

26<sup>th</sup> November 2015

### REPORT OF THE LEADER OF THE COUNCIL

#### DRAFT BASE BUDGET FORECASTS 2016/17 to 2020/21

##### **Purpose**

To inform Members of the re-priced base budget for 2016/17, base budget forecasts for the period 2016/17 to 2020/21 (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 2016/17 & indicative budgets to 2020/21 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 2016/17, 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 2016/17 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 2016/17 to 2020/21.

The Medium Term Financial Planning process is being challenged by the ongoing uncertain economic conditions. The attached forecast is based on a 5 year period, but does contain a number of uncertainties. The forecast grant reductions will put significant pressure on the ability of the Council to publish a balanced 5 Year Medium Term Financial Strategy (MTFS) – it may have to be a 3 or 4 year MTFS, in compliance with the Prudential Code.

Currently projections identify:

1. a General Fund shortfall of £0.1m over 3 years (with a shortfall of £3.8m over 5 years), including the minimum approved level of £0.5m;
2. a HRA surplus of £0.3m over 3 years (with a shortfall of £3.8m 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 announcement that the Government will be reviewing the scheme again including the potential termination of the scheme after 2015/16;
- b) Future Revenue Support Grant levels for future years following the Chancellor's Summer Budget in July 2015 (which indicated further £18bn cuts to Public Service spending by 2019/20) and the outcome from the Comprehensive Spending Review which is due to be published on 25<sup>th</sup> November 2015 – when the implications for Local Government should be known. The impact for the Council will be confirmed by DCLG as part of the *Local Government Finance Settlement* in February 2016 following a provisional announcement in December 2015. A review on the potential redistribution on a needs basis could also adversely impact on the grant income levels;
- c) The impact of Business Rate Reform from 1<sup>st</sup> April 2013 and the associated forecast business rates receivable in 2015/16 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 planned revaluation in 2017 and recent Government announcements regarding proposals for Councils to keep 100% of the business rates collected by 2020;
- d) The calculation of the level of business rate appeal costs – of which the Council has to fund 40% from its own budgets – a provision of £3.8m was set aside in 2014/15 (40% of which relates to the Council);
- e) Future Pension contribution levels - following the triennial review carried out by the Actuaries employed by the Pension Fund - indicative *ongoing* annual increases in Employer's contributions of c.2% p.a. for the next 3 years have been included. This now includes an ongoing lump sum (with an annual increase) relating to past liabilities and a set rate for future employer contributions of 16.5% p.a.
- f) The impact of Pension Auto-Enrolment and the single tier pension from 2016/17 – no additional cost associated with auto enrolment has been included as salary budgets are prepared on a full cost basis (and then reduced by the 5% vacancy allowance);

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

- g) While the Government announced a pay cap for 2014/15 & 2015/16, a 2.2% increase (plus other changes) was agreed from 1<sup>st</sup> January 2015. As part of the Summer Budget announcements, a 1% pay cap for public sector workers for the next 4 years has been set. In addition, from April 2016, a new compulsory National Living Wage for the over 25s will be introduced to replace the National Minimum Wage, currently set at £6.50 per hour. The National Living Wage will be set at £7.20 when it comes into effect in April 2016. It will then rise over the next four years to £9.00 per hour in 2020.
- h) Proposed changes set out in the Welfare Reform Act 2012 and the introduction of Universal Credit – impact on housing benefits and associated income receipts (including Housing Rents and Council Tax) of the council;
- i) The impact of any further uncertainty over future interest rate levels and their impact on investment income / treasury management;
- j) Due to uncertainties around the Better Care Fund, a significant risk on the current grant funding for Disabled Facilities Grants (DFG) is highlighted after 2015/16. A grant of £224k p.a. has been assumed to be redistributed – in line with the funding notified for 2015/16;
- 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) due to the 1% reduction and as the planned inflationary increases of c.3% p.a. will also not be made;
- 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) Review and finalisation of the revised budgets/policy changes and feedback from the scrutiny process – including the Council Tax increase for 2016/17 following confirmation of the referendum threshold.

## Options Considered

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

Council Tax	Option Modelled / Considered
<b>Model 1</b>	<b>1.99% increase in Council tax in 2016/17 (followed by inflationary increases of c.1.99% p.a.)</b>
Model 1a	0% increase in Council tax in 2016/17 (followed by increases of c.1.99% p.a.)
Model 2	2.5% increase in Council tax in 2016/17 (followed by increases of 2.5% thereafter)
Model 3	0% increase in Council tax in 2016/17 (followed by increases of 0% thereafter)
Model 4	1% increase in Council tax in 2016/17 (followed by increases of 1% thereafter)

Rent	Option Modelled / Considered
Option 1	CPI + 1%
<b>Option 2</b>	<b>Reduction of 1% (in line with the Summer Budget announcement)</b>

## Resource Implications

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

- The Forecast projects a General Fund shortfall of £0.1m over 3 years (£3.8m over 5 years), including the minimum approved level of £0.5m – assuming annual Council Tax increases of below 2% p.a. - in line with the 2% cap set by the Department for Communities & Local Government (DCLG) for 2015/16.

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 General Fund net cost reduction of £0.4m;
- b) Budget issues 2015/16:
  - Vacant Public Relations & Communications Manager post, £36k;
  - Increased postage & distribution costs £35k;
  - Car parking income higher than expected, £55k – offset by lower than expected parking fines, £65k;

- Joint Waste Contingency budget not required (£50k);
- Development Control - £70k projected additional Planning Applications income;
- Business Rates levy payment £357k offset by reduced transfer to reserves £150k;
- Increased return on higher than expected treasury balances, £57k.

c) Base Budget review:

- New Homes Bonus – increased grant income of £58k;
  - Increased return on higher than expected treasury balances, £180k (from the sale of the former Golf Course);
  - Savings identified from procurement and a review of the last 3 years outturn position, £246k;
  - Increased income within Communities, Planning & Partnerships, £56k.
- The current forecast projects a Housing Revenue Account (HRA) surplus of £0.3m over 3 years with a shortfall of £3.8m over 5 years including the minimum recommended balances of £0.5m.

However this includes contributions to Capital Spend of £4.1m over 3 years (£6.9m over the next 5 years) and the Regeneration Reserve of £4.6m over 3 years (£9.4m over 5 years) - resulting in balances of £1.0m over 3 years (£8.8m over 5 years).

a) Impact of Committee decisions on the 2015/16 budget – a net cost saving of £3.3m;

b) Budget issues 2015/16:

- Rent income is projected to exceed budget by £235k for the year due to lower than budgeted void levels;
- 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.

c) Base Budget review:

- Savings identified from procurement and a review of the last 3 years outturn position, £72k;
- Reduced Income from Housing Rents of £312k arising from a reduced inflation factor in the rent calculation;
- Increased Interest income receivable on higher HRA balances of £79k.

## 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 3<sup>rd</sup> December 2015.

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 26<sup>th</sup> January 2016.

Proposed amendments to the 2015/16 base budget, approved by Council on 24<sup>th</sup> February 2015, 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); <b>(High)</b>	Sensitivity modelling undertaken to assess the potential impact in the estimation of future grant levels; <b>(Medium / High)</b>
New Homes Bonus grant levels lower than estimated; Continuation of the scheme in its current form is uncertain – a further review is planned. <b>(High/Medium)</b>	Future levels included on a risk based approach in order to offset further grant reductions / uncertainty over additional property numbers; <b>(Medium)</b>
Potential 'capping' of council tax increases by the Government or local Council Tax veto / referendum; <b>(Medium)</b>	Current indications are that increases of 2% and above risk 'capping' (confirmed as 2% for 2015/16); <b>(Low)</b>
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; <b>(High)</b>	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). <b>(High/Medium)</b>
Pay awards greater than forecast; <b>(Medium)</b>	Public sector pay cap announced as part of the Summer Budget 2015 - 1% increase p.a. for 4 years from 2016/17; <b>(Medium / Low)</b>
Pension costs higher than planned / adverse performance of pension fund; <b>(Medium)</b>	Regular update meetings with Actuary; Increases of c.2% p.a. with a new 'lump sum' element have been included with agreement made with Pension Fund following triennial review (during 2013 for 2014/15) for 3 years; <b>(Medium)</b>

<b>Risk</b>	<b>Control Measure</b>
<p>Assessment of business rates collection levels to inform the forecast / budget (NNDR1) and estimates of appeals, mandatory &amp; discretionary reliefs, cost of collection, bad debts and collection levels;</p> <p>New burdens (Section 31) grant funding for Central Government policy changes – including impact on levy calculation;</p> <p>Potential changes to the Business Rates Retention system by the DCLG in support of Town Centre Regeneration / equalisation of the scheme; <b>(High)</b></p>	<p>Robust estimates included to arrive at collection target. Ongoing proactive management &amp; monitoring will continue;</p> <p>Business Rates Collection Reserve - provision of reserve funding to mitigate impact of any changes in business rate income levels;</p> <p>Monitoring of the situation / regular reporting;</p> <p><b>(High / Medium)</b></p>
<p>Local Council Tax Reduction scheme implementation – potential yield changes and maintenance of collection levels; <b>(High)</b></p>	<p>Robust estimates included. Ongoing proactive management &amp; monitoring (including a quarterly healthcheck on the implications on the organisation – capacity / finance) will continue; <b>(High / Medium)</b></p>
<p>Achievement of income streams in line with targets e.g. treasury management interest, car parking, planning, commercial &amp; industrial rents etc.; <b>(High / Medium)</b></p>	<p>Robust estimates using a zero based budgeting approach have been included; <b>(Medium)</b></p>
<p>Delivery of the capital programme (GF / HRA – including Regeneration schemes) dependent on funding through capital receipts and grants (including DFG funding through the Better Care Fund); <b>(High / Medium)</b></p>	<p>Robust monitoring and evaluation – should funds not be available then schemes would not progress; <b>(Medium)</b></p>
<p>Dependency on partner organisation arrangements and contributions e.g. Waste Management (SCC/LDC). <b>(High / Medium)</b></p>	<p>Memorandum of Understanding in place. <b>(Medium)</b></p>

### 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 2015/16, Council 24 <sup>th</sup> February 2015
	Budget and Medium Term Financial Planning Process, Cabinet 30 <sup>th</sup> July 2015
	Budget Consultation Report, Cabinet 22 <sup>nd</sup> October 2015

## **Base Budget Forecast 2016/17 to 2020/21**

Revisions / updates have been made to the 2015/16 base budget in order to produce an adjusted base for 2016/17 and forecast base for 2017/18 onwards.

### **General Fund Revenue**

*Forecast* – When the budget for 2015/16, and indicative budgets for 2016/17 to 2017/18, were approved by Council in February 2015 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:

#### *Budget Issues 2015/16*

- Vacant Public Relations & Communications Manager post, £36k;
- Increased postage & distribution costs £35k;
- Car parking income higher than expected, £55k – offset by lower than expected parking fines, £65k;
- Joint Waste Contingency budget not required (£50k);
- Development Control - £70k projected additional Planning Applications income;
- Business Rates levy payment £357k offset by reduced transfer to reserves £150k;
- Increased return on higher than expected treasury balances, £57k.

#### *Base Budget*

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

- Savings identified from procurement and a review of the last 3 years outturn position, £72k;
- Reduced Income from Housing Rents of £312k arising from a reduced inflation factor in the rent calculation;
- Increased Interest income receivable on higher HRA balances of £79k.

#### *Issues for the Medium Term*

The Forecast projects a General Fund shortfall of £0.1m over 3 years (£3.8m over 5 years), including the minimum approved level of £0.5m – assuming annual Council Tax increases of below 2% p.a. - in line with the 2% cap set by the Department for Communities & Local Government (DCLG) for 2015/16.



## ***Implications & Options***

It is currently estimated that further savings of around £56k will be required over the next 3 years (based on annual c.1.99% increases in Council Tax) with savings of £0.8m per annum required over 5 years.

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

Decisions on future funding 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 2015/16, and indicative budgets for 2016/17 to 2019/20, were approved by Council in February 2014 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.

### *Budget Issues 2015/16*

Significant items currently identified relating to underspends/over achievement of income are,

- Rent income is projected to exceed budget by £235k for the year due to lower than budgeted void levels;
- 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.

### *Base Budget*

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

- Savings identified from procurement and a review of the last 3 years outturn position, £72k;
- Reduced Income from Housing Rents of £312k arising from a reduced inflation factor in the rent calculation;
- Increased Interest income receivable on higher HRA balances of £79k.

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 impact of restructuring following Supporting People funding reductions;
- The effect of service charges implementation;
- Results of ongoing structural surveys e.g. High Rise;
- The impact of Welfare Benefit Reform on rent collection levels – limited so far but further measures are to be rolled out (e.g. Universal Credit);
- 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) due to the 1% reduction and as the planned inflationary increases of c.3% p.a. will also not be made;
- 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;
- 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 £0.3m over 3 years with a shortfall of £3.8m over 5 years) including the minimum recommended balances of £0.5m.

However this includes contributions to capital spend of £4.1m over 3 years (£6.9m over the next 5 years) and the regeneration reserve of £4.6m over 3 years (£9.4m over 5 years) - resulting in balances of £1.0m over 3 years (£8.8m over 5 years).

## Detailed Considerations

### Base Budget Forecasts 2016/17 to 2020/21

Revisions / updates have been made to the 2015/16 base budget in order to produce an adjusted base for 2016/17 and forecast base for 2017/18 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	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Base Budget B/Fwd	8,464	8,032	8,085	7,348	7,201
Committee Decisions	(402)	298	(540)	(121)	-
Inflation	15	35	32	37	38
Other	(427)	(391)	(317)	(166)	211
Pay Adjustments (Including pay award / reduction of 5% for vacancy allowance)	319	111	88	103	182
Revised charges for non-general fund activities	63	-	-	-	-
Total / Revised Base Budget	8,032	8,085	7,348	7,201	7,632

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

## Future Revenue Support Grant & Business Rate Income

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

### *The 2015/16 settlement*

The final Local Government finance settlement figures for Tamworth for 2014/15 and 2015/16 show that the Government funding assessment (Revenue Support Grant (RSG) plus the new business rates baseline retained income) totalled £4.423m for 2014/15 (£5.114m 2013/14) and £3.736m for 2015/16.

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

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

For future years, in light of indications of further grant reductions, it has been assumed that there will be a reduction in Revenue Support Grant as detailed below. It has been assumed that the New Homes Bonus scheme will continue with such funding included using a risk based approach.

<b>External Finance</b>	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>
Revenue Support Grant	1,608	954	542	251	76	-
<b>% Change Increase/(Decrease)</b>	<b>(31.3)%</b>	<b>(40.6)%</b>	<b>(43.2)%</b>	<b>(53.6)%</b>	<b>(69.9)%</b>	<b>-</b>

## Business Rates

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

The Council received additional business rates during 2013/14 (above forecast / baseline) and had to pay a levy of £386k to the Greater Birmingham & Solihull Local Enterprise Partnership (GBSLEP). No levy was payable for 2014/15 due to the significant increase in appeals during March 2015 – which meant an increase in the provision from £1m to almost £4m. The latest estimates indicate additional business rates receivable above the baseline in 2015/16 – of which the Council will receive 40% less the Government set tariff payment of c.£11m (and a 20% levy on any surplus over the baseline to the GBSLEP) - after deduction of the 50% Central Share, 9% County & 1% Fire & Rescue Authority shares).

However, the future position is less certain. A robust check & challenge approach has been taken of any increases on the base figure, including a risk assessed collection level.

New Burdens (Section 31) Grant is receivable for additional reliefs given by the Government relating to business rates from 1<sup>st</sup> April 2014 e.g. Small Business Rate Relief – of which 50% of any in excess of the baseline will be payable in levy to the GBSLEP. A prudent approach has been taken in respect of any new burdens funding – and, due to uncertainties & risk, the creation of an associated Business Rates Collection reserve to mitigate fluctuation in income. The forecast Section 31 Grants and levy payments included within the base budget forecasts are detailed below.

<b>Section 31 Grants / Levy</b>	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>
Section 31 Grant	429	390	408	427	446	465
Business Rates Levy	882	416	291	156	13	-

For future years, the forecast business rates income is detailed below:

<b>External Finance</b>	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>
Business Rates Baseline	2,122	2,165	2,210	2,259	2,311	2,366
Business Rates Income Forecast (net of tariff)	2,629	2,608	2,383	2,144	1,891	1,622
<b>% Change Increase/(Decrease)</b>	<b>10.8%</b>	<b>(0.8)%</b>	<b>(8.6)%</b>	<b>(10.0)%</b>	<b>(11.8)%</b>	<b>(14.2)%</b>

## Forecast

Using the funding forecast and assuming increases in Council Tax of c.2.0% per annum for 2016/17 onwards, the five year base budget forecast is as follows:

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
<b>Estimated Net Cost of Services</b>	<b>8,032</b>	<b>8,085</b>	<b>7,348</b>	<b>7,201</b>	<b>7,632</b>
Proposed Policy Changes / Additional Costs Identified	317	(143)	218	173	173
<b>Net Expenditure</b>	<b>8,349</b>	<b>7,942</b>	<b>7,566</b>	<b>7,374</b>	<b>7,805</b>
<b>Financing:</b>					
RSG	(954)	(542)	(251)	(76)	-
Collection Fund Surplus	-	-	-	-	-
Collection Fund Surplus (Business Rates)	573	(416)	(291)	(156)	(14)
Tariff Payable	10,763	10,989	11,231	11,489	11,765
Non Domestic Ratepayers	(13,371)	(13,373)	(13,375)	(13,380)	(13,387)
Council Tax Income	(3,381)	(3,490)	(3,624)	(3,771)	(3,923)
<b>Gross Financing</b>	<b>(6,370)</b>	<b>(6,832)</b>	<b>(6,310)</b>	<b>(5,894)</b>	<b>(5,559)</b>
<b>Surplus(-) / Deficit</b>	<b>1,979</b>	<b>1,110</b>	<b>1,256</b>	<b>1,480</b>	<b>2,246</b>
<b>Balances Remaining (-) / Overdrawn</b>	<b>(2,812)</b>	<b>(1,702)</b>	<b>(446)</b>	<b>1,034</b>	<b>3,280</b>
Per Council, 25 <sup>th</sup> February 2015	(2,544)	(505)	-	-	-

Indicating a potential shortfall in General fund balances of approx. £0.1m over 3 years (£1.5m over 4 years & £3.8m over the 5 year period) - including the minimum approved level of £0.5m.

Balances are forecast to be £4.79m at 31<sup>st</sup> March 2016.

A detailed summary of the budget for 2016/17 is attached at **Appendix F** with 5 years attached at **Appendix G**.

## Future Strategy

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

### 1) Variations to Council Tax Policy/Strategy

The Government indicated that it would offer grant support for the 4 year Comprehensive Spending Review (CSR) period should the Council freeze Council Tax levels for 2011/12. There was no mention that this arrangement would continue thereafter. A subsequent offer was announced for 2012/13 but with Government grant support for one year, 2012/13 only. A similar offer was announced for subsequent years where Government grant support equivalent to 2% of a Council Tax increase would be payable over a 2 year period (i.e. 1% p.a.). It is not known whether a similar scheme will operate for 2016/17 pending the outcome of CSR 2015.

Also, 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 £158.60 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 will be lower than 2.0% - following a freeze in 2011/12 & 2012/13 and a below 2% increase since then, the impact of a lower than 2% p.a. increase (Band D) is outlined below:

#### **Model 1 Impact of 1.99% increase in Council Tax in 2016/17 (followed by inflationary increases of c.1.99% p.a.)**

Year:	2016/17	2017/18	2018/19	2019/20	2020/21
Forecast:	£'000	£'000	£'000	£'000	£'000
Surplus (-) /Deficit	1,979	1,110	1,256	1,480	2,246
<b>Balances Remaining (-) / Overdrawn</b>	<b>(2,812)</b>	<b>(1,702)</b>	<b>(446)</b>	<b>1,034</b>	<b>3,280</b>
£ Increase	3.15	3.20	3.25	3.35	3.40
% Increase	1.99%	1.98%	1.97%	1.99%	1.98%
Note: Resulting Band D Council Tax	161.75	164.95	168.20	171.55	174.95

which indicates a potential shortfall in balances of £0.1m over 3 years, £3.8m over 5 years - further savings of approx. £0.8m per annum would have to be identified.

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

**Model 1a Impact of 0% increase in Council Tax in 2016/17 (followed by increases of c.1.99% p.a.)**

Year:	2016/17	2017/18	2018/19	2019/20	2020/21
Forecast:	£'000	£'000	£'000	£'000	£'000
<b>Reduction in Council Tax £</b>	66	67	68	70	71
Revised Surplus (-) / Deficit	2,045	1,177	1,324	1,550	2,317
<b>Balances Remaining (-) / Overdrawn</b>	<b>(2,746)</b>	<b>(1,569)</b>	<b>(245)</b>	<b>1,305</b>	<b>3,622</b>
£ Increase	0.00	3.15	3.20	3.25	3.35
% Increase	0.00%	1.99%	1.98%	1.97%	1.99%
Note: Resulting Band D Council Tax	158.6	161.75	164.95	168.20	171.55

Less £70k freeze grant - indicates a potential shortfall in balances of £0.2m over 3 years, £4.0m over 5 years - further savings of approx. £0.8m per annum would have to be identified.

Further indicative models are outlined below:

**Model 2 Impact of 2.5% increase in Council Tax in 2016/17 (followed by increases of 2.5% thereafter)**

Year:	2016/17	2017/18	2018/19	2019/20	2020/21
Forecast:	£'000	£'000	£'000	£'000	£'000
<b>Increase in Council Tax £</b>	<b>(18)</b>	<b>(37)</b>	<b>(56)</b>	<b>(76)</b>	<b>(97)</b>
Revised Surplus/(Deficit)	1,961	1,073	1,200	1,404	2,149
<b>Balances Remaining (-) / Overdrawn</b>	<b>(2,830)</b>	<b>(1,757)</b>	<b>(557)</b>	<b>847</b>	<b>2,996</b>
£ Increase	4.00	4.10	4.20	4.30	4.40
% Increase	2.5%	2.5%	2.5%	2.5%	2.5%
Note: Resulting Band D Council Tax	162.60	166.70	170.90	175.20	179.60

which indicates potential surplus balances of £0.1m over 3 years with a shortfall of £3.5m over 5 years - further savings of approx. £0.7m per annum would have to be identified.

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



**Model 3 Impact of 0% increase in Council Tax in 2016/17 (followed by increases of 0% thereafter)**

Year:	2016/17	2017/18	2018/19	2019/20	2020/21
Forecast:	£'000	£'000	£'000	£'000	£'000
<b>Reduction in Council Tax £</b>	66	134	204	278	354
Revised Surplus/(Deficit)	2,045	1,244	1,460	1,758	2,600
<b>Balances Remaining (-) / Overdrawn</b>	<b>(2,746)</b>	<b>(1,502)</b>	<b>(42)</b>	<b>1,716</b>	<b>4,316</b>
£ 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	158.60	158.60	158.60	158.60	158.60

Less £70k freeze grant - indicates a potential shortfall in balances of £0.4m over 3 years, £4.7m over 5 years - further savings of approx. £1.0m per annum would have to be identified.

**Model 4 Impact of 1% increase in Council Tax in 2016/17 (followed by increases of 1% thereafter)**

Year:	2016/17	2017/18	2018/19	2019/20	2020/21
Forecast:	£'000	£'000	£'000	£'000	£'000
<b>Reduction in Council Tax £</b>	33	67	102	140	179
Revised Surplus/(Deficit)	2,012	1,177	1,358	1,620	2,425
<b>Balances Remaining (-) / Overdrawn</b>	<b>(2,779)</b>	<b>(1,602)</b>	<b>(244)</b>	<b>1,376</b>	<b>3,801</b>
£ Increase	1.58	1.60	1.61	1.63	1.65
% Increase	1.00%	1.00%	1.00%	1.00%	1.00%
Note: Resulting Band D Council Tax	160.18	161.78	163.39	165.02	166.67

which indicates a potential shortfall in balances of £0.3m over 3 years, £4.3m 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:

<b>Policy Changes Identified</b>	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>
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	-	-	-	-
Return of Transformation reserve funding to support revenue budget	-	(360.0)	-	-	-
Funding for a project officer (for 3 years) that would be dedicated to managing the projects for growth	44.0	44.5	45.0	-	-
Agile Working Project - Deferral of receipt of projected income for Marmion House / Loss of income	142.7	142.7	142.7	142.7	142.7
Replacement of the aging operational fleet of Council vehicles. These vehicles cover operational areas within Streetscene, Cemeteries, Arboricultural Services and Housing Caretakers	30.0	30.0	30.0	30.0	30.0
<b>Total New Items / Amendments</b>	<b>316.7</b>	<b>(142.8)</b>	<b>217.7</b>	<b>172.7</b>	<b>172.7</b>

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 26<sup>th</sup> January 2016) in order to inform the next stages of the budget process:

- a review of the proposals including:
  - Reference to the Council's corporate priorities together with the feedback & issues raised by the budget consultation exercise.
  - Consideration of how the limited resources can be 'rationed' (& 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 2016.

## Housing Revenue Account – Technical Adjustments Summary

Technical Adjustments	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Base Budget	3,072	138	(247)	(360)	(337)
Committee Decisions	(3,283)	(238)	(89)	347	-
Inflation	91	128	132	149	153
Other	197	(322)	(200)	(510)	(103)
Pay Adjustments	94	47	44	37	57
Revised charges for non-general fund activities	(33)	-	-	-	-
Total / Revised Base Budget	138	(247)	(360)	(337)	(230)

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:

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
<b>Estimated Net (Surplus) / Deficit</b>	138	(247)	(360)	(337)	(230)
Proposed Policy Changes / Additional Costs Identified	202	881	1603	2323	2372
Surplus (-) / Deficit	340	634	1243	1986	2142
Balances Remaining (-) / Overdrawn	(2,699)	(2,065)	(822)	1,164	3,306

Per Council, 24 <sup>th</sup> February 2015	(1,304)	(1,229)	(1,403)	(1,403)	-
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Indicating a Housing Revenue Account (HRA) surplus of £0.3m over 3 years (with a shortfall of £3.8m over the next 5 years) including the minimum recommended balances of £0.5m.

However this includes contributions to capital spend of £4.1m over 3 years (£6.9m over the next 5 years) and the regeneration reserve of £4.6m over 3 years (£9.4m over 5 years) - resulting in balances of £1.0m over 3 years (£8.8m over 5 years).

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;

- The impact of restructuring following Supporting People funding reductions;
- The effect of service charges implementation;
- Results of ongoing structural surveys e.g. High Rise;
- The impact of Welfare Benefit Reform on rent collection levels – limited so far but further measures are to be rolled out (e.g. Universal Credit);
- 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) due to the 1% reduction and as the planned inflationary increases of c.3% p.a. will also not be made;
- 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 of the sale of high value council housing scheme;
- 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:

<b>Policy Changes Identified</b>	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>
Reduction in Social housing rents by 1% a year for four years from 2016/17	638	1317	2039	2759	2808
Introduction of Service Charges from 1 April 2016 including appointment of a Service Charges Officer	(436)	(436)	(436)	(436)	(436)
<b>Total New Items / Amendments</b>	<b>202</b>	<b>881</b>	<b>1603</b>	<b>2323</b>	<b>2372</b>

### **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.

## Capital Programme

Following a review of the Capital Programme approved by Council on 24<sup>th</sup> February 2015, a revised programme has been formulated including additional schemes which have been put forward for inclusion.

Each scheme has been assessed with regard to:

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

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

### General Fund

It is estimated that approximately £8.7m (excluding the £0.5m approved minimum balance) will be needed during the period to 2020/21 for future capital spending (including the usable capital receipts generated from the sale of council housing).

A surplus over 3 years of £74k is highlighted, with a shortfall of £286k over 5 years.

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

The capital programme has been reviewed and updated:

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**a) Technology Replacement**

Rolling annual budget of £60k has been included until 2020/21 (the provisional programme included £60k p.a. from 2016/17);

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**b) Air Conditioning**

An additional scheme has been included - £32k in 2016/17. Significantly increased reliance on ICT has resulted in a commitment to ongoing, large scale upgrade and maintenance to the TBC infrastructure, in line with agreed device lifecycles. In order to support the provision of this infrastructure, the computer suite needs continued investment, specifically the replacement of the air conditioning solution. Without a functioning system, the server infrastructure will become unstable and will impact on application availability across the organisation.

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**c) Backup Solution**

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An additional scheme has been included - £15k in 2016/17. The current backup solution has been installed for 8 years and the reliability and stability of the hardware has started to degrade. The tapes used are also becoming obsolete and require replacing every twelve months to ensure good quality backups. Whilst much of the data created by the organisation is replicated off-site, the operating systems, applications and UNIX based data has a continued requirement to be backed up to tape.

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**d) Disabled Facilities Grants**

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Rolling annual budget of £250k has been included. No changes have been made. However, due to current demand, it is likely that an increased budget will be needed – subject to the usual funding constraints.

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**e) CCTV Camera Renewals**

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Required for the rolling replacement of cameras, £15k p.a. - subject to funding constraints.

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**f) Street Lighting**

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An additional scheme has been included – with an annual spend required. 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. The appraisal is based on the first 5 years of the replacement programme.

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**g) Cultural Quarter**

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The scheme budgets have not been revised pending an update in the coming months.

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**h) Castle Mercian Trail (Budget currently within 2015/16 Programme)**

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A revised scheme, with a net cost to the Council of £125k, has been included to redevelop the top floor of the Castle to create a new exhibition focusing on Saxon Tamworth and the Staffordshire Hoard. Tamworth Castle will develop an exhibition that will include the display of more pieces from the Staffordshire Hoard along with artefacts relating to the history of Saxon Tamworth.

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**i) Gateways**

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An increased budget has been included – part funded by SCC and Section 106 funds with a net cost of £70k p.a. for the Council. Phase 1A in 2016/17 of £400k (Riverdrive to Ventura Park), phase 2 over 3 years from 2016/17 of £1.034m (Train Station to Town Centre). The provisional programme included £50k p.a. from 2016/17.

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**j) Contingency**

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A £50k contingency budget will be required for 2016/17 – to be re-profiled from the unspent 2015/16 budget.

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**Housing**

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

It is estimated that approximately £44.9m (excluding the £0.5m approved minimum balance) will be needed during the period to 2020/21 for future capital spending (including revenue contributions from the HRA of £6.9m, Regeneration reserve balances of £9.4m & additional borrowing of £7.2m – the ‘headroom’ in line with the HRA Government debt cap is £11.3m) - resulting in balances of £1.0m over 3 years (£8.8m over 5 years).

The capital programme has been reviewed (saving £2m over 4 years when compared to the provisional programme) and updated to include the new year 5 costs – with costs then smoothed over the new 5 year planning period. In addition, certain demand led schemes have been reviewed and updated to reflect current trends:

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**a) Gas Central Heating Upgrades and Renewals**

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The budget has been reduced by £335k over 4 years in line with current demand.

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**b) Energy Efficiency Improvements**

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The programme has been reduced to the 3 years (remaining at the £50k level) needed for the ERDF funding bid.

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**c) Fencing / Boundary Walls**

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The budget of £30k p.a. has been removed with any spend to be met from the revenue budget.

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**d) Windows and Door Renewals**

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The programme has been smoothed – saving £235k over 4 years.

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**e) General Estate Works**

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The demand led budget has been removed (previously £200k p.a.).

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**f) Contingency**

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The £100k p.a. budget has been removed - A £100k contingency budget will be required for 2016/17 – to be re-profiled from the unspent 2015/16 budget

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**g) Regeneration Schemes**

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The budgets for Redevelopment of garage sites and other acquisitions have not yet changed but will need to be updated to reflect available resources.

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## Main Assumptions

Inflationary Factors	2016/17	2017/18	2018/19	2019/20	2020/21
Inflation Rate - Pay Awards	1.00%	1.00%	1.00%	1.00%	2.00%
National Insurance	10.50%	10.50%	10.50%	10.50%	10.50%
Superannuation	16.50%	16.50%	16.50%	16.50%	16.50%
Inflation Rate (RPI)	2.00%	2.50%	2.50%	2.75%	2.75%
Inflation Rate (CPI)	1.53%	1.93%	2.00%	2.00%	2.00%
Investment Rates	1.25%	1.75%	2.00%	2.75%	3.00%
Base Interest Rates	0.75%	1.25%	1.75%	2.00%	2.00%

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 announcement in the Summer Budget 2015, and is estimated to mirror the Government's inflation target of 2% thereafter.
2. Overall Fees and Charges will rise generally by 2.5% annually except where a proposal has otherwise been made (car parking charges, corporate & industrial property rental income, statutory set planning fees, leisure fees);
3. Revised estimates for rent allowance / rent rebate subsidy levels have been included;
4. Changes to the level of recharges between funds has been included;
5. A reduction in Revenue Support Grant levels to zero by 2020 following the Chancellor's Summer Budget in July 2015 (which indicated further £18bn cuts to public service spending by 2019/20). The outcome from the Comprehensive Spending Review is due to be published on 25<sup>th</sup> November 2015 – when the implications for Local Government should be known. The impact for the Council will be confirmed by DCLG as part of the *Local Government Finance Settlement* with a provisional announcement in December 2015. A review on the potential redistribution on a needs basis could also adversely impact on the grant income levels.
6. Continuation of the New Homes Bonus scheme – including additional receipts from new developments (including Anker Valley and the Former Golf Course Site);
7. Increased investment income returns due to higher balances including the anticipated capital receipt from the sale of the Former Golf Course;
8. The Government has not yet indicated its policy regarding council tax bills being frozen for the next year. It is unknown if a grant will be available to authorities that agree to freeze or reduce Council Tax in 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.2% via the pension lump sum element for past liabilities have been included (for 3 years following SCC triennial review in 2013).
11. Reduction in rent levels by 1% due to the Summer Budget announcement & current indications that sales of council houses will be approximately 50 per annum.

## Technical Adjustments Analysis – General Fund

	£	£	£
<b>Chief Executive</b>			
Virements		-	
Committee Decisions		-	
Inflation		80	
Other			
2016/17 BWP 010 Car Allowances	(70)		
2016/17 BWP 018 Vacancy Allowance	(290)		
2016/17 BWP 035 Insurance	750	390	
Pay Adjustments		4,230	
Changes in External Recharges		(4,700)	
			-
<b>Executive Director Corporate Services</b>			
Virements		-	
Committee Decisions			
2014/15 Policy Change ED1 Potential savings arising from Service Review options	(20,000)	(20,000)	
Inflation		(2,350)	
Other			
2016/17 BWP 003 Welfare Benefits	2,150		
2016/17 BWP 010 Car Allowances	(890)		
2016/17 BWP 018 Vacancy Allowance	(1,550)		
2016/17 BWP 022 Benefits Estimates	28,510		
2016/17 BWP 028 Bank Charges	300		
2016/17 BWP 035 Insurance	6,520		
2016/17 BWP 042 CMT 3 Year Savings Review	(12,000)	23,040	
Pay Adjustments		51,960	
Changes in External Recharges		(7,160)	
			<b>45,490</b>
<b>Director of Finance</b>			
Virements		-	
Committee Decisions			
2015/16 Policy Change DF1 Corporate Finance General Contingency	(100,000)		
2015/16 Policy Change DF5 Business Rates Levy	13,000		
2014/15 Policy Change DF6 Agile Working Contribution to Capital Reduced	(58,000)		
2015/16 Policy Change DF4 Business Rates Section 31 Grant Income	42,700		
2012/13 Policy Change FER1 New Homes Bonus	(58,000)		
2013/14 Policy Change DF1 New Homes Bonus	430		
2014/15 Policy Change DF1 New Homes Bonus	(30,000)	(189,870)	
Inflation		1,860	

	£	£	£
Other			
2016/17 BWP 005 Interest SOCH/HAA	20		
2016/17 BWP 008 Audit Fee	4,850		
2016/17 BWP 010 Car Allowances	(950)		
2016/17 BWP 013 NNDR Cost of Collection Grant	650		
2016/17 BWP 014 Depreciation Charges	80,240		
2016/17 BWP 018 Vacancy Allowance	(1,950)		
2016/17 BWP 025 Revenues Income	(1,320)		
2016/17 BWP 027 New Homes Bonus	(9,530)		
2016/17 BWP 028 Bank Charges	7,290		
2016/17 BWP 033 Pensions	55,010		
2016/17 BWP 034 NNDR Estimates	(10,110)		
2016/17 BWP 035 Insurance	(1,720)		
2016/17 BWP 042 CMT 3 Year Savings Review	(47,000)		
2016/17 BWP 043 Treasury Management	(180,230)	(104,750)	
Pay Adjustments		34,460	
Changes in External Recharges		(12,810)	
			<b>(271,110)</b>
<b>Director of Technology &amp; Corporate Programmes</b>			
Virements		-	
Committee Decisions		-	
Inflation		9,260	
Other			
2016/17 BWP 010 Car Allowances	(330)		
2016/17 BWP 014 Depreciation Charges	2,770		
2016/17 BWP 018 Vacancy Allowance	(480)		
2016/17 BWP 035 Insurance	940		
2016/17 BWP 042 CMT 3 Year Savings Review	(17,990)	(15,090)	
Pay Adjustments		7,420	
Changes in External Recharges		(1,340)	
			<b>250</b>
<b>Solicitor to the Council</b>			
Virements		-	
Committee Decisions		-	
Inflation		4,110	
Other			
2016/17 BWP 004 NNDR TBC Properties	10		
2016/17 BWP 006 Mayor & Deputy Allowance	120		
2016/17 BWP 009 Members Allowances	1,520		
2016/17 BWP 010 Car Allowances	(230)		
2016/17 BWP 012 Conveyancing & RTB	3,800		
2016/17 BWP 018 Vacancy Allowance	(1,080)		
2016/17 BWP 028 Bank Charges	10		
2016/17 BWP 035 Insurance	2,060		
2016/17 BWP 042 CMT 3 Year Savings Review	(2,000)	4,210	
Pay Adjustments		13,140	
Changes in External Recharges		(15,630)	
			<b>5,830</b>

	£	£	£
<b>Director of Transformation &amp; Corporate Performance</b>			
Virements			
	<u>(3,000)</u>	(3,000)	
Committee Decisions			
2014/15 Policy Changes TCP2 Potential savings arising from Service Review options	<u>(49,760)</u>	(49,760)	
Inflation		1,560	
Other			
2016/17 BWP 010 Car Allowances	(530)		
2016/17 BWP 011 Healthshield Staff Health Insurance	(350)		
2016/17 BWP 018 Vacancy Allowance	880		
2016/17 BWP 020 Phil Dix Income	520		
2016/17 BWP 028 Bank Charges	390		
2016/17 BWP 035 Insurance	<u>3,960</u>	4,870	
Pay Adjustments		27,310	
Changes in External Recharges		9,890	
			<u><u>(9,130)</u></u>
<b>Director of Communities, Planning &amp; Partnerships</b>			
Virements		-	
Committee Decisions			
2013/14 Policy Change CPP2 Project Officer	(42,460)		
2013/14 Policy Change CPP3 Small Grants	1,700		
2015/16 Policy Change CPP5 Revenue Impact of Capital Schemes	<u>35,290</u>	(5,470)	
Inflation		(4,200)	
Other			
2016/17 BWP 004 NNDR TBC Properties	90		
2016/17 BWP 014 Depreciation Charges	(3,290)		
2016/17 BWP 015 Gas and Electricity Charges	(1,460)		
2016/17 BWP 018 Vacancy Allowance	2,860		
2016/17 BWP 028 Bank Charges	600		
2016/17 BWP 029 Cash Security	(1,430)		
2016/17 BWP 031 CPP Income Budget	(55,720)		
2016/17 BWP 035 Insurance	7,100		
2016/17 BWP 038 Car Allowances	(4,230)		
2016/17 BWP 042 CMT 3 Year Savings Review	<u>(18,220)</u>	(73,700)	
Pay Adjustments		57,290	
Changes in External Recharges		(38,840)	
			<u><u>(64,920)</u></u>
<b>Director of Housing &amp; Health</b>			
Virements		-	
Committee Decisions			
Inflation		160	
Other			
2016/17 BWP 018 Vacancy Allowance	(3,580)		
2016/17 BWP 035 Insurance	1,860		

	£	£	£
2016/17 BWP 036 Private Sector Leasing Scheme	(280)		
2016/17 BWP 038 Car Allowances	(1,610)		
2016/17 BWP 042 CMT 3 Year Savings Review	<u>(10,770)</u>	(14,380)	
Pay Adjustments		12,190	
Changes in External Recharges		10,770	
			<u>8,740</u>
<b>Director of Assets &amp; Environment</b>			
Virements		3,000	
Committee Decisions			
2015/16 Policy Change AE1 Rental income from Agile Working Project	(74,750)		
2015/16 Policy Change AE2 Service Charges income from Agile Working Project	(27,500)		
2014/15 Policy Change AE5 Waste Management Savings	<u>(35,000)</u>	(137,250)	
Inflation		4,730	
Other			
2014/15 BWP 030 Phil Dix Income	(670)		
2015/16 BWP 021 Marmion House Rents and Service Charges	(3,190)		
2015/16 BWP 036 WASTE MANAGEMENT	39,500		
2016/17 BWP 004 NNDR TBC Properties	(21,350)		
2016/17 BWP 014 Depreciation Charges	(79,720)		
2016/17 BWP 015 Gas and Electricity Charges	(3,080)		
2016/17 BWP 017 Community Centres Income	(11,700)		
2016/17 BWP 018 Vacancy Allowance	(7,950)		
2016/17 BWP 021 Procurement Savings	(55,670)		
2016/17 BWP 021 Procurement Savings	(1,270)		
2016/17 BWP 028 Bank Charges	920		
2016/17 BWP 029 Cash Security	1,500		
2016/17 BWP 035 Insurance	(15,350)		
2016/17 BWP 037 Commercial and Industrial Rents	(20,000)		
2016/17 BWP 038 Car Allowances	(410)		
2016/17 BWP 039 Environmental Health Income	9,000		
2016/17 BWP 042 CMT 3 Year Savings Review	<u>(82,770)</u>	(252,210)	
Pay Adjustments		111,290	
Changes in External Recharges		123,310	
			<u>(147,130)</u>
<b>Total</b>			<b>(431,980)</b>

( ) denotes saving

	£	£	£
<b>Director of Housing and Health</b>			
Virements		-	
Committee Decisions:		-	
Inflation		16,930	
Other			
2016/17 BWP 004 NNDR TBC Properties	10		
2016/17 BWP 008 Audit Fees	(3,560)		
2016/17 BWP 011 Staff Health Insurance	(140)		
2016/17 BWP 014 Depreciation Charges	(1,590)		
2016/17 BWP 018 Vacancy Allowance	(6,570)		
2016/17 BWP 028 Bank Charges	3,530		
2016/17 BWP 032 HRA Car Allowances	3,420		
2016/17 BWP 035 Insurance	(17,690)		
2016/17 BWP 042 CMT 3 Year Savings Review	(70,300)		
2016/17 BWP 041 HRA Alarm Call Charges	29,830		
2016/17 BWP 044 Grounds Maintenance	3,000	(60,060)	
Pay Adjustments		90,290	
Changes in External Recharges		(30,270)	
			<b>16,890</b>
<b>Director of Assets &amp; Environment</b>			
Virements		-	
Committee Decisions:		-	
Inflation		110	
Other			
2016/17 BWP 018 Vacancy Allowance	140		
2016/17 BWP 032 HRA Car Allowances	10		
2016/17 BWP 035 Insurance	400	550	
Pay Adjustments		3,360	
Changes in External Recharges		(2,440)	
			<b>1,580</b>
<b>Housing Revenue Account Summary</b>			
Virements		-	
Committee Decisions:			
2012/13 Policy Change HR 2 Increase in Rents	(555,730)		
2012/13 Policy Change HRA 2 Revenue Contributions to Capital Reserve	51,090		
2012/13 Policy Change HRA 2D Interest Costs	13,490		
2012/13 Policy Change HRA 7 Revenue Contribution to Capital Reserve	(1,821,000)		
2013/14 Policy Change HRA 9 Revenue Contribution to Capital Reserve	100,000		
2014/15 Policy Change HRA 1 Revenue Contribution to Capital Reserve	(1,000,000)		
2015/16 Policy Change HRA 4A Revenue Impact of Capital Schemes	146,050		
2015/16 Policy Change HRA 4B Revenue Impact of	(15,050)		

	£	£	£
Capital Schemes			
2015/16 Policy Change HRA 6 Rent Increase	(1,930)		
2015/16 Policy Change HRA 7 Supporting People Funding Ceased	(200,000)	(3,283,080)	
Inflation		74,330	
Other			
2014/15 BWP 019 Debt Mgt Exps	130		
2015/16 BWP 034 Housing Rents	311,670		
2016/17 BWP 005 Interest SOCH/HAA	20		
2016/17 BWP 014 Depreciation Charges	(3,360)		
2016/17 BWP 029 HRA Garage Rents	7,480		
2016/17 BWP 033 Pensions	21,000		
2016/17 BWP 042 CMT 3 Year Savings Review	(1,750)		
2016/17 BWP 043 Treasury Mgmt	(78,770)	256,420	
Pay Adjustments		-	
Changes in External Recharges		-	
			<u>(2,952,330)</u>
<b>Total</b>			<b>(2,933,860)</b>

( ) denotes saving

## General Fund

<i>Figures include internal recharges which have no bottom line impact</i>	Budget 2015/16	Technical Adjustments						Total Adjustments £	Total Adjusted Base 2016/17
		Virements £	Committee Decisions £	Inflation £	Other £	Pay Adjustments £	External Recharge Changes (non-GF Activities) £		
Chief Executive	161,180	-	-	80	390	4,230	(100)	4,600	165,780
Executive Director Corporate Services	349,950	-	(20,000)	(2,350)	23,040	51,960	(10,430)	42,220	392,170
Director of Finance	(703,450)	-	(189,870)	1,860	(104,750)	34,460	400	(257,900)	(961,350)
Director of Technology & Corporate Programmes	879,940	-	-	9,260	(15,090)	7,420	22,400	23,990	903,930
Solicitor to the Council	551,080	-	-	4,110	4,210	13,140	(3,010)	18,450	569,530
Director of Transformation & Corporate Performance	897,080	(3,000)	(49,760)	1,560	4,870	27,310	3,330	(15,690)	881,390
Director of Communities, Planning & Partnerships	2,214,690	-	(5,470)	(4,200)	(73,700)	57,290	-	(26,080)	2,188,610
Director of Housing & Health	912,190	-	-	160	(14,380)	12,190	20,920	18,890	931,080
Director of Assets & Environment	3,200,980	3,000	(137,250)	4,730	(252,210)	111,290	29,980	(240,460)	2,960,520
<b>Grand Total</b>	<b>8,463,640</b>	-	<b>(402,350)</b>	<b>15,210</b>	<b>(427,620)</b>	<b>319,290</b>	<b>63,490</b>	<b>(431,980)</b>	<b>8,031,660</b>



## Housing Revenue Account

	Budget 2015/16	Technical Adjustments						Total Adjustments £	Total Adjusted Base 2016/17
		Virements £	Committee Decisions £	Inflation £	Other £	Pay Adjustments £	External Recharge Changes (non-GF Activities) £		
<i>Figures include internal recharges which have no bottom line impact</i>									
<b>Chief Executive's Office</b>									
Director of Housing & Health	4,150,410	-	-	16,930	(60,060)	90,290	(30,250)	16,910	<b>4,167,320</b>
Director of Assets & Environment	(12,800)	-	-	110	550	3,360	(2,460)	1,560	<b>(11,240)</b>
HRA Summary	(1,065,250)	-	(3,283,080)	74,330	256,420	-	-	(2,952,330)	<b>(4,017,580)</b>
<b>Grand Total</b>	<b>3,072,360</b>	-	<b>(3,283,080)</b>	<b>91,370</b>	<b>196,910</b>	<b>93,650</b>	<b>(32,710)</b>	<b>(2,933,860)</b>	<b>138,500</b>

## General Fund Summary Budgets – 2016/17

<i>Figures exclude internal recharges which have no bottom line impact.</i>	<b>Base Budget 2015/16</b> £	<b>Technical Adjustments</b> £	<b>Policy Changes</b> £	<b>Budget 2016/17</b> £
Chief Executive	161,180	4,600	-	165,780
Executive Director Corporate Services	349,940	42,230	-	392,170
Director of Finance	(703,460)	(257,890)	100,000	(861,350)
Director of Technology & Corporate Programmes	879,940	23,990	-	903,930
Solicitor to the Council	551,070	18,460	-	569,530
Director of Transformation & Corporate Performance	897,090	(15,700)	-	881,390
Director of Communities, Planning & Partnerships	2,214,690	(26,080)	44,000	2,232,610
Director of Housing & Health	912,190	18,890	-	931,080
Director of Assets & Environment	3,201,000	(240,480)	172,650	3,133,170
<b>Total Cost of Services</b>	<b>8,463,640</b>	<b>(431,980)</b>	<b>316,650</b>	<b>8,348,310</b>
Transfer to / (from) Balances	(145,682)	(1,832,920)	-	(1,978,602)
Revenue Support Grant	(1,607,554)	653,232	-	(954,322)
Retained Business Rates	(13,181,129)	(189,851)	-	(13,370,980)
Less: Tariff payable	10,552,019	211,041	-	10,763,060
Collection Fund Surplus (Council Tax)	(81,670)	81,670	-	-
Collection Fund Surplus (Business Rates)	(728,023)	1,301,779	-	573,756
<b>Council Tax Requirement</b>	<b>(3,271,601)</b>	<b>207,029</b>	<b>(316,650)</b>	<b>(3,381,222)</b>

General Fund Summary Budgets – 2015/16 to 2020/21

<i>Figures exclude internal recharges which have no bottom line impact.</i>	<b>Base Budget 2015/16</b> £	<b>Budget 2016/17</b> £	<b>Budget 2017/18</b> £	<b>Budget 2018/19</b> £	<b>Budget 2019/20</b> £	<b>Budget 2020/21</b> £
Chief Executive	161,180	165,780	168,130	170,500	172,920	177,220
Executive Director Corporate Services	349,950	392,170	394,070	395,430	396,250	405,410
Director of Finance	(703,450)	(961,350)	(1,102,680)	(1,754,430)	(1,932,690)	(1,685,120)
Director of Technology & Corporate Programmes	879,940	903,930	926,230	922,230	942,790	968,330
Solicitor to the Council	551,080	569,530	579,150	587,800	596,150	606,270
Director of Transformation & Corporate Performance	897,080	881,390	896,390	891,130	904,520	929,000
Director of Communities, Planning & Partnerships	2,214,690	2,188,610	2,261,900	2,133,630	2,104,500	2,125,320
Director of Housing & Health	912,190	931,080	939,390	946,300	950,600	956,310
Director of Assets & Environment	3,200,980	2,960,520	3,022,760	3,055,480	3,066,190	3,149,270
<b>Total</b>	<b>8,463,640</b>	<b>8,031,660</b>	<b>8,085,340</b>	<b>7,348,070</b>	<b>7,201,230</b>	<b>7,632,010</b>

## Housing Revenue Account 2015/16 to 2020/21

<i>Figures exclude internal recharges which have no bottom line impact.</i>	<b>Base Budget 2015/16 £</b>	<b>Budget 2016/17 £</b>	<b>Budget 2017/18 £</b>	<b>Budget 2018/19 £</b>	<b>Budget 2019/20 £</b>	<b>Budget 2020/21 £</b>
Director of Housing & Health	4,150,410	4,167,320	4,241,260	4,313,400	4,382,640	4,470,960
Director of Assets & Environment	(12,800)	(11,240)	(8,850)	(6,380)	(3,870)	(1,060)
HRA Summary	(1,065,250)	(4,017,580)	(4,479,450)	(4,667,570)	(4,716,250)	(4,701,050)
<b>Total</b>	<b>3,072,360</b>	<b>138,500</b>	<b>(247,040)</b>	<b>(360,550)</b>	<b>(337,480)</b>	<b>(231,150)</b>

## Draft General Fund Capital Programme 2016/17 to 2020/21

<b>General Fund Capital Programme</b>	<b>2016/17 £</b>	<b>2017/18 £</b>	<b>2018/19 £</b>	<b>2019/20 £</b>	<b>2020/21 £</b>	<b>Total £</b>
Technology Replacement	60,000	60,000	60,000	60,000	60,000	<b>300,000</b>
Air Conditioning	32,000	-	-	-	-	<b>32,000</b>
Backup Solution	15,000	-	-	-	-	<b>15,000</b>
<b>Subtotal</b>	<b>107,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>347,000</b>
Private Sector Grants - Disabled Facilities Grants	250,000	250,000	250,000	250,000	250,000	<b>1,250,000</b>
CCTV Camera Renewals	15,000	15,000	15,000	15,000	15,000	<b>75,000</b>
Street Lighting	52,900	2,600	3,100	28,200	115,300	<b>202,100</b>
Cultural Quarter	2,135,300	2,078,100	575,900	-	-	<b>4,789,300</b>
Castle Mercian Trail	605,250	-	-	-	-	<b>605,250</b>
Gateways	784,000	370,000	280,000	-	-	<b>1,434,000</b>
<b>Subtotal</b>	<b>3,842,450</b>	<b>2,715,700</b>	<b>1,124,000</b>	<b>293,200</b>	<b>380,300</b>	<b>8,355,650</b>
<b>Total General Fund Capital</b>	<b>3,949,450</b>	<b>2,775,700</b>	<b>1,184,000</b>	<b>353,200</b>	<b>440,300</b>	<b>8,702,650</b>
<b>Proposed Financing:</b>						
Grants - Disabled Facilities	224,000	224,000	224,000	224,000	224,000	<b>1,120,000</b>
Section 106 Receipts	284,000	100,000	-	-	-	<b>384,000</b>
General Fund Capital Receipts	461,200	914,800	7,500	-	-	<b>1,383,500</b>
Sale of Council House Receipts	90,000	77,300	166,600	60,000	-	<b>393,900</b>
General Fund Capital Reserve	-	20,200	-	-	-	<b>20,200</b>
Grants - Assembly Rooms (HLF)	613,100	90,300	-	-	-	<b>703,400</b>
Grants - Mercian Trail (HLF)	470,250	-	-	-	-	<b>470,250</b>
Grants - Assembly Rooms (SLGF)	841,900	1,124,100	575,900	-	-	<b>2,541,900</b>
Grants - Gateways (SLGF)	390,000	200,000	210,000	-	-	<b>800,000</b>
Grants - SCC (Assembly Rooms / Gateways)	540,000	-	-	-	-	<b>540,000</b>
Public Contributions (Assembly Rooms)	25,000	25,000	-	-	-	<b>50,000</b>
	10,000	-	-	-	-	<b>10,000</b>
<b>Unsupported Borrowing</b>	-	-	-	69,200	216,300	<b>285,500</b>
<b>Total</b>	<b>3,949,450</b>	<b>2,775,700</b>	<b>1,184,000</b>	<b>353,200</b>	<b>440,300</b>	<b>8,702,650</b>

## Draft Housing Revenue Account Capital Programme 2016/17 to 2020/21

	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	TOTAL £
<b><u>Housing Revenue Account Capital Programme</u></b>						
Structural Works	100,000	100,000	100,000	100,000	100,000	<b>500,000</b>
Bathroom Renewals	774,250	795,540	817,420	839,900	850,000	<b>4,077,110</b>
Gas Central Heating Upgrades and Renewals	536,250	514,000	420,000	550,000	460,000	<b>2,480,250</b>
Kitchen Renewals	919,430	944,710	970,690	997,380	900,000	<b>4,732,210</b>
High Rise Lift Renewal	342,460	349,990	-	-	-	<b>692,450</b>
Fire Upgrades to Flats	265,460	-	-	-	-	<b>265,460</b>
Energy Efficiency Improvements	50,000	50,000	-	-	-	<b>100,000</b>
Major Roofing Overhaul and Renewals	156,770	161,080	165,510	170,060	174,310	<b>827,730</b>
Window and Door Renewals	250,000	250,000	250,000	250,000	250,000	<b>1,250,000</b>
High Rise Balconies	525,000	525,000	525,000	-	-	<b>1,575,000</b>
Disabled Facilities Adaptations	307,500	315,960	324,650	333,580	341,920	<b>1,623,610</b>
Capital Salaries	169,310	173,040	176,840	180,730	180,000	<b>879,920</b>
CDM Fees	10,170	5,000	5,000	5,000	5,000	<b>30,170</b>
 Regeneration Schemes						
Tinkers Green	2,162,050	6,640,000	1,634,000	-	-	<b>10,436,050</b>
Kerria	848,150	1,810,640	3,805,250	-	-	<b>6,464,040</b>
Redevelopment of Garage sites	2,000,000	2,000,000	1,500,000	1,500,000	-	<b>7,000,000</b>
Other acquisitions	500,000	500,000	500,000	500,000	-	<b>2,000,000</b>
<b>Total HRA Capital</b>	<b>9,916,800</b>	<b>15,134,960</b>	<b>11,194,360</b>	<b>5,426,650</b>	<b>3,261,230</b>	<b>44,934,000</b>
<b><u>Proposed Financing:</u></b>						
Major Repairs Reserve	4,069,740	4,028,390	3,710,730	3,382,500	3,256,230	<b>18,447,590</b>
HRA Capital Receipts	1,028,200	250,000	175,000	-	-	<b>1,453,200</b>
Regeneration Revenue Reserves	336,860	4,559,570	4,260,680	44,150	5,000	<b>9,206,260</b>
Capital Receipts from Add Council House Sales	559,000	-	-	-	-	<b>559,000</b>
Regeneration Reserve	1,681,000	1,325,000	3,047,950	2,000,000	-	<b>8,053,950</b>
Unsupported Borrowing	2,242,000	4,972,000	-	-	-	<b>7,214,000</b>
<b>Total</b>	<b>9,916,800</b>	<b>15,134,960</b>	<b>11,194,360</b>	<b>5,426,650</b>	<b>3,261,230</b>	<b>44,934,000</b>