level of assistance provided to pension age claimants and to working age severely disabled claimants is given at the end of this assessment.
2. Are there any associated policy/ procedure/ practice which should be considered whilst carrying out this equality impact assessment?	The authority is required to continue maintaining a full Housing Benefit scheme and also to continue to process claims for benefit alongside the introduction of the new scheme for Council Tax Reduction.
3. Who is intended to benefit from this policy/ procedure/ practice and in what way?	All persons within the Borough who have a low income may apply for support and assistance with their Council Tax. By making an application, providing evidence of their income and household circumstances, their potential entitlement for support will be calculated in line with Central Government prescribed requirements for the Council Tax Reduction scheme. In the case of all claimants, it will be essential for the authority to correctly process claims for support based on the regulatory requirements and to ensure that all existing benefit claimants continue to receive support through the transition and onwards.

4. What are the desired outcomes from this policy/ procedure/ practice?	The desired outcomes are as follows; **Pension Age Claimants** • That existing pensioner claimants for Council Tax Benefit (up until 31st March 2013) were successfully transferred to the new Council Tax Reduction scheme; • That all pensioners receive the level of support required by regulations set by Central Government (Council Tax Reduction Scheme (Prescribed Requirements) Regulations 2012); • That all new pensioner claimants or existing working age claimants who rise to pension age are able to receive Council Tax Reduction in line with the regulations; and • That all pensioner claimants continue to receive the correct level of support at all times. **Severely Disabled Working Age Claimants** • That existing severely disabled working age claimants who attract a Severe Disability Premium for Council Tax Benefit (up until 31st March 2013) were successfully transferred to the new Council Tax Reduction scheme; • That all working age severely disabled claimants who attract a Severe Disability Premium continue to receive the level of support previously provided under the Council Tax Benefit scheme • That all new working age severely disabled claimants who attract a Severe Disability Premium or existing working age claimants who become severely disabled and attract a Severe Disability Premium are able to receive Council Tax Reduction in line with the previous Council Tax Benefit scheme; and • That all working age severely disabled claimants who attract a Severe Disability Premium continue to receive the correct level of support at all times.
5. What factors/ forces could contribute/ detract from the outcomes?	There are a number of factors which contribute to the outcomes of the new process namely; • That the new Council Tax Reduction scheme broadly replicates the previous Council Tax Benefit scheme for pension age claimants; • That management and staff are experienced in delivering means tested support / benefit schemes; and • That there is on going consultation where required, which ensures that delivery of

	the scheme is in line with legislative requirements. The factors / forces that could detract from these outcomes are as follows; • The failure of Central Government to approve the necessary legislation on time; • The failure of the Council's software suppliers to deliver the necessary changes to existing software systems to enable the continued processing of the new support; and • The failure to deliver the significant means tested scheme on time.
6. Who are the main stakeholders in relation to the policy/ procedure/ practice?	In respect of the pension age and working age severely disabled claimants who attract a Severe Disability Premium for Council Tax Reduction, the main stakeholders are as follows; **External Stakeholders**; • Major Precepting authorities – County Council, Police Authority and Fire and Rescue Authority; • Parish Councils (local precepting authorities); • Pension Age claimants; • Working age severely disabled claimants • Potential pension age claimants; • Potential working age severely disabled claimants • Interested Groups such as Citizens Advice Bureau, Age Concern and Age UK, Disabled Persons Groups, RNIB, Action on hearing loss etc. • Council Taxpayers generally **Internal Stakeholders**; • Staff

7. Which individuals/ groups have been/ will be consulted with on this policy/ procedure/ practice?	All major precepting authorities were consulted on the implementation of the new Council Tax Support scheme in 2012. A further full consultation with the public was undertaken August-October 2016 as required by the legislation (Local Government Finance Act 2012). Whilst pension age claimants are protected, the authority still, as part of the consultation process, looked to pension age claimants and pensioners generally

<table>
<tr>
<td></td>
<td colspan="3">to respond to the consultation itself.

In respect of working age severely disabled claimants who attract a Severe Disability Premium, it was essential to consult with the group as, being of working age, they will be directly affected by any changes decided by the Council.

For working age claimants who are not classified as severely disabled within this policy, it was essential that extensive consultation is undertaken to obtain their views given that the level of support they receive will be reduced significantly in relation to the continued alignment of applicable amounts with those of Housing Benefit. This means it is proposed to remove the family premium from any new claims for Council Tax Reduction for new, means tested claimants, from a date to be advised by Central Government (legislation not yet laid).

The consultation process was comprehensive and encouraged a full response to the new support scheme itself (notwithstanding the fact that the authority is obliged to implement the scheme determined by Central Government for pension age claimants).

Groups representing the disabled or chronically sick were directly consulted as part of the process.

Public consultation took place during the period August 2016 until October 2016.</td>
</tr>
<tr>
<td>8. Are there concerns that the policy/ procedure/ practice <u>could</u> have a differential impact on racial groups?</td>
<td>Y</td>
<td>N
✓</td>
<td>This proposed change to Council Tax Reduction should not affect the overall level of support to pension age claimants or working age severely disabled claimants who attract a Severe Disability Premium any differently to all other client groups and there would be no differential impact due to race</td>
</tr>
</table>

9. Are there concerns that the policy/ procedure/ practice <u>could</u> have a differential impact due to gender?	Y	N ✓	This proposed change to Council Tax Reduction should not affect the overall level of support to pension age claimants or working age severely disabled claimants who attract a Severe Disability Premium any differently to all other client groups and there would be **no** differential impact due to gender
10. Are there concerns that the policy/ procedure/ practice <u>could</u> have a differential impact due to them being transgender or transsexual?	Y	N ✓	This proposed change to Council Tax Reduction should not affect the overall level of support to pension age claimants or working age severely disabled claimants who attract a Severe Disability Premium any differently to all other client groups and there would be **no** differential impact due to a person being transgender or transsexual
11. Are there concerns that the policy/ procedure/ practice <u>could</u> have a differential impact due to disability?	Y ✓	N	This proposed change to Council Tax Reduction should not affect the overall level of support to pension age claimants any differently to any other client groups and - where there is a Severe Disability Premium, this would maintain the level of support given to working age claimants due to the following; • The award of additional premiums for severe disablement; • Disregarding higher levels of income where a claimant is in remunerative work and is severely disabled; and • There is no requirement to have non dependant deductions where a claimant is severely disabled Likewise any working age claimants who do not attract a Severe Disability Premium would not benefit from the policy any differently to all other client groups and would receive a reduction in support.
12. Are there concerns that the policy/ procedure/ practice <u>could</u> have a differential impact due to sexual orientation?	Y	N ✓	This proposed change to Council Tax Reduction should not affect the overall level of support to pension age or working age severely disabled claimants who attract a Severe Disability Premium any differently to all other client groups and there would be **no** differential impact due to sexual orientation

13. Are there concerns that the policy/ procedure/ practice <u>could</u> have a differential impact due to age?	**Y** ✓	**N**	This proposed change to Council Tax Reduction should not affect the overall level of support to pension age claimants or working age severely disabled claimants who attract a Severe Disability Premium any differently to all other client groups – **however there is a differential impact due to age;** For working age applicants the reduction they receive is to be determined by the local authority. To provide financial assistance for the scheme, Central Government is to provide funding to each billing authority in England, However the level of funding provided is to be less than the amount currently provided to support the existing Council Tax Benefit scheme. If working age severely disabled claimants who attract a Severe Disability Premium are to be protected in full, along with pension age claimants (as required by Central Government) there would be a decrease in the level of support available to all other working age claimants although this would be a large group over which the reduction could be spread. In the case of Tamworth Borough Council, the shortfall to be borne by working age claimants not deemed to be severely disabled who attract a Severe Disability Premium would amount to 25% per annum
14. Are there concerns that the policy/ procedure/ practice <u>could</u> have a differential impact due to religious belief?	**Y**	**N** ✓	This proposed change to Council Tax Reduction should not affect the overall level of support to pension age claimants or working age severely disabled claimants who attract a Severe Disability Premium any differently to all other client groups and there would be **no** differential impact due to religious belief

15. Are there concerns that the policy/ procedure/ practice <u>could</u> have a differential impact on Gypsies/ Travellers?	**Y**	**N** ✓	This proposed change to Council Tax Reduction should not affect the overall level of support to pension age claimants or working age severely disabled claimants who attract a Severe Disability Premium any differently to all other client groups and there would be **no** differential impact to gypsies or travellers
16. Are there concerns that the policy/ procedure/ practice <u>could</u> have a differential impact due to dependant/caring responsibilities?	**Y** ✓	**N**	This proposed change to Council Tax Reduction should not affect the overall level of support to pension age claimants or working age severely disabled claimants who attract a Severe Disability Premium any differently to all other client groups
17. Are there concerns that the policy/ procedure/ practice <u>could</u> have a differential impact due to them having an offending past?	**Y**	**N** ✓	This change to Council Tax Reduction should not affect the overall level of support to pension age claimants or working age severely disabled claimants who attract a Severe Disability Premium any differently to all other client groups and there would be **no** differential impact due having an offending past
18. Are there concerns that the policy/ procedure/ practice could have an impact on children or vulnerable adults?	**Y**	**N** ✓	This proposed change to Council Tax Reduction should not affect the overall level of support to pension age claimants or working age severely disabled claimants who attract a Severe Disability Premium any differently to all other client groups and there would be **no** differential impact due to children or vulnerable adults being in the household
19. Does any of the differential impact identified cut across the equality strands (e.g. elder BME groups)?	**Y**	**N** ✓	This proposed change to Council Tax Reduction should not affect the overall level of support to pension age claimants or working age severely disabled claimants who attract a Severe Disability Premium any differently to all other client groups and there would be **no** differential impact identified that cut across equality strands

20. Could the differential impact identified in 8 – 19 amount to there being the potential for adverse impact in this policy/ procedure/ practice?	**Y**	**N** ✓	The adoption of this policy would, for pension age groups and working age severely disabled claimants who attract a Severe Disability Premium have no adverse impacts any differently to all other client groups. However the Council will continue to encourage pensioners and working age disabled persons to make claims for assistance.
21. Can this adverse impact be justified: • **on the grounds of promoting equality of opportunity for one group?** • **For any other reason?**	**Y** ✓	**N**	The inclusion of **just** working age severely disabled claimants who attract a Severe Disability Premium, as a protected group would provide significant additional protection **without** overburdening the remaining working age claimant base
22. As a result of carrying out the equality impact assessment is there a requirement for further consultation?	**Y**	**N** ✓	There will be no requirement to undertake further consultation
23. As a result of this EIA should this policy/ procedure/ practice be recommended for implementation in it's current state?	**Y** ✓	**N**	**It is the Council's opinion that this policy to protect both pension age and all working age severely disabled claimants who attract a Severe Disability Premium, whilst them being subject to a maximum of 4 weeks' Council Tax Reduction where the claimant(s) are abroad would be equitable and would ensure continued protection in all other aspects of the scheme to the most vulnerable within the Borough.**

Equality Impact Assessment Action Plan

Complete the action plan demonstrating the changes required in order to meet TBC's commitment to equality and diversity. The action plan must contain monitoring arrangements, the publishing of results and the review period required for this policy.

ACTION/ ACTIVITY	RESPONSIBILITY	TARGET	PROGRESS
Introduction of the Council Tax Reduction scheme for pensioners as prescribed by the Local Government Finance Act 2012 and defined within the Council Tax Reduction Scheme (Prescribed Requirements) Regulations 2012	Karen Taylor	**01/04/17**	**Ongoing**
Monitoring arrangements:		**Data collected quarterly**	
Full monitoring of scheme implementation on a monthly basis in line with the accepted project plan	Karen Taylor	Monthly and quarterly collection of data to be undertaken by the Benefits Service	Ongoing
Publication:			
The revised Council Tax Reduction scheme is to be published by the Council by April 2016, after consideration at Cabinet and then full Council in December 2016.	Karen Taylor		Ongoing
Review Period:		**Reviewed 12 monthly unless otherwise stated**	
The scheme will be reviewed annually by both Central Government and the Borough Council	Karen Taylor		Ongoing

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Tamworth Borough Council

tamworthlistens

your town ▪ your life ▪ your say

Local Council Tax Reduction Scheme Consultation Summary Report 2016

Produced by Staffordshire County Council On behalf of Tamworth Borough Council

DOCUMENT DETAILS

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

Title	Localisation of Council Tax Consultation Summary Report
Date created	October 2016
Description	The purpose of this document is to provide Tamworth Borough Council with the consultation results on their proposals for localising their Council Tax Benefit Scheme.
Produced by	Heather Collier, Research Co-ordinator, Insight, Planning and Performance Team, Staffordshire County Council Tel: 01785 277450 Email: heather.collier@staffordshire.gov.uk
Geographical coverage	Tamworth Borough
Format	PDF and Publisher files
Status	Final (Version 1)
Usage statement	This product is the property of Tamworth Borough Council. If you wish to reproduce this document either in whole, or in part, please acknowledge the source and the author(s).
Disclaimer	Staffordshire County Council, while believing the information in this publication to be correct, does not guarantee its accuracy nor does the County Council accept any liability for any direct or indirect loss or damage or other consequences, however arising from the use of such information supplied.

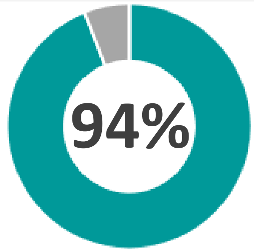
Principles: There was a high level of support for both principles with 91% agreeing with key principle 2, 'The Local Council Tax Reduction Scheme should encourage people to work' and 89% agreeing with key principle 1, 'Every household with working age members should pay something towards their Council Tax bill'.

Policies: The level of endorsement attributed to each of the policies was varied. Policy 1, which provides total protection for pensioners and those working age claimants classed as severely disabled received the highest level of support, with 94% agreeing it was 'reasonable'. This policy also received the highest level of support in 2014.

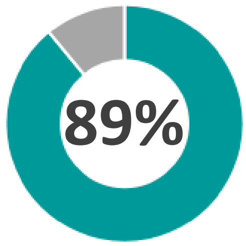
Least endorsement was received for Policy 8. This policy disregards maintenance payments as income when calculating a Working Age claimant's Council Tax Reduction entitlement, in order to provide an incentive for parents to stay in work or return to work. Whilst least supported, this policy did still receive a 'moderate' level of support (57%). Overall, there was a '**high'**[1] level of endorsement for seven out of the twelve policies and the details of these are outlined below:

Policies: 'High' level of support

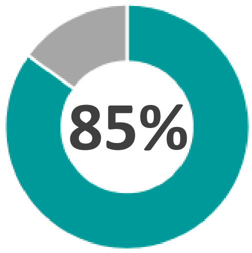
Policy 1: Level of support for pensioners, disabled and working age claimants



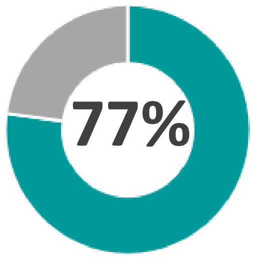
Policy 10: Non dependents contributions towards the Council Tax bill AND
Policy 5: Continuing to disregard childcare costs



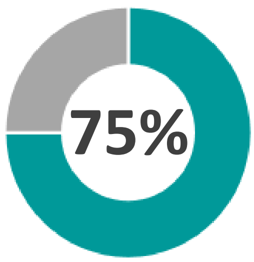
Policy 9: Continuing to protect those claiming a Severe Disability Premium



Policy 4: Changes to the Second Adult Rebate



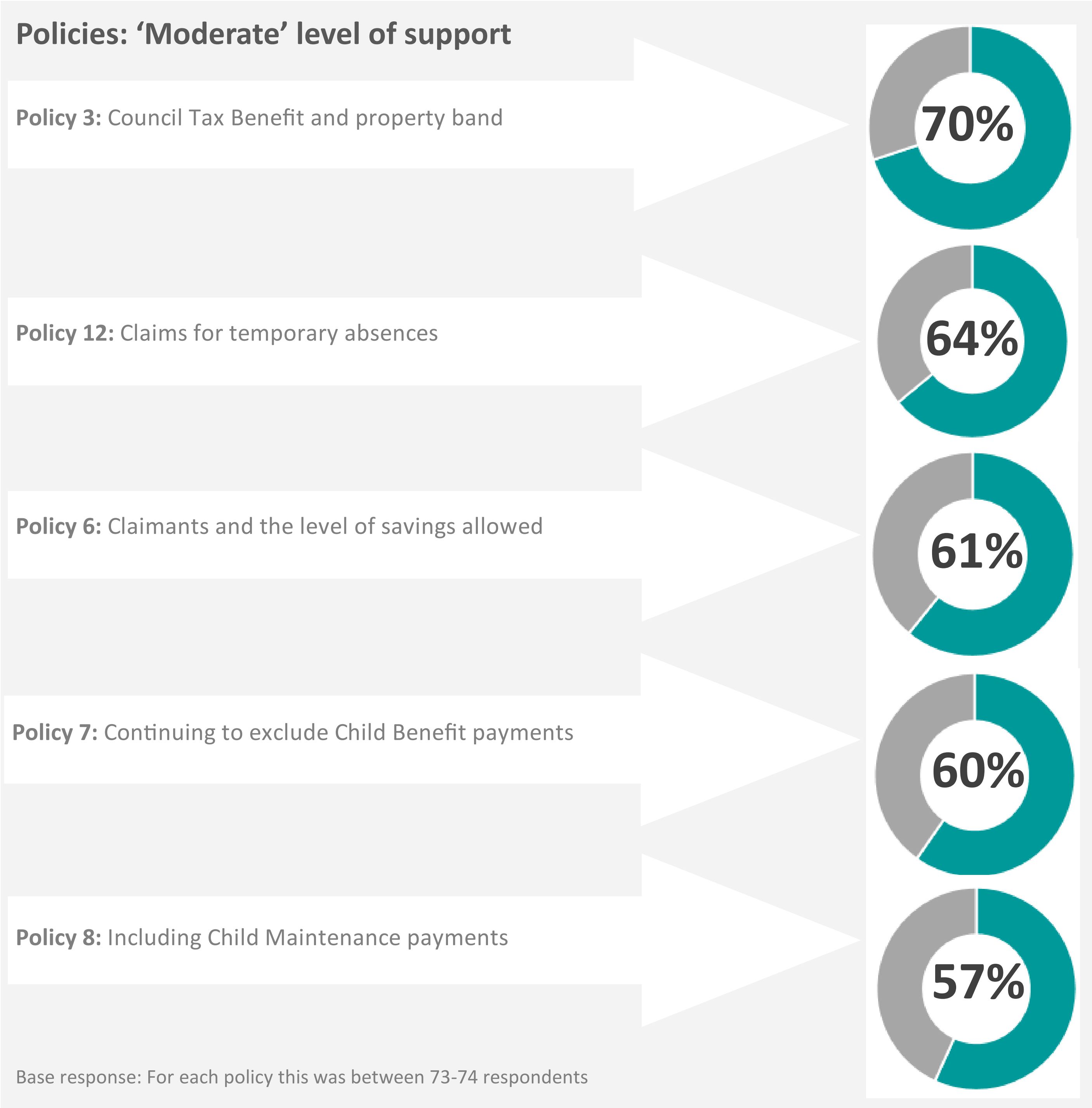
Policy 11: Back dated claims for one month only AND
Policy 2: Level of benefit for working age claimants



[1] Where the 'level of support' is quoted in this report, this is defined as:
Low: 0% - 24% agree the proposal to be reasonable, Some: 25% - 49% agree the proposal to be reasonable, Moderate: 50% - 74% agree the proposal to be reasonable, High: 75% - 100% agree the proposal to be reasonable.

Base response: For each policy this was between 73-74 respondents

Five of the 12 proposals received a **'moderate'** level of support and details of these are outlined below:



Impact of the changes: Changes to Council Tax Benefit can affect individuals and key groups in society and consequently these impacts were a key component of this research. Of the survey respondents, 60% indicated that the changes had a 'low' impact upon them, 21% said the impact had been 'medium' and 19% said it had been 'high'. Those respondents who received a Council Tax reduction were far more likely to feel that the impact upon them was 'high' (43%) than non claimants were. 9% of non claimants said the effect upon them was 'high'.

Whilst caution should be applied to statistical analysis of these responses, as the level of responses was relatively low (84 responses were received), research by the Joseph Rowntree Foundation[2] does suggest that claimants are more likely to be affected and it outlines the wider impacts which claimants are likely to face. An analysis of local arrears and bailiff referrals linked to non payment of Council Tax would also enable a deeper understanding of the impacts of reform at the local level.

[2] The Impact of Localising Council Tax Benefit, Joseph Rowntree Foundation, March 2013

2.1 INTRODUCTION

Tamworth Borough Council is seeking people's views on a proposed change to its Local Council Tax Reduction Scheme. The proposed change is for claims to be paid for up to four weeks of temporary absence only when the claimant (and any partner) has gone abroad. Under the existing scheme, entitlement would normally be for up to 13 weeks.

The Council also took the opportunity to gauge opinion on the rest of its Local Council Tax Reduction Scheme which has been in operation since 1st April 2013. The initial scheme had previously been shaped by a 2012 public consultation which was carried out prior to the introduction of the scheme.

The results of the latest 2016 consultation have been analysed by Staffordshire County Council on behalf of Tamworth Borough Council and these bring together analysis and key themes of all responses received.

These responses will be considered by Cabinet and full Council who will finalise the Local Council Tax Reduction Scheme. Agreed changes would take effect from 1st April 2017.

2.2 METHODOLOGY

The Council launched its consultation on Monday 15th August 2016 and respondents were provided with a nine week window in which they could respond by electronic survey. The deadline for responses was Friday 14th October 2016.

The consultation was widely promoted using the following methods;

- Press releases in the local newspaper, The Tamworth Herald
- Tamworth Borough Council website (prominent feature on the homepage)
- Twitter
- Facebook
- Tamworth Borough Council blog
- Gov delivery
- E-mailed to TBC citizens panel
- E-mailed to TBC tenants, (Open House e-zine recipients)
- Tamworth Informed
- Touch FM
- TCR FM
- BBC Radio WM

2.3 RESPONDENT PROFILE

A total of 84 respondents completed the online survey. This equates to 0.1% of the adult population of Tamworth[3] and compares similarly to last years response rate of 77 responses.

In statistical terms, the 95% confidence level has been applied to the survey results. This means that if the survey was repeated, in 95 out of 100 cases, the same response would be achieved.

Citizens and communities responses have an overall confidence interval of +/-10.5% meaning that the percentage responses they have given to any questions could fall in the range of 10.5% higher or 10.5% lower than their actual response. A confidence interval of +/-3-4% is fairly typical for a statistically robust survey[4].

As such, some caution should be applied when interpreting the results, because of the relatively low response rate. The results should not be regarded as representative of the overall communities which they represent but they do provide a flavour of responses.

A full respondent profile can be found in Appendix 1, but some key points include:

- All respondents (100%) identified themselves as a resident of Tamworth.
- The majority of respondents were between the ages of 45-74 years of age (82%). The age groups within the 45-74 year old bracket were over represented when compared to the Mid Year 2015 Population Estimates (MYPE) for Tamworth. All other age groups were under represented in this respect[5].
- 29% of survey respondents had a disability, that's 11 percentage points higher than the disability level reported for Tamworth in the 2011 census[6].

[3] The adult population of Tamworth includes those residents who are aged 18 and above in the Mid Year Population Estimates, 2015 (MYPE, 2015).

[4] To achieve a +/-4% confidence interval for the survey results, 500 responses would need to be achieved and to achieve a +/-3% confidence interval, 800 responses would be needed.

[5] Mid Year Population Estimates, 2015, Office of National Statistics (MYPE, 2015).

[6] Census 2011, Office of National Statistics.

3. RESULTS—PRINCIPLES

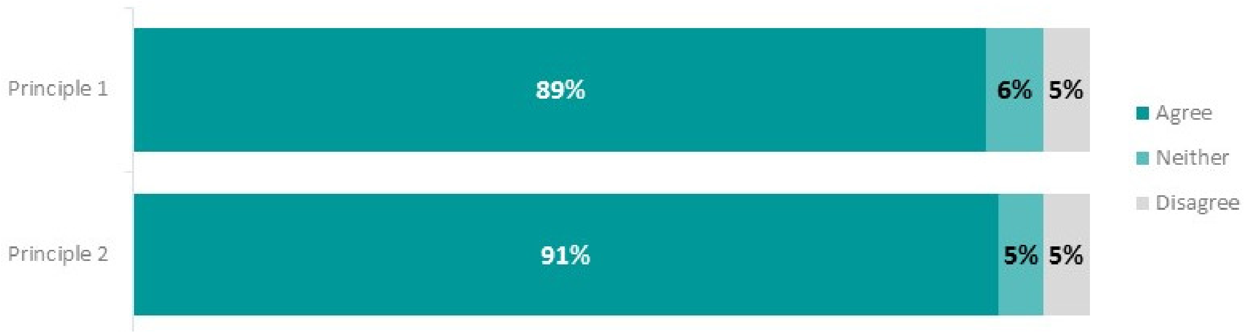
Respondents were invited to indicate to what extent they agreed or disagreed with the following two principles:

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

Principle 2: The Local Council Tax Reduction Scheme should encourage people to work.

As the graph below illustrates, there was a 'high' level of support for each of the two principles with 89% of respondent 'agreeing' with Principle 1 and 91% agreeing with Principle 2. Two thirds or more 'strongly agreed' with both of the principles.

Figure 3.1: Level of agreement with the principles



Base: 84 respondents

4. RESULTS—POLICIES

Respondents were invited to state to what extent they felt the following policies were either 'reasonable' or 'unreasonable' and their responses are documented below:

Local Council Tax Reduction Scheme: Policy 1

Pensioners receive support for up to 100% of their Council Tax bill as they are protected by the Government under a national scheme. We also protect working age claimants classed as severely disabled and in receipt of a Severe Disability Premium, claimants with disabled children and claimants receiving a War Pension or Armed Forces Compensation Scheme payment in the Local Council Tax Reduction Scheme. This means that pensioners, claimants classed as severely disabled, claimants with disabled children and claimants receiving a War Pension or Armed Forces Compensation Scheme payment are the only claimants that receive support for up to 100% of their Council Tax bill. All other working age claimants pay something towards their Council Tax bill and applicable amounts continue to be aligned with those of Housing Benefit.

There was a 'high' level of support for policy 1, with 94% of respondents feeling that it was 'reasonable'. Two thirds of this proportion (67%) felt that it was 'very reasonable'.

Figure 4.1: Views on Policy 1

Base: 84 respondents

Local Council Tax Reduction Scheme: Policy 2
All working age claimants that are not protected have to pay at least 25% of their Council Tax bill. To mitigate future grant reductions, the scheme could ask working age claimants to pay at least 30% of their Council Tax bill. This means that working age claimants who are not protected would get less help than they do now.

There was a 'high' level of support for this policy with three quarters (75%) of respondents indicating that it was 'reasonable'. 37% felt it was 'very reasonable' and 38% 'reasonable'.

Figure 4.2: Views on Policy 2

Base: 84 respondents

Local Council Tax Reduction Scheme: Policy 3
Council Tax Reduction is limited to the level that is given for a smaller house. We limit the maximum support offered based on 75% of the Council Tax bill for a Band D property, even if the claimant lives in a property with a higher banding than D. This means that any claimant who lives in a property with a banding higher than D has their Reduction calculated as if they lived in a Band D property.

There was 'moderate' support for this policy with 70% of respondents stating that they felt it was 'reasonable'. Of this proportion, 29% felt it was 'very reasonable' and 41% felt it was 'reasonable'.

Figure 4.3: Views on Policy 3

Base: 83 respondents

Local Council Tax Reduction Scheme: Policy 4
Before April 2013, some customers were not entitled to Council Tax Benefit in their own right because their own income was too high or they had too much in savings. However, they could claim a Second Adult Rebate, for a reduction of up to 25% off their bill, because they had another adult living with them who was on a low income.
From April 2013, Second Adult Rebate was removed under the Local Scheme. This means that all those of Working Age who were previously entitled to a Second Adult Rebate have to pay 100% of their Council Tax bill (Second Adult Rebate can still be claimed by pensioners as it is in the national rules).

A 'high' level of respondents were in agreement with Policy 4 (77%). Of these, 39% felt the policy was 'very reasonable' and 38% felt it was 'reasonable'.

Figure 4.4: Views on Policy 4

Base: 84 respondents

Local Council Tax Reduction Scheme: Policy 5
Child care costs are allowed as an expense when calculating Council Tax Reduction. This does not contribute to any reductions but provides an incentive for parents to stay in work or return to work.

There was a 'high' level of agreement with policy 5 (89%), with 41% feeling that it was 'very reasonable' and 48% feeling that it was 'reasonable'.

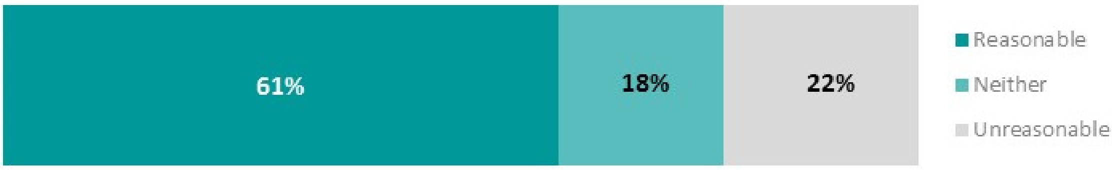
Figure 4.5: Views on Policy 5

Base: 83 respondents

Local Council Tax Reduction Scheme: Policy 6
Claimants are able to have savings of up to £16,000 and still receive support towards their Council Tax Bill.

There was a 'moderate' level of support for policy 6 with 61% of respondents agreeing that it was 'reasonable'. Of this proportion, 30% felt the proposal was 'very reasonable' and 31% felt it was 'reasonable'.

Figure 4.6: Views on Policy 6



Base: 84 respondents

Local Council Tax Reduction Scheme: Policy 7
Child Benefit is not included as income when calculating a claimant's Council Tax Reduction entitlement.

There was a 'moderate' level of support expressed for policy 7 with 60% of respondents indicating that it was 'reasonable'. Of this proportion, 37% felt the policy was 'very reasonable' and 23% felt it was 'reasonable'.

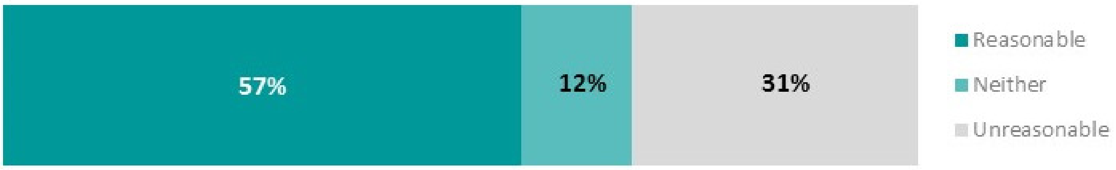
Figure 4.7: Views on Policy 7

Base: 84 respondents

Local Council Tax Reduction Scheme: Policy 8
We disregard maintenance payments as income when calculating a Working Age claimant's Council Tax Reduction entitlement to provide an incentive for parents to stay in work or return to work.

There was a 'moderate' level of support for this policy, with 57% indicating that it was 'reasonable'. 28% of these felt it was 'very reasonable' and 29% felt it was 'reasonable'. Compared to other policies, a higher proportion of respondents felt this policy was 'unreasonable', with just under one third indicating this was the case.

Figure 4.8: Views on Policy 8



Base: 83 respondents

Local Council Tax Reduction Scheme: Policy 9
If a Working Age person receives Disability Living Allowance, a Care Component may be added if they require help with day to day tasks or if they need frequent personal care. A lower, middle or higher rate is paid depending on the care needs of the claimant. Single claimants that receive a middle or higher rate Care Component are classed as severely disabled and can attract a Severe Disability Premium too, as long as no one lives with them and no one receives a Carers Allowance for looking after them. Couples can also receive this premium as long as they both are eligible for a middle or higher rate Care Component, no one lives with them and no one receives a Carers Allowance for looking after either of them.
A Severe Disability Premium is also payable if a Working Age person (and their partner if they have one) receives a Personal Independence Payment at the Enhanced Daily Living rate and no one lives with them and no one receives a Carers Allowance for looking after them.

Claimants who are eligible for Severe Disability Premium can receive a Reduction for up to 100% of their Council Tax bill.

There was a 'high' level of agreement with this policy with 85% of respondents indicating their support for it. Of this proportion, 42% felt it was 'very reasonable' and 43% felt it was 'reasonable'.

Figure 4.9: Views on Policy 9

Base: 84 respondents

Local Council Tax Reduction Scheme: Policy 10
Any non-dependants living in a Working Age claimant's household are expected to contribute towards the Council Tax bill. If the non-dependant is not working then their contribution would be £5 per week. If the non-dependant is working then their contribution would be £10 per week.

There was a 'high' level of support for policy 10, with 89% indicating that it was 'reasonable'. Of this proportion, 46% felt the policy was 'very reasonable' and 43% said it was 'reasonable'.

Figure 4.10: Views on Policy 10

Base: 83 respondents

Local Council Tax Reduction Scheme: Policy 11
From April 2016, the scheme was amended to allow a claim to be backdated for up to one month only.

This policy, received a 'high' level of support, with three quarters of respondents agreeing that it was 'reasonable'. Of this proportion, 38% felt it was 'very reasonable' and 37% felt it was 'reasonable'.

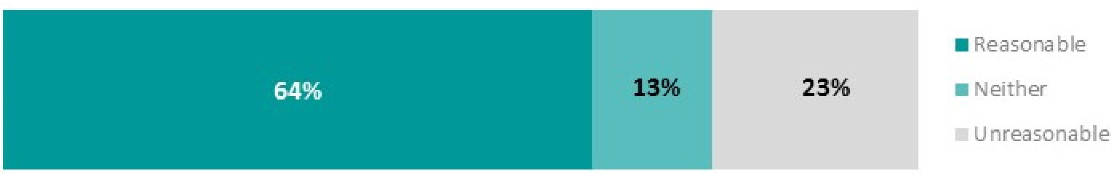
Figure 4.11: Views on Policy 11

Base: 84 respondents

Local Council Tax Reduction Scheme: Policy 12
It is proposed that from April 2017 to allow a claim to be paid for up to 4 weeks of temporary absence only when the claimant (and any partner) have gone abroad.

There was a 'moderate' level of support for this policy with nearly two thirds (64%) agreeing that it was 'reasonable'. Of this proportion, the majority (46%) felt the policy was 'very reasonable' and 18% said it was 'reasonable'.

Figure 4.12: Views on Policy 12



Base: 84 respondents

Comments on the policies

Nearly a quarter of respondents (24% or 20 respondents) chose to comment. The vast majority of these related to policy 12 on allowing claims to be paid for up to 4 weeks of temporary absence only when the claimant (and any partner) have gone abroad.

There was a general consensus amongst those commenting that if people can afford *"extended periods of overseas travel it seems likely they can afford to pay their Council Tax"* and *"you should not pay for any absence whilst people are abroad".* 11 of the 20 respondents commenting, remarked on this.

Some of those commenting, however did agree with the notion of paying for temporary absences and suggested that there should be some exceptions to the policy, for example for people in *"the forces",* people in *"hospital",* those receiving *"health treatment overseas",* people who are *"caring for family"* and for those *"attending a funeral".*

5. RESULTS—IMPACT OF THE CHANGES

Respondents were asked a series of questions to ascertain how they felt the changes implemented from April 2013 have impacted both their individual circumstances and/or key groups. This section displays the results from these questions.

Does your household receive Council Tax Reduction?

Over two thirds of respondents live in a household that does not receive a Council Tax reduction (68%).

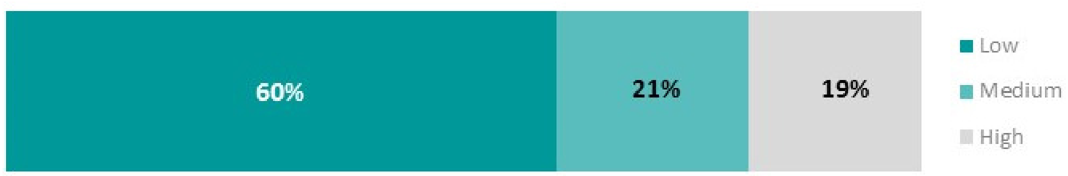
Figure 5.1: Does your household receive a Council Tax reduction?

Base: 83 respondents

Consequently, as the graph below shows, the impacts felt on individual financial situations have been 'low' for the largest proportion of respondents (60%). However, some caution should be applied when interpreting these responses as they may not be representative of the wider Tamworth population that they are seeking to represent.

What level of impact have the changes had on you and your household?

Figure 5.2: Impact of the changes



Base: 73 respondents

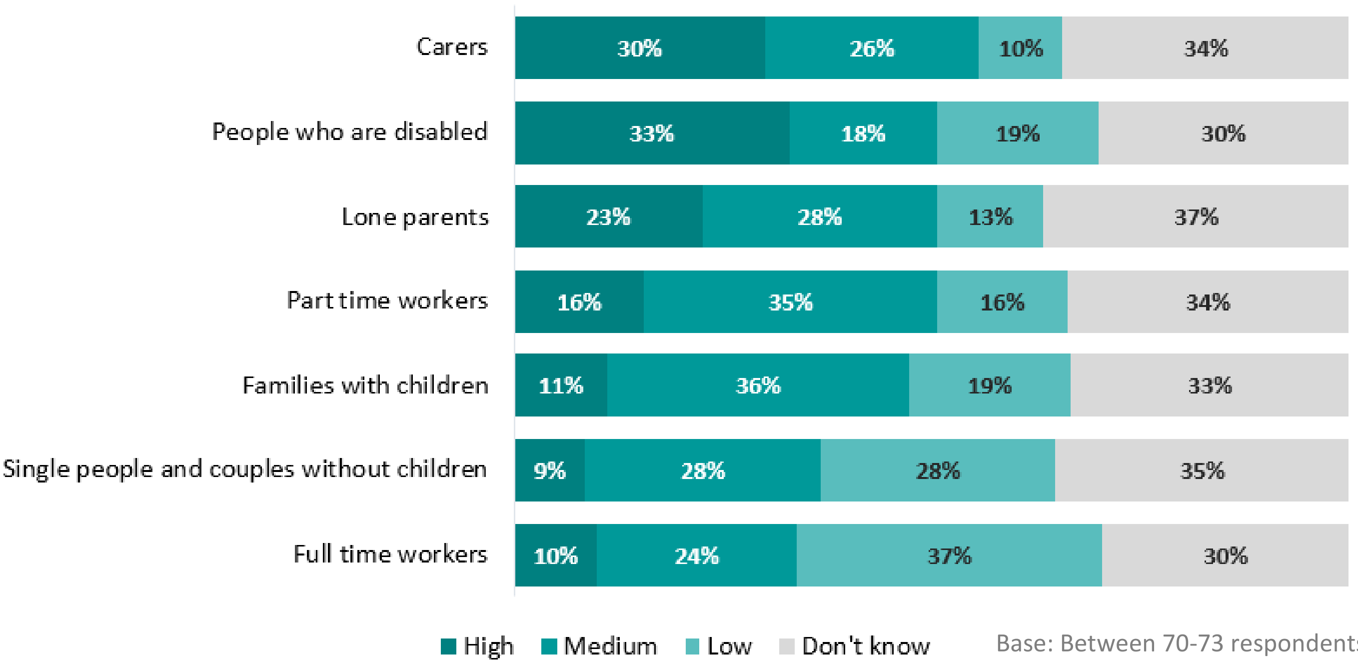
Four respondents shared their comments on the impacts of the changes and these related to people's experiences including those impacts on working age couples and disabled people who are unfit for work[7]. Their comments are documented below;

- *"I get £120 pounds a week to live on from the government any money removed from that lowers my living standard and ability to pay my bills".*
- *"The scheme has a specific drawback in how it processes a Working Age couple who are both unfit for work. Living apart is rewarded, but at a higher cost to the Council Tax Reduction scheme. More people would live together and thus bring about savings if the penalties for cohabitation were not so heavy".*
- *"Disabled people unfit for work are penalised for seeking to fulfil their right to a home and family life, which includes the right to live as a couple. In fact concessions are only made to severely disabled people if they choose to live with other severely disabled people. That might be considered discriminatory. Most disabled couples live alone in their separate properties. This incurs much greater overall cost. I would like to see less penalising of couples in our situation. I believe that a less harsher scheme would actually bring about savings overall".*
- *"I understand the need for the measures proposed but vulnerable people may well slip through the net of the agency 'tick boxing' applications. Some instances of this have already been seen with post-Disability Living Allowances".*

Please tell us whether you think the changes had a 'high', 'medium' or 'low' impact on each of these groups.

Fifty percent or more felt the changes had a 'high' or 'medium' impact on each of the following four groups; 'carers', 'people who are disabled', 'lone parents' and 'part-time workers'. Respondents were most likely to feel that the changes had a 'high' impact on people who are 'disabled' (33%) and upon 'carers' (30%).

Figure 5.3: Impact of the changes on key groups



Base: Between 70-73 respondents for each of the key groups.

[7] We would expect responses to this question to be relatively low as the majority of respondents have previously acknowledged that they do not receive Council Tax reduction and were not impacted by the changes.

Respondents were invited to share their views on any other groups who may be affected by the changes. This year, very few respondents chose to comment on this question. In total, two respondents commented on those groups who may be affected. These included a comment on general concerns as well as one on the impacts for disabled people. The comments shared have been outlined below;

- *“The issue with answering the above question is that these groups can cross over”.*
- *“I have a son with disabilities and receive Disability Living Allowance at a medium rate, Carers Allowance. I have been unemployed for the last four years and have a self employed partner. I pay full Council Tax and find the rates quite unfair”.*

6. APPENDIX 1: RESPONDENT PROFILE[8]

Are you a resident of Tamworth?

	Survey responses	
	No's	**%**
Yes	84	100%
No	0	0%

Does your name appear on the Council Tax

	Survey responses	
	No's	**%**
Yes	77	92%
No	7	8%
Don't know	0	0%

Are you submitting your views as….

	Survey responses				
	No's	**%**		**No's**	**%**
Resident of Staffordshire	63	75%	Voluntary organisation	0	0%
None of these	8	10%	Community group	0	0%
Resident outside of Tamworth	2	2%	Housing Association	0	0%
Other	2	2%	Private landlord	0	0%
A relative of a Council Tax Reduction claimant	1	1%	Nationally or locally elected member/MP	0	0%
A friend of a Council Tax Reduction claimant	1	1%	Partner organisation	0	0%

Does your household receive any of the following benefits?

	Survey responses	
	No's	**%**
DLA/PIP	11	13%
Housing Benefit	9	11%
Employment and Support Allowance	8	10%
Carers Allowance	5	6%
Child Benefit	5	6%
Child Tax Credit	4	5%
Income Support	1	1%
Attendance Allowance	0	0%
Job Seeker Allowance	0	0%

Do any of the following describe your household?

	Survey responses	
	No's	**%**
A household with full and/or part-time workers	29	35%
None of these	25	30%
A single person household or a couple without children	14	17%
A household that includes someone who is disabled	11	13%
A family with one or two dependant children	8	10%
A family with three or more dependant children	0	0%
A lone parent household	0	0%

Are you receiving a retirement Pension/Pension Credit?

	Survey responses				
	No's	**%**		**No's**	**%**
Yes	30	36%	Prefer not to say	5	6%
No	48	58%			

[8] Where responses for single response questions do not add up to 100% exactly this is due to rounding to the nearest decimal place.

Do you regularly provide unpaid support caring for someone?

	Survey responses	
	No's	%
Yes	22	28%
No	57	72%

Are you male or female?

	Survey responses		Tamworth MYE 2015
	No's	%	%
Female	35	42%	52%
Male	47	56%	48%
Prefer not to say	2	2%	N/A

Do you consider yourself to have a disability?

	Survey responses		Tamworth 2011 Census comparison
	No's	%	%
Yes	23	29%	18%
No	52	65%	82%
Prefer not to say	5	6%	N/A

What type of disability do you have?

	Survey responses	
	No's	%
Physical	11	48%
Mental health	8	35%
Mobility	7	30%
Other	4	17%
Hearing	2	9%
Communication	1	4%
Visual	1	4%
Learning	0	0%

What is your age?

	Survey		Tamworth MYE 2015
	No's	%	%
18-24	0	0%	10%
25-34	3	4%	17%
35-44	4	5%	17%
45-54	22	26%	18%
55-64	29	35%	16%
65-74	18	21%	13%
75+	5	6%	9%
Prefer not to say	3	4%	N/A

What is your relationship status?

	Survey responses	
	No's	%
Single	25	30%
Married	44	52%
Living as a couple	8	10%
Civil Partnership	0	0%
None of these	4	5%
Prefer not to say	3	4%

What is your ethnicity?

	Survey responses		Tamworth 2011 census comparison
	No's	%	%
Asian/Asian British	0	0%	0.8%
Black/Black British	0	0%	0.51%
Chinese	0	0%	0.2%
Mixed Heritage	0	0%	1.0%
White British	73	89%	95%
White-Other	4	5%	2.3%
Other	0	0%	0.1%
Prefer not to say	5	6%	N/A

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