CABINET

16th February 2017

COUNCIL

21st February 2017

Report of the Leader of the Council

Corporate Vision, Priorities Plan, Budget & Medium Term Financial Strategy 2017/18

Purpose

This is a key decision as it affects two or more Wards and involves expenditure over £100k.

- To approve the **Vision Statement, Priority Themes, Corporate Priorities and Outcomes** and their inclusion in the **Corporate Plan and Support Service Plan (attached at Appendix A)**.

- To approve the recommended package of budget proposals **(attached at Appendix B)** to enable the Council to agree the:

  - General Fund (GF) Revenue Budget and Council Tax for 2017/18;
  - Housing Revenue Account (HRA) Budget for 2017/18;
  - 3 Year General Fund Capital Programme (2017/20);
  - 5 Year HRA Capital Programme (2017/22);
  - 3 Year General Fund Medium Term Financial Strategy (MTFS) (2017/20); and
  - 5 Year HRA Medium Term Financial Strategy (MTFS) (2017/22).

- To comply with the requirement of the Council's Treasury Management Policy in reporting to Council the proposed strategy for the forthcoming year and the Local Government Act 2003 with the reporting of the Prudential Indicators **(attached at Appendix N)**.

Recommendations

That Council approve:

1. **the Vision Statement, Priority Themes, Corporate Priorities and Outcomes for 2017/18 (Appendix A);**
2. **the proposed revisions to Service Revenue Budgets (Policy Changes) (Appendix C);**
3. **the sum of £80,965 be applied from Council Tax Collection Fund surpluses in reducing the Council Tax demand in 2017/18 (Appendix E);**
4. **the sum of £338,112 be applied from Business Rates Collection Fund surpluses in 2017/18 (Appendix E);**
5. **that on 24th November 2016, the Cabinet calculated the Council Tax Base 2017/18 for the whole Council area as 21,093 [Item T in the formula in Section 31B(3) of the Local Government Finance Act 1992, as amended (the "Act")];**
6. **that the Council Tax requirement for the Council's own purposes for 2017/18 is £3,517,258 (Appendix E);**
7. **the following amounts as calculated for the year 2017/18 in accordance with Sections 31 to 36 of the Act:**
   a. **£53,723,148 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act (Outgoings excluding internal GF Recharges);**
   b. **£50,205,890 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act (Income excluding internal GF Recharges);**
   c. **£3,517,258 being the amount by which the aggregate at 7(a) above exceeds the aggregate at 7(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year (Item R in the formula in Section 31A(4) of the Act);**
   d. **£166.75 being the amount at 7(c) above (Item R), all divided by Item T (at 5 above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year;**
8. **the Council Tax level for the Borough Council for 2017/18 of £166.75 (an increase of £5.00 (3.09%) on the 2016/17 level of £161.75) at Band D;**
9. **an aggregate Council Tax (comprising the respective demands of the Borough Council, Staffordshire County Council, Office of the Police and Crime Commissioner Staffordshire and Stoke-on-Trent and Staffordshire Fire and Rescue Authority) of £1,562.01 at Band D for 2017/18 be noted (Appendix H);**
10. **the Council Tax levels at each band for 2017/18 (Appendix H);**
11. **the sum of £1,454,266 be transferred from General Fund Revenue Balances in 2017/18 (Appendix E);**

12. the Summary General Fund Revenue Budget for 2017/18 (Appendix E);

13. the Provisional Budgets for 2018/19 to 2019/20, summarised at Appendix G, as the basis for future planning;

14. the minimum level for balances of £500k to be held for each of the General Fund, Housing Revenue Account, General Capital Fund and Housing Capital Fund;

15. Cabinet be authorised to release funding from the General Contingency budget and that the release of funding for Specific Contingency items be delegated to the Corporate Management Team in consultation with the Leader of the Council;

16. the proposed HRA Expenditure level of £15,178,750 for 2017/18 (Appendix D);

17. rents for Council House Tenants in General Accommodation for 2017/18 be reduced by an average of £0.86 per week (1%) to £85.29 (2016/17 £87.38), over a 48 week rent year;

18. rents for Council House Tenants in Supported Accommodation for 2017/18 be reduced by of 1%;

19. rents for Council House Tenants due for 52 weeks in 2017/18 be collected over 48 weeks;

20. the HRA deficit of £359,990 be financed through a transfer from Housing Revenue Account Balances in 2017/18 (Appendix D);

21. the proposed 3 year General Fund Capital Programme of £5.765m, as detailed in Appendix I to the report;

22. the proposed 5 year Housing Capital Programme of £50.557m, as detailed in Appendix J to the report;

23. to delegate authority to Cabinet to approve/add new capital schemes to the capital programme where grant funding is received or there is no net additional cost to the Council;

24. the Treasury Management Strategy Statement, the Treasury Management Policy Statement, Minimum Revenue Provision Strategy and Annual Investment Statement 2017/18 (as detailed at Appendix N);

25. the Prudential and Treasury Indicators and Limits for 2017/18 to 2019/20 contained within Appendix N;

26. the adoption of the Treasury Management Practices contained within ANNEX 7; and

27. the detailed criteria of the Investment Strategy 2017/18 contained in the Treasury Management Strategy within ANNEX 3.

Executive Summary

The headline figures for 2017/18 are:

- A General Fund total cost of services of £9,623,240 an increase of £1,163,420 (13.8%) compared to 2016/17;

- A transfer of £1,454,266 from General Fund balances;

- The Band D Council Tax would be set at £166.75, an increase of £5 (3.09% - less than £0.10 per week) on the level from 2016/17 of £161.75;

- A General Fund Capital Programme of £5.765m for 3 years;

- a Housing Revenue Account (HRA) Expenditure level of £15,178,750 for 2017/18 (excluding interest & similar charges);

- A transfer of £359,990 from HRA balances;

- An average rent of £85.29 (in line with the Government's requirement to reduce rents by 1% p.a. for the next 4 years), which represents a reduction of £0.86 (1% on the current average rent of £87.38) and equates to £78.73 on an annualised 52 week basis;

- A Housing Capital Programme of £50.557m (including c.£31.4m relating to the Regeneration Projects) for 5 years.

Closing balances over 3 years for the General Fund (GF) are estimated at £0.5m, at the minimum approved level of £0.5m. The draft Budget and Medium Term Financial Strategy is based on a council tax increase of £5 (3.09%) for 2017/18 (the maximum permitted under the Government set limits to trigger a referendum is the greater of £5 or 2.0%) followed by increases of £5 p.a. thereafter & in line with statutory requirements.

The Summary HRA Revenue Budget for 2017/18 appears at **Appendix D** (including a summary of the resulting budgets over the 5 year period). Closing balances over 5 years for the HRA are estimated at £3m (compared to the minimum approved level of £0.5m).

The 3-year General Fund Capital Programme has been formulated based on the predicted available resources. Assuming that the anticipated capital receipts will be received, this leaves a balance of £0.695m available (the minimum approved level is £0.5m).

The Council's uncommitted Housing Capital Resources will effectively be reduced to £1m over 5 years (the approved minimum level is £0.5m).

Key Risks

- Impact of uncertain economic conditions, following the decision to leave the EU – there is a higher level of uncertainty than in previous budget setting processes. 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 for the General Fund (5 years for the HRA);

- Achievement of the anticipated growth in business rates income – in line with the assumed baseline and tariff levels set;

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

- Delivery of the planned Commercial Investment and Regeneration Strategy actions and associated improved investment returns of 5% p.a. arising from the investment of £24m from the capital receipt due to be received over the period 2016 – 2018 from the sale of the former golf course (to support the MTFS in the long term);

- Work is continuing on a number of actions to address the longer term financial position;

- Achievement of anticipated growth in new homes within the Borough and the associated dependency on the New Homes Bonus income to address / reduce the funding shortfall for the General Fund;

- Challenge to continue to achieve high collection rates for council tax, business rates and housing rents – in light of further austerity, economic conditions and uncertainty; and

- Finalisation of the Local Government Finance Settlement - the Parliamentary debate on the final local government finance settlement has been delayed and will take place shortly after recess ending 20th February 2017. This is later than usual due to pressure on parliamentary time

Background

The ***Vision*** for *our place* and *our communities* to be "perfectly placed" in order to take full advantage of every opportunity that leads to Tamworth being a ***'better'*** place and its people having ***'better'*** lives or the Council being a ***'better'*** organisation has never been more relevant that it is right now.

Many of the challenges faced by the Council in recent years have had direct consequences for all three themes : People, Place and Organisation. It will come as no surprise therefore that the 3 Thematic Priorities established in 2016 will remain the focus of our plans, actions and resources for the plan period – 2017 to 2020.

Whilst the majority of these challenges are likely to remain – reductions in government funding; increased public demand; less capacity; similar challenges facing our partners – they are balanced to a large degree by the fact that this Council's commitment and determination to succeed remains as does the resilience and professionalism of the entire workforce.

Tamworth Borough Council is one small but classic example of why Local Government and its partners are the only Government Department to achieve the efficiency targets set by the Treasury since 2008…We saw it coming; we planned for it and we adopted an approach based upon resilience and sustainability.

What has changed is our attitude to the situation and our desire and ambition to improve it. Last year, the Council adopted a route-map designed to position the Council so it could be **Perfectly Placed** to take advantage of every opportunity it either created or identified.

"From Surviving To Thriving" set out a number of opportunities based upon the principle that by focusing upon the growth of the economy, both the "people" and the "place" would benefit. The Council remains committed to promoting and stimulating economic growth and regeneration; meeting our housing needs; creating a vibrant town centre economy and protecting those most vulnerable in our communities. To this end, we pledge to explore and invest in viable and sustainable methods of generating income and moving towards financial independence.

The foundations supporting these sustained successes can be attributed to strong political and executive leadership, having a detailed understanding of the issues and challenges facing our "people" and "place" and, more importantly, the plans, policies and resources with which to resolve them. The process by which the Council sets out its plans for dealing with these priorities and providing the resources and funding necessary forms the basis of the **Corporate Plan & Medium Term Financial Strategy** produced and reviewed annually.

It is this tried and tested approach that has enabled this Council to navigate its way through the recession, extended periods of austerity and the uncertainties and complexities brought about by 'devolution', elected Mayors, Combined Authorities et al. With many of the challenges of previous years still facing the Council and the uncertainties surrounding issues such as BREXIT, NNDR retention, the future of the NHS and Care Services, our local clarity of Vision and purpose has never been so important.

The budget setting process has faced significant constraints in Government funding in recent years - over 50% in real terms 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 – and suggests that the key challenges that the Council is currently addressing are likely to become greater.

The Government has 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.

It has previously been recognised by the Council's Executive Management Team (a non-decision making forum of Cabinet Members and Chief Officers of the Corporate Management Team) that Members will need to focus on strategic decisions relating to high level financial issues. There also remains a high degree of uncertainty arising from further proposed changes in Local Government funding arising from an ongoing review of the Business Rates Retention system - as well as other changes arising from the Government's Welfare Reform agenda (including local support for Council Tax).

Efficiency Statement - Sustainability Strategy

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 'Demand Management' as the primary operating model and the targeting of resources via locality based commissioning and delivery has enabled greater effectiveness in service delivery as evidenced by customer satisfaction, award winning services and of course, the management of the Council's finances.

Through its implementation, the Council will have far greater control upon the alignment of services or 'supply' to the increased needs and expectations of the public or 'demand'.

Key to this will be 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.

Then by the application of locality based commissioning for example, it can commission services that either intervene or prevent future need thereby reducing demand. The report entitled **'Creating Opportunities from an Uncertain Future'** is available to all Members and is available to the public.

In summary, by adopting the model, supporting its implementation and measuring its progress, it will enable the Council to achieve its Vision and Priorities and fulfil its obligations.

- We will target resources upon those in most need and those most vulnerable.

- We will commission services that will both intervene/prevent future demand and reduce levels of vulnerability.

- We will, as a consequence, meet the Council's stated intention to ensure that the vulnerable are a priority (Motion to Council on 26th November, 2014 refers).

This approach will change the organisation and how it works; will require Members to take difficult decisions and adhere to them; will involve managed risks and will sustain essential services critical in supporting the most vulnerable in our communities at a time when demand is increasing and resources reducing.

Work is continuing on a number of actions to address the financial position in future years:

- Delivering Quality Services project – the demand management approach to shift demand to more efficient methods of service delivery – online and automation (**Interactive Voice Response**). A savings target of £100k p.a. has already been included together with reduced CRM costs of £62k p.a. from 2019/20;

- Recruitment freeze – temporary 12 month appointments are now only being made; there is a robust challenge / 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. This means we have the opportunity to increase the vacancy allowance from 5% to 7.5% over the next 5 years – c. £45k p.a. year on year for the General Fund (£14k p.a. – HRA);

- 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. £0.75m was lower level underspend);

- Alternative investment options arising from the Commercial Investment and Regeneration Strategy (as well as the Treasury Management Investment Strategy, including any prudential borrowing opportunities) to generate improved returns of c. 5% p.a. (plus asset growth) including:

  - Set up of trading company to develop new income streams;
  - Local investment options – Lower Gungate / Solway Close development including the potential to drawdown funding from the Local Growth Fund / Local Enterprise Partnerships (GBS and Staffordshire);
  - Investments in a Diversified Property Fund;
  - Investments in a Diversified Investment Vehicle (property, shares etc.);

Note: these would be subject to a robust check and Challenge business case and represent long term investments of between 5 – 10 years (minimum) in order to make the necessary returns (after set up costs).

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

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

Vision, Thematic Priorities & Ambitions

The Council's vision is for Tamworth to be 'perfectly placed' to take full advantage of any/all opportunities to grow and sustain its economy for the benefit of 'people' and 'place'. The Corporate plan sets out our ambitions and what we plan to achieve across the period 2017 to 2020 in order to meet those ambitions. It underlines our commitment to investment and investing in the development of the borough, using the incomes generated to sustain essential services delivered to an agreed and consistent standard.

More than ever, we recognise that our financial capacity will be less than in previous years which means that we will need to maintain our approach to innovation, collaboration and transformation. So, not only will the Council seek investment from businesses and developers, but the Council itself will explore viable and sustainable investment opportunities using all returns to support public services.

The **2017/18 Corporate Plan** has been compiled and developed with contributions, views and opinions from local residents, businesses, partners from all sectors and politicians. When combined with a range of data sets, customer insight and information, it provides a robust and trustworthy evidence base against which this plan has been produced.

Whilst progress against the 3 Thematic Priorities adopted by the council last year has been considerable, the outcome from this years review of evidence clearly indicates that these priorities are still at the forefront of our plans and ambitions for 'people', 'place' and 'organisation'. As a result, the 3 Thematic Priorities will again form the basis of the Council's strategic framework and specific ambitions. It is these specific ambitions that serve to place the Thematic Priorities into context by setting out the Council's expectations for the plan period.

The **Vision, Thematic Priorities & Ambitions** at **Appendix A** set out how, under each Thematic priority, we plan to deliver gains or stated ambitions in order to progress against each priority.

There are a number of key challenges affecting the medium term financial planning process (as detailed within the report), which add a high level of uncertainty to budget projections.

The medium term financial planning process is being challenged by Government austerity measures. The accomplishment of a balanced 3 Year Medium Term Financial Strategy for the General Fund is a major achievement as the Council, like others, has planned to deliver its budget process in light of unprecedented adverse economic conditions with a great deal of uncertainty over future investment and income levels such as car parking, land charges and corporate property rents.

It is also facing increased financial demands from Central Government for service improvements in areas such as local democracy and transparency – as well as substantial reductions in Government grant support in the future.

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

Additional demands for services (i.e. benefits and housing) arising from these austere times have been included where possible but this is dependent on the length and depth of the austerity measures.

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

The assumptions made in the production of the MTFS are based on the best information available at the time and are subject to change. These will be monitored and reviewed on a Quarterly basis by CMT and Cabinet.

The Treasury Management Strategy Statement and report attached at **Appendix N** outlines the Council's Prudential Indicators for 2017/18 to 2019/20 and sets out the expected Treasury operations for this period.

The main issues for Members to note are:

- Members should understand the implications on Treasury Operations when setting the budget and Medium Term Financial Strategy;

- It is good practice for members to be provided with access to relevant training – so that they have the necessary skills and training;

  The aim is for all Members to have ownership and understanding when making decisions on Treasury Management matters.

- With regard to Counterparty selection for investment, rather than adopt a Lowest Common Denominator (LCD) methodology, a broader Counterparty evaluation criteria is used as recommended by Capita (the Council's Treasury Management consultants);

- The proposed Counterparty limits for 2017/18 have been increased, reflecting higher average investment balances available at present – but still in line with Capita's suggested 20% maximum of investment balances deposited with any one institution.

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
Model 1	**£5.00 increase in Council tax in 2017/18 (followed by increases of £5.00 p.a.) (Proposed Option)**
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)**

These are detailed within the Base Budget report to Cabinet on 24th November 2016 and the Draft Medium Term Financial Strategy report to Cabinet on 19th January 2017 and Joint Scrutiny Committee (Budget) on 24th January 2017.

Resource Implications

A summary table of all the budget proposals is shown at the end of the report. The General Fund Summary Revenue Budget for 2017/18, appears at **Appendix E**. A summary of the resulting budgets over the 3 year period appears at **Appendix G**.

Closing balances over 3 years for the General Fund (GF) are estimated at £0.5m, above the minimum approved level of £0.5m. The draft Budget and Medium Term Financial Strategy is based on a council tax increase of £5 (3.09%) for 2017/18 (the maximum permitted under the Government set limits to trigger a referendum is the greater of £5 or 2.0%) followed by increases of £5 p.a. thereafter & in line with statutory requirements.

The Summary HRA Revenue Budget for 2017/18 appears at **Appendix D** (including a summary of the resulting budgets over the 5 year period). Closing balances over 5 years for the HRA are estimated at £3m (compared to the minimum approved level of £0.5m).

The 3-year General Fund Capital Programme has been formulated based on the predicted available resources. Assuming that the anticipated capital receipts will be received, this leaves a balance of £0.695m available (the minimum approved level is £0.5m).

The Council's uncommitted Housing Capital Resources will effectively be reduced to £1m over 5 years (the approved minimum level is £0.5m).

Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. In the Executive Director – Corporate Services' view, the budget proposals enclosed within this report include estimates which take into account circumstances and events which are reasonably foreseeable at the time of preparing the budget. In his view, the level of reserves remains adequate for the Council based on this budget and the circumstances in place at the time of preparing it.

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 were considered at the Joint Scrutiny Committee (Budget) meeting on 24th January 2017. In line with the constitution a Joint Scrutiny Budget Workshop was held on 1st December 2016 to outline the issues affecting the MTFS arising from the base budget forecast.

The budget has been set following extensive consultation with the people of Tamworth. This includes feedback from The State of Tamworth Debate, and responses from the 'Tamworth Listens' budget consultation exercise.

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

Approval of Prudential Indicators and an Annual Investment Strategy is a legal requirement of the Local Government Act 2003. Members are required under the CIPFA Code of Practice to have ownership and understanding when making decisions on Treasury Management matters.

Key Risks to Revenue and Capital Forecasts:

Risk	**Control Measure**
Major variances to the level of grant / subsidy from the Government (including specific grants e.g. Benefits administration, Business Rates Section 31 funding); (**High)**	Sensitivity modelling undertaken to assess the potential impact in the estimation of future grant levels; **(Medium / High)**
New Homes Bonus grant levels lower than estimated; Continuation of the scheme with revisions has been confirmed – further changes are possible in future years. Achievement of forecast growth in housing numbers / reduced void levels; **(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 2017/18); **(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;	Robust estimates included to arrive at collection target. Ongoing proactive management & monitoring will continue;

Risk	Control Measure
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)**	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)**
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)**
Achievement of increased returns (c. 5% p.a.) and asset growth from the Commercial Investment and Regeneration Strategy: • Set up of trading company to develop new income streams; • Local investment options – Lower Gungate / Solway Close development; • Investment in a Diversified Property Fund; • Investment in a Diversified Investment Vehicle (property, shares etc.); **(High / Medium)**	A robust business case approach will be required and estimates included using a zero based budgeting approach; **(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). Potential cost of c.£223k p.a. should changes be made by SCC. **(High / Medium)**	Memorandum of Understanding in place with LDC. Potential mitigation options available for changes to green waste scheme. **(Medium)**

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.

Report Author:

If Members would like further information or clarification prior to the meeting please contact Stefan Garner, Director of Finance – tel. 709242.

Background Papers:-	**Draft Budget and Medium Term Financial Strategy 2017/18 to 2021/22, Cabinet 19th January 2017 / Joint Scrutiny Committee (Budget) 24th January 2017**
	Business Rates Income Forecast (NNDR1 return), Cabinet 19th January 2017
	Treasury Management Strategy Statement & Annual Investment Strategy Mid-year Review Report 2016/17, Council 13th December 2016
	Leaders Budget Workshop, 1st December 2016
	Draft Base Budget Forecasts 2017/18 to 2021/22, Cabinet 24th November 2016
	Budget Consultation Report, Cabinet 3rd November 2016
	Budget and Medium Term Financial Planning Process, Cabinet 28th July 2016
	Corporate Vision, Priorities Plan, Budget & Medium Term Financial Strategy 2016/17, Council 23rd February 2016
	Treasury Management Practices 2017/18 (Operational Detail)

Summary of Appendices

Description	Appendix
Corporate Vision for Tamworth	A
Detailed Considerations	B
Policy Changes	C
HRA Budget Summary 2017/18 – 2021/22	D
General Fund Summary Revenue Budget 2017/18	E
General Fund Technical Adjustments 2017/18 (before policy changes)	F1
HRA Technical Adjustments 2017/18 (before policy changes)	F2
General Fund 3 Year Revenue Budget Summary	G
Council Tax Levels at each Band 2017/18	H
General Fund 3 Year Capital Programme 2017/18 – 2019/20	I
Housing 5 Year Capital Programme 2017/18 – 2021/22	J
Main Assumptions	K
Sensitivity Analysis	L
Contingencies	M
Treasury Management Strategy Statement, Treasury Management Policy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Statement 2017/18	N

Appendix A

CORPORATE VISION FOR TAMWORTH

"One Tamworth, Perfectly Placed"

Open for business since the 7th Century A.D.

This Vision for Tamworth is underpinned by high level, evidence based priorities that focus upon both Tamworth (the place) and the communities served (the people).

VISION, THEMATIC PRIORITIES & AMBITIONS

The Council's vision is for Tamworth to be 'perfectly placed' to take full advantage of any/all opportunities to grow and sustain its economy for the benefit of 'people' and 'place'. This plan sets out our ambitions and what we plan to achieve across the period 2017 to 2020 in order to meet those ambitions. It underlines our commitment to investment and investing in the development of the borough, using the incomes generated to sustain essential services delivered to an agreed and consistent standard.

More than ever, we recognise that our financial capacity will be less than in previous years which means that we will need to maintain our approach to innovation, collaboration and transformation. So, not only will the Council seek investment from businesses and developers, but the Council itself will explore viable and sustainable investment opportunities using all returns to support public services.

The following tables set out how, under each Thematic Priority, we plan to deliver gains or stated ambitions in order to progress against each priority

TP1 "Living a Quality Life in Tamworth"

The Council believes that everyone should have the opportunity to live a quality life. In order to enable this, it will work with its public, partners and stakeholders to ensure that:

- More people will live longer, healthier lives;
- Fewer children will be obese and run the risk of heart disease and diabetes;
- People will feel safer and less fearful of crime and anti-social behaviour;
- The built and natural environments will be conserved to the highest possible standards;
- More people will be living independent lives with access to facilities;
- There will be fewer vulnerable people requiring specialised services;

TP2 “Growing Stronger Together in Tamworth”

The Council believes that the managed growth of the local economy based upon sustainable business growth, better skilled jobs, a vibrant town centre, high quality retail and leisure offers and local, regional and national connectivity will help make Tamworth an acknowledged **“Great place to live, work and raise a family”.** To achieve this, the Council will seek to ensure that:

- More businesses will locate and succeed in Tamworth;
- People will have access to a full range of quality housing options;
- Local infrastructure and connectivity will support an active workforce and help grow the economy;
- The Council will be recognised as both **business friendly** and **business like** in the way it facilitates and operates;
- Tamworth Town Centre will be regenerated and complement the outstanding retail and leisure offer;
- Tamworth will mean **“a great place to live”** not simply **“a place with more houses”.**
- The Council will have a Commercial Investment and Regeneration Strategy and an associated trading arm designed to invest in assets/other means of sustainable income generation.

TP3 “Delivering Quality Services in Tamworth”

Despite the unprecedented cuts in government funding and an extended period of austerity, the Council has sought to maintain a full suite of services. It accepts that changes in service scopes and standards have had an impact however; it remains committed to protecting those most vulnerable in our communities. In order to sustain this commitment, the Council embarked upon the largest and most complex transformation plan in its history. Consequently, the Council is now in a position to ensure that:

- Customer Satisfaction levels will be maintained above 90%;
- Access to all Council Services will be improved;
- The Council will set and maintain service standards that will be consistent, accessible and delivered by skilled staff;
- We will save you time and money by doing business with you **“On-line”**;
- Fewer customers will have to visit the Council offices to resolve their issues.

These are not simply words or the ambitions of politicians seeking to win 'votes'; these are the services, standards and outcomes that our public aspire to and expect of the Council. It is through the **Corporate Plan** that these aspirations and expectations will be achieved. The scale, scope and timescale relating to these outcomes presents the Council with a challenging yet achievable task over the forthcoming years.

In saying this, it is important to note that whilst the **"Plan"** focuses upon delivering against the 3 Thematic Priorities, the Council must also ensure that the wide range of day-to-day operational and support services continue to be delivered to a consistent and efficient standard. In doing so, it demonstrates how **"Delivering Quality Services"** both connects and underpins the Thematic Priorities for **"Place"** and **"People.**

Throughout the 'Plan' period, the Council's ongoing programme of Service Reviews, continuous improvement and whole system reviews will continue in line with the adopted **Sustainability Strategy.**

Services continue to be delivered through a mix of 'Direct' provision, contracted and/or commissioned services, joint/shared services and partnerships. Our aim to scrutinise and improve the way we plan, do and review will remain throughout the period of this plan.

So, between 2017 and 2020, the Council will work with its public, peers and partners in order to:

a) Sustain essential services at agreed standards for those in greatest need;

b) Deliver a programme of projects, planned initiatives and work streams designed to achieve outcomes against the Thematic Priorities;

c) Adopt a commercial approach to growth and investment designed to generate a sustainable income to support a) and b);

d) Continue its excellent performance in financial planning, management and investment. By being 'Risk Aware' rather than 'Risk Averse', the Council will consider all opportunities to improve and/or sustain services.

Detailed Considerations

Introduction

The Council's approach to medium term planning aims to integrate the Council's Corporate and financial planning processes. In accordance with that approach this report contains firm proposals for 2017/18 and provisional proposals for the following years.

It is intended that all aspects of the budget should be agreed by Members and so this report details each amendment which is proposed to the 2016/17 budget to arrive at the starting point for 2017/18. The report deals in turn with each of the key elements and towards the end of each section is a summary table. Each of these tables is brought together in the summary and conclusions section at the end of the report.

The Council's MTFS used as the basis for the 2017/18 budget, aimed both to deal with a challenging financial position and to find resources to address the Council's corporate priorities. The approved package was based upon:

- The need to compensate for reduced income levels arising from the Government's austerity agenda & economic situation;
- Injecting additional resources into Corporate Priorities;
- Increasing income from council tax and fees and charges;
- Making other savings and efficiencies.

Financial Background

The medium term financial planning process is being challenged by the uncertain economic conditions. The forecast grant reductions and uncertainty following the EU referendum result have put significant pressure on the ability of the Council to publish a balanced MTFS.

It has been 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 (minimum balances of £0.5m) by which time the economic impact, if any, should be clearer.

There are a number of other challenges affecting the Medium Term Financial Planning process for the period from 2017/18 which add a high level of uncertainty to budget projections.

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

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

Effect of x% movement:	% + / -	Impact over 1 year +/- £'000	Impact over 3 years +/- £'000	Risk
Pay Award / National Insurance (GF)	0.5%	44	263	M/H
Pension Costs	0.5%	57	345	M/H
Council Tax	0.5%	17	109	L/M
Inflation / CPI	0.5%	48	292	M/H
Government Grant	1.0%	38	215	M/H
Investment Interest	0.5%	260	1644	H
Key Income Streams	0.5%	6	42	L
New Homes Bonus	10%	32	245	H
Business Rates	0.5%	64	391	H

GENERAL FUND

Future Revenue Support Grant & Business Rate income

On 15 December 2016, the Secretary of State for the Department for Communities and Local Government, Rt. Hon. Sajid Javid MP, made a statement to Parliament on the provisional local government finance settlement (LGFS) 2017/18.

This followed the confirmation received during November 2016 that the Government had accepted the Council's application for a four-year funding settlement to 2019/20.

The National Core Spending Power figures are detailed below and include the Settlement Funding Assessment (SFA); Council Tax; the Improved Better Care Fund; New Homes Bonus (NHB); Transitional Grant; Rural Services Delivery Grant; and the Adult Social Care Support Grant. The table shows the national changes to Core Spending Power between 2016/17 and 2019/20. It shows a reduction of 1.1% for 2017/18 and an overall increase for the period 2016/17 to 2019/20 of 0.4%.

Core Spending Power National Position	**2015/16 £m**	**2016/17 £m**	**2017/18 £m**	**2018/19 £m**	**2019/20 £m**
Settlement Funding Assessment	21,250	18,601	16,632	15,599	14,584
Council Tax	22,036	23,247	24,623	26,082	27,629
Improved Better Care Fund	-	-	105	825	1,500
New Homes Bonus	1,200	1,485	1,252	938	900
Rural Services Delivery Grant	16	81	65	50	65
Transition Grant	-	150	150	-	-
Adult Social Care Support Grant	-	-	241	-	-
Core Spending Power	**44,502**	**43,564**	**43,068**	**43,494**	**44,678**
Change %		**(2.1)%**	**(1.1)%**	**1.0%**	**2.7%**
Cumulative change %		**(2.1)%**	**(3.2)%**	**(2.3)%**	**0.4%**

For future years, it has been assumed that there will be a reduction in Revenue Support Grant to 2019/20 in line with that notified within the Final LGFS for 2016/17, confirmed as unchanged as part of the 2017/18 LGFS, 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

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 2017/18 finance settlement represents the fifth year in which the Business Rates Retention (BRR) scheme is the principal form of local government funding. As in the previous 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.

The Council received additional business rates during 2013/14 (above forecast / baseline) and had to pay a levy of £356k 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 Council received additional business rates during 2015/16 (above forecast / baseline) and had to pay a levy of £534k.

The latest estimates for 2016/17 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 1st April 2014 e.g. Small Business Rate Relief – of which 50% of any in excess of the baseline will be payable in levy to the GBSLEP. A prudent approach has been taken in respect of any new burdens funding – and, due to uncertainties & risk, the creation of an associated Business Rates Collection reserve to mitigate fluctuation in income. The forecast Section 31 Grants and levy payments included within the base budget forecasts are detailed below.

Levy / Section 31 Grant	**2017/18 £**	**2018/19 £**	**2019/20 £**
NNDR Levy payment to GBSLEP (20%)	843,520	831,710	837,610
Section 31 Grant income	(409,260)	(423,700)	(437,080)

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

BASELINE	**2017/18 £**	**2018/19 £**	**2019/20 £**
Retained Business Rates	13,031,478	13,415,917	13,844,714
Less: Tariff payable	(10,849,222)	(11,169,283)	(11,526,273)
Total	2,182,256	2,246,634	2,318,441
% Increase	2.0%	3.0%	3.2%
Provisional Settlement Funding (December 2016):			
Retained Business Rates	11,975,563	12,360,849	12,800,526
Less: Tariff payable	(9,791,708)	(10,106,733)	(10,466,231)
Total	2,183,855	2,254,116	2,334,295
% Increase	2.0%	3.2%	3.6%
Increase / (Decrease)	**1,599**	**7,482**	**15,854**

As identified above, the Business Rates Baseline for 2017/18 is marginally higher than expected at £2.18m. However, due to the variable nature of the BRR element of local authority funding, the provisional settlement no longer provides the absolute funding level for authorities. Overall, Government External support (combined RSG/***Baseline*** NNDR) is £1.6k higher than expected in 2017/18 – the overall reduction in Government Support is 11.8% (as expected in our assumed reduction).

The Government's assessed Business Rates Baseline for the authority is only based on an adjusted average income figure, and therefore is not representative of the actual 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**
	£	**£**	**£**
Budgeted Funding:			
Retained Business Rates	13,982,727	14,103,007	14,224,161
Less: Tariff payable	(10,849,222)	(11,169,283)	(11,526,273)
Total	3,133,505	2,933,724	2,697,888
% Increase (Decrease)	19.5%	(6.4)%	(8.0)%
Retained Business Rates	13,253,351	13,600,578	14,038,666
Less: Tariff payable	(9,791,708)	(10,106,733)	(10,466,231)
Total	3,461,643	3,493,845	3,572,435
% Increase / (Decrease)	**32.0%**	**0.9%**	**2.2%**
Increase / (Decrease) Total	**328,138**	**560,121**	**874,547**

Based on this Government financial support will reduce as shown below:

BASE BUDGET	**2017/18**	**2018/19**	**2019/20**
	£	**£**	**£**
Budgeted Funding:			
Revenue Support Grant	770,996	493,964	184,529
Retained Business Rates	13,982,727	14,103,007	14,224,161
Less: Tariff payable	(10,849,222)	(11,169,283)	(11,526,273)
Total	3,904,501	3,427,688	2,882,417
% Increase / (Decrease)	1.9%	(12.2)%	(15.9)%
Provisional Settlement Funding (Updated January 2017):			
Revenue Support Grant	770,996	493,964	184,529
Retained Business Rates	13,253,351	13,600,578	14,038,666
Less: Tariff payable	(9,791,708)	(10,106,733)	(10,466,231)
Total	4,232,639	3,987,809	3,756,964
% Increase / (Decrease)	**10.5%**	**(5.8)%**	**(5.8)%**
Increase / (Decrease)	**328,138**	**560,121**	**874,547**

The table shows that overall funding should be c.£328k more than expected in 2017/18 (£1.8m more than expected over 3 years).

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

The retained Business Rates forecast is based on the statutory NNDR1 return – approved by Cabinet on 19th January 2017 – prior to final sign off by the statutory deadline of 31st January 2017.

There are still significant uncertainties - specifically the treatment of:

- The level of inflation affecting the future increases to the multiplier;
- Forecast levels of growth in business rates;
- The estimated level of mandatory and discretionary reliefs;
- The estimated level of refunds of Business Rates following the Appeal process; and
- Finalisation of the ongoing treatment of Section 31 grant funding (including Small Business Rate Relief Grant) – which could affect the calculation of any levy payment and thereby reduce retained Business Rate income.

New Homes Bonus (NHB)

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 scheme was subject to a consultation paper in December 2015. This paper outlined a number of potential changes to the scheme, including a change in the scheme's funding. This change moved from having an open-ended funding amount (based on the number of new homes) to a finite amount that could not be exceeded. The funding for the scheme over the period 2017/18 to 2019/20 was also announced, these amounts being:

2017/18	£1,493m
2018/19	£938m
2019/20	£900m

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

The 2017/18 allocations reflect the outcome of the consultation. The government has made/proposed the following changes to the scheme:

- Funding is reduced by £241m in 2017/18 (funding remains at pre-announced levels for 2018/19 and 2019/20);
- Funding will be reduced from 6 years to 5 years in 2017/18;
- Funding will then reduce to 4 years for 2018/19 onwards;
- From 2018/19, the government will consider withholding payments from local authorities that are not *"planning effectively, by making positive decisions on planning applications and delivering housing growth"; and*
- A consultation is planned regarding withholding payments for homes that are built following an appeal.

It is important to note that:

- For authorities below the 0.4% threshold for growth (like Tamworth for 2017/18), it is only the "in-year" element of funding that is not received i.e. they will still receive the historic payments. For 2017/18, this will mean that an authority will still receive payments for the four previous years; and

- The allocations for 2018/19 and 2019/20 are indicative and will be reliant on any further changes to the scheme and growth locally.

New Homes Bonus income forecasts were subsequently updated (including changes in forecast new home increases) and included within the base budget as detailed in the table below.

The implementation of the proposed reforms to the scheme will mean that the length of New Homes Bonus payments will be reduced from 6 years to 5 years in 2017/18 and 4 years from 2018/19. Revised forecasts are also shown in the table below. It was assumed within the base budget that it would be 4 years from 2017/18 which means the Council will be better off by c.£53k in 2017/18.

BASE BUDGET NHB	**2017/18 £**	**2018/19 £**	**2019/20 £**
MTFS Budget	641,590	618,350	602,350
Reduced / Additional (-) income	321,254	202,423	(48,778)
Base Budget	**320,336**	**415,927**	**651,128**
Risk Weighting applied	*100%*	*75%*	*50%*
Revised forecast	373,156	331,365	667,177
(Gain) / Loss	**(52,820)**	**84,561**	**(16,050)**
Revised Risk Weighting applied	*100%*	*75%*	***75%***

However, from 2017/18 the national baseline for housing growth below which New Homes Bonus will not be paid was set at 0.4% (reflecting a percentage of housing that would have been built anyway). The Government will retain the option of making adjustments to the baseline in future years to reflect significant and unexpected housing growth. It had been assumed that a 'deadweight' factor of 0.25% would be implemented, in line with the consultation – but as the Government have increased this to 0.4% then the Council will be worse off in future years.

The impact on the MTFS over 3 years would be £135k loss.
However, due to the prudent risk aware approach to budgeting for new homes bonus (given the uncertainties), the prudency rates have been amended to reflect the increased certainty for the ongoing operation of the scheme.

This results in an overall loss to the MTFS of £16k over 3 years.

Technical Adjustments

Revisions 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 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;
- a ‘Zero base budgeting’ review of income levels.

They are summarised in **Appendix F1** and the main assumptions made during this exercise are shown in **Appendix K**.

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

Technical Adjustments	**2017/18 £’000**	**2018/19 £’000**	**2019/20 £’000**
Base Budget B/Fwd	8,460	9,330	9,448
Committee Decisions	35	(3)	(722)
Inflation	34	32	31
Other	841	16	(268)
Pay Adjustments (Including pay award / reduction of 5% for vacancy allowance)	6	73	118
Revised charges for non-general fund activities	(46)	-	-
Total / Revised Base Budget	9,330	9,448	8,607

* ( ) denotes saving in base budget

Policy Changes

The policy changes provisionally agreed by Council in February 2016 have been included within the technical adjustments for 2017/18 onwards. **A list of the proposed new policy changes for 2017/18 is attached at Appendix C and summarised below:**

Policy Changes Identified	2017/18 £'000	2018/19 £'000	2019/20 £'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
Deferral of savings from review of Senior Management - net of the removal of the DCPP vacant post	200.0	70.0	70.0
West Midlands Combined Authority (WMCA) - contribution towards ongoing costs	25.0	25.0	25.0
Revised New Homes Bonus Grant	(52.8)	84.6	(16.0)
Negotiated savings in Pensions costs arising from Advance payment	-	(120.0)	-
Interest element of Capital Receipt from sale of Former Golf Course	(166.0)	(49.0)	-
Vacancy Allowance Contingency Budget	(50.0)	(50.0)	(50.0)
Contribution from Building Repairs Fund	(53.2)	(53.2)	(53.2)
Commercial Investment and Regeneration Strategy (CIRS)	75.0	-	-
Business Rates Levy payment	211.0	324.0	478.0

Policy Changes Identified	2017/18 £'000	2018/19 £'000	2019/20 £'000
Business Rates Section 31 Grant Income	(94.0)	(96.0)	(97.0)
An increase in the Vacancy allowance from 5% of salary budgets to 7.5% over 5 years – 0.5% increase p.a	(43.7)	(89.9)	(134.9)
Revenue Implications of Capital Programme - Recharge of costs to Business Improvement District levy	5.0	(11.4)	(11.6)
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)	-
Revenue Implications of Capital Programme - Efficiencies in Disaster Recovery and Hardware Maintenance costs	-	(10.0)	(10.0)
To make the post of Scrutiny & Corporate Support Officer a permanent full-time position on the establishment	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
Revenue Implications of Capital Programme – Self Service – ongoing maintenance & savings in CRM costs	20.0	20.0	(42.0)
Revenue Implications of Capital Programme - Time Recording Scheme - ongoing maintenance & development costs	-	4.0	4.0
Customer Services Staffing - Delayed delivery of part of the planned savings of £100k p.a. (£33k p.a. achieved to date)	67.0	67.0	-
Removal of the DCPP vacant post	(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	-

Policy Changes Identified	2017/18 £'000	2018/19 £'000	2019/20 £'000
It is proposed to make the existing temporary regeneration post a permanent role	-	-	45.0
Staffing costs associated with the capital programme / disposal, creation or acquisition of assets can be capitalised	-	-	(45.0)
Revised Waste Management arrangement costs - Reflects impact of reduction in income from sale of recyclate	60.0	60.0	60.0
Replacement contract for the operational vehicle fleet	(60.2)	(60.2)	(60.2)
Targeted income from implementation of charge for Green Waste service pending finalisation of the current review and detailed report to Full Council for approval	-	(245.0)	(245.0)
Rental income from letting of vacant accommodation within Marmion House	-	(46.0)	(46.0)
Service Charge income from letting of vacant accommodation within Marmion House	-	(46.0)	(46.0)
Tamworth Enterprise Centre - Staffing Costs	21.6	22.7	23.8
Tamworth Enterprise Centre - Revised operational savings	(18.5)	(38.5)	(45.9)
Total New Items / Amendments	**298.2**	**(185.9)**	**(215.5)**

Capping / Local Referendum

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

The principles for 2017/18 are that authorities will be required to seek the approval of their local electorate in a referendum if, compared with 2016/17, they set council tax increases that are equal to or exceed the greater of 2.0% or £5.

Consideration of the likely level of Council Tax increases over the 5-year period is needed to avoid the potential costs of holding a referendum and to ensure that balances are maintained at the minimum approved level of £500k.

The indications are that a potential threshold will be the greater of 2.0% or £5 in future years - the impact of a £5 p.a. (c.3% p.a.) is outlined below.

Council Tax

Last year's medium term financial plan identified ongoing increases of c.1.99% per annum from 2017/18. Each £1 increase in the band D Council Tax would raise approximately £21k per annum. For each 1% increase in Council Tax, the Council will receive c. £34k additional income per annum.

The Council's provision for collection losses for 2017/18 has been approved at 2.1% (the same level as 2016/17). In order to meet the on-going expenditure requirements the Council will have to increase the underlying income base.

The Band D Council Tax would increase to £166.75 for 2017/18 (£161.75 - 2016/17). Future levels of Council Tax and the projected impact on the General Fund revenue account forecast would be as follows:

Year:	2017/18	2018/19	2019/20
Forecast:	£'000	£'000	£'000
Surplus (-) /Deficit	1,455	1,589	2,235
Balances Remaining (-) / Overdrawn	**(4,326)**	**(2,737)**	**(502)**
£ Increase	5.00	5.00	5.00
% Increase	3.09%	3.00%	2.91%
Note: Resulting Band D Council Tax	166.75	171.75	176.75

which indicates potential balances of £0.5m (compared to the minimum approved level of £0.5m) is forecast as remaining over the 3 year period. As current capping guidance indicates a 'capping' threshold of 2.0% or £5, this is considered a low risk option.

Also available to the Council to support expenditure otherwise funded from Council Tax are surpluses arising from the Council's share of surpluses (or deficits) within the Council Tax and Business Rates elements of the Collection Fund.

It is proposed that surpluses / deficits be used (and that the relevant sums be made available to the other precepting authorities – the County Council, Fire & Rescue and Office of the Police & Crime Commissioner (OPCC). It is estimated that there will be a surplus of £0.75m for Council Tax and a surplus of £0.8m for Business Rates.

Year:	2017/18	2018/19	2019/20
Council Tax	£'000	£'000	£'000
Council Tax Income	(3,517)	(3,677)	(3,870)
Collection Fund Surplus (Council Tax)	(81)	-	-
Collection Fund Surplus (Business Rates)	(338)	-	-

The County Council, OPCC and Fire & Rescue Authority are due to finalise their budgets for 2017/18 during February 2017. The impact of the Borough Council tax proposals is shown for each Council Tax Band in **Appendix H**.

Balances

At the Council meeting on 29th February 2000 Members approved a minimum working level of balances of £0.5m. At 31st March 2017 General Fund Revenue Balances are estimated to be £5.781m, compared with £3.605m anticipated a year ago.

The minimum level of balances for planning purposes will remain at £0.5m.

Summary and Conclusions

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

In addition, there remains a degree of uncertainty in a number of areas including the impact of the changes to council tax support and other welfare reforms on council tax and rent income, future local authority pay settlements, the potential for interest rate changes, the future local government finance settlements and the level of future business rates income.

A summary of all the budget proposals is shown in the table below. The summary Revenue Budget for 2017/18, appears at **Appendix E**. A summary of the resulting budgets over the 3 year period appears at **Appendix G.**

Summary	**2017/18 £'000**	**2018/19 £'000**	**2019/20 £'000**
Estimated Net Cost of Services	**9,330**	**9,448**	**8,607**
Proposed Policy Changes / Additional Costs Identified **(Detailed at Appendix C) (Rounded)**	298	(186)	(215)
Final Recharge & Inflationary Adjustments (after Policy Changes inclusion)	(5)	(8)	(19)
Transfer to Transformation Reserve	-	-	1,490
Net Expenditure	9,623	9,254	9,863
Financing: RSG	(771)	(494)	(185)
Collection Fund Surplus (Council Tax)	(81)	-	-
Collection Fund Deficit (Business Rates)	(338)	-	-
Tariff Payable	9,792	10,107	10,466
Non Domestic Ratepayers	(13,253)	(13,601)	(14,039)
Council Tax Income	(3,517)	(3,677)	(3,870)
Gross Financing	(8,168)	(7,665)	(7,628)
Surplus(-) / Deficit	1,455	1,589	2,235
Balances Remaining (-) / Overdrawn	(4,326)	(2,737)	(502)

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

HOUSING REVENUE ACCOUNT

Technical Adjustments

The 2016/17 approved budget has been used as a base to which amendments have been made reflecting the impact of technical adjustments. The impact of the policy led changes, will be added to this figure to produce the HRA budget for 2017/18.

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

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

Revisions 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, are largely beyond the control of the Council and have been calculated to take account of:

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

and are summarised in **Appendix F2**.

Proposals

The proposed policy changes for inclusion in the base budget for the next 5 years are detailed at **Appendix C** and 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
Negotiated savings in Pensions costs arising from Advance payment	-	(37)	-	-	-
An increase in the vacancy allowance from 5% to 7.5% over 5 years	(13)	(27)	(42)	(57)	(74)
Replacement contract for the operational vehicle fleet	(4)	(4)	(4)	(4)	(4)
Total New Items / Amendments	**(7)**	**(58)**	**(36)**	**(50)**	**(67)**

The proposals will mean that balances will remain above the approved minimum level of £0.5m over the 5 year period.

Summary	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	(7)	(58)	(36)	(50)	(67)
Final Recharge & Inflationary Adjustments (after Policy Changes inclusion)	10	10	10	10	10
Surplus (-) / Deficit	360	1,407	465	327	216
Balances Remaining (-) / Overdrawn	(5,392)	(3,985)	(3,520)	(3,193)	(2,977)

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

Indicating a Housing Revenue Account (HRA) balances of £3m over the next 5 years (Minimum recommended balances are currently £0.5m).

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

- 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 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 potential 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 – the Government have confirmed that implementation of this initiative will be optional for 2017/18. 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 should it be implemented in 2017/18; 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.

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 would put in place a one-year exemption for all supported accommodation whilst they review this area of supported accommodation. The exemption has subsequently been confirmed for future years.

The Government identified a range of accommodation which would benefit from the exclusion - for the Council this includes its sheltered housing and supported accommodation for young people – totalling 385 units of council owned stock.

The 2016 revised definition of "Specialised supported housing" means supported housing:

(a) which is designed, structurally altered, refurbished or designated for occupation by, and made available to, residents who require specialised services or support in order to enable them to live, or to adjust to living, independently within the community,

(b) which offers a high level of support, which approximates to the services or support which would be provided in a care home, for residents for whom the only acceptable alternative would be a care home,

(c) which is provided by a private registered provider under an agreement or arrangement with

    (i) a local authority, or

    (ii) the health service within the meaning of the National Health Service Act 2006(d),

(d) in respect of which the rent charged or to be charged complies with the agreement or arrangement mentioned in paragraph (c), and

(e) in respect of which either

    (i) there was no public assistance, or

    (ii) if there was public assistance, it was by means of a loan secured by means of a charge or a mortgage against a property.

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.

However, the remodelling of the Councils 365 Sheltered units in 2015/16 in particular (with service charges levied for enhanced housing management) marked a shift away from specialist supported accommodation and therefore the ability to claim the exemption in line with the revised definition above.

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

Balances

The forecast level of balances at 31st March 2017 is £5.75m. The impact on balances of the adjustments outlined in this report would be as follows:

Balances	**2017/18 £'000**	**2018/19 £'000**	**2019/20 £'000**	**2020/21 £'000**	**2021/22 £'000**
Proposed Withdrawal from / Addition to (-) Balances	360	1,407	465	327	216
Balances Remaining (-) / Overdrawn	(5,392)	(3,985)	(3,520)	(3,193)	(2,977)

This would mean that closing balances, over the 5 year period, would be over the approved minimum level of £0.5m.

The analysis at **Appendix D** details the overall Housing Revenue Account budget resulting from the recommendations contained within this report.

CAPITAL PROGRAMME 2017/18 to 2021/22

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-minimus 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 I – General Services and Appendix J – 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 2016/17 GF contingency funds and **£100k** remains in 2016/17 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 comments 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.£250k) to support invest to save projects (summarised below).

The minimum approved level of capital balances is £0.5million with GF capital balances of **£695k** predicted over the 3 years to 2019/20 (including £445k tranche 1 Golf Course capital receipts), **net £250k**. This excludes the further tranches of Golf Course capital receipt payments of £24.2m (less the revenue interest element).

It is estimated that £5.765m (excluding the £0.5m approved minimum balance) will be needed during the period to 2019/20 for future capital spending (including the usable capital receipts generated from the sale of council housing).

Potential prudential borrowing of £1.229m for the Cultural Quarter is included (should sufficient capital receipts not be available). 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 to fully support the delivery of the Council's corporate Customer Service and Access Strategy. **There are planned savings of £100k p.a. from year 2 (less £20k p.a. ongoing costs) which have already been included with the base budget (of which customer services have already delivered c.£50k);**

The Customer Portal would also allow CRM to be switched off – thereby releasing payback of £62k p.a. in additional savings (no need for Staffs Connects subscription from 2019/20) as well as further potential staffing efficiencies;

At this stage there is some uncertainty over the precise nature of the portal and the associated costs (which could potentially be made through revenue as suppliers have indicated due to budget constraints in LA's they are now willing to consider either option).

Given the uncertainty, it is suggested that the capital scheme be included within the capital programme as a specific contingency – subject to an options appraisal / business case report to Cabinet.

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.
	This scheme was for the technological infrastructure only and does not include for any refurbishment / furniture. At this stage there is some uncertainty over the precise nature of the equipment and the associated costs. Given the uncertainty, it is suggested that the capital scheme be included within the capital programme as a specific contingency – subject to an options appraisal / business case report to Cabinet.

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 – it was clarified that 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.

i)	**Cultural Quarter / Assembly Rooms**
	Updated figures (excluding SCC spend) to reflect delayed spend of £2m for 2016/17 have been included.

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. Spend is subject to Section 106 funding receipts of £100k.

k)	**Refurbishment of Marmion House Reception**
	An additional scheme for £100k in 2017/18 has been included to redesign the reception area in order to improve customer access to service delivery. It would involve the removal of the existing reception desk, installation of new customer service desks and customer self service area.

	It was noted that it has been over 10 years since the reception area was refurbished; Since then there has been significant change – channel shift, additional PC access for self service and 48% reduced footfall;
	At this stage there is some uncertainty over the precise nature of the works and the associated costs. Given the uncertainty, it is suggested that the capital scheme be included within the capital programme as a specific contingency – subject to an options appraisal / business case report to Cabinet.
l)	Play Area – £60k included for 2017/18 only.

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 £50.6m (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 £11.4m – subject to the 2016/17 borrowing need).

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 need to be updated following the tender results.
c)	**Development of 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.
d)	**Neighbourhood Regeneration** – £100k included for 2017/18 only.

Appendix C

Policy Changes Summary

DIRECTORATE	Sheet No.	Budget Changes 17/18 £'000	Budget Changes 18/19 £'000	Budget Changes 19/20 £'000
Chief Executive	1	(0.93)	(0.96)	(0.97)
Executive Director Corporate Services	2	(4.15)	(4.26)	(4.36)
Director of Finance	3	228.34	(80.78)	216.32
Director of Technology & Corporate Programmes	4	(2.62)	(12.54)	(2.70)
Solicitor to the Council	5	12.02	(1.52)	(1.56)
Director of Transformation & Corporate Performance	6	87.11	(2.44)	(134.21)
Director of Communities, Planning & Partnerships	7	(70.47)	(0.48)	(0.49)
Director of Communities, Partnerships & Housing	8	66.76	(3.51)	(74.12)
Director of Growth, Assets & Environment	9	(17.84)	(377.62)	(27.47)
TOTAL		**298.22**	**(484.11)**	**(29.56)**
Cumulative Cost / (Saving)		**298.22**	**(185.89)**	**(215.45)**

	Sheet No.	Budget Changes 17/18 £'000	Budget Changes 18/19 £'000	Budget Changes 19/20 £'000	Budget Changes 20/21 £'000	Budget Changes 21/22 £'000
Housing Revenue Account	10	(7.39)	(51.05)	22.53	(14.57)	(16.30)
TOTAL		**(7.39)**	**(51.05)**	**22.53**	**(14.57)**	**(16.30)**
Cumulative Cost / (Saving)		(7.39)	(58.44)	(35.91)	(50.48)	(66.78)

Policy Changes Summary Staffing Implications

DIRECTORATE	Sheet No.	Budget Changes 17/18 £'000	Budget Changes 18/19 £'000	Budget Changes 19/20 £'000
Chief Executive	1	-	-	-
Executive Director Corporate Services	2	-	-	-
Director of Finance	3	-	-	-
Director of Technology & Corporate Programmes	4	1.0	(1.0)	-
Solicitor to the Council	5	0.5	-	-
Director of Transformation & Corporate Performance	6	2.0	-	(2.0)
Director of Communities, Planning & Partnerships	7	(1.0)	-	-
Director of Communities, Partnerships & Housing	8	2.0	-	(2.0)
Director of Growth, Assets & Environment	9	1.0	-	1.0
TOTAL		**5.5**	**(1.0)**	**(3.0)**

	Sheet No.	Budget Changes 17/18 £'000	Budget Changes 18/19 £'000	Budget Changes 19/20 £'000	Budget Changes 20/21 £'000	Budget Changes 21/22 £'000
Housing Revenue Account	10	-	-	-	-	-
TOTAL		**-**	**-**	**-**	**-**	**-**

17/18 Budget Process - Policy Changes

Sheet 1

CHIEF EXECUTIVE

Item No		BC Ref	Proposal/(Existing Budget)	Implications	Budget Change 17/18 £'000	Budget Change 18/19 £'000	Budget Change 19/20 £'000
CE1	SAV		An increase in the vacancy allowance	An increase from 5% of salary budgets to 7.5% over 5 years – 0.5% increase p.a	(0.93)	(0.96)	(0.97)
			Total New Items / Amendments		**(0.93)**	**(0.96)**	**(0.97)**

STAFFING IMPLICATIONS

Item No		BC Ref	Proposal/(Existing Budget)	Implications	17/18 FTE	18/19 FTE	19/20 FTE
			TOTAL		-	-	-

17/18 Budget Process - Policy Changes

Sheet 2

EXECUTIVE DIRECTOR CORPORATE SERVICES

Item No		Proposal/(Existing Budget)	Implications	Budget Change 17/18 £'000	Budget Change 18/19 £'000	Budget Change 19/20 £'000
ED1	SAV	An increase in the vacancy allowance	An increase from 5% of salary budgets to 7.5% over 5 years – 0.5% increase p.a	(4.15)	(4.26)	(4.36)
		Total New Items / Amendments		**(4.15)**	**(4.26)**	**(4.36)**

STAFFING IMPLICATIONS

				17/18 FTE	18/19 FTE	19/20 FTE
		TOTAL		-	-	-

17/18 Budget Process - Policy Changes

Sheet 3

DIRECTOR OF FINANCE

Item No		Proposal/(Existing Budget)	Implications	Budget Change 17/18 £'000	Budget Change 18/19 £'000	Budget Change 19/20 £'000
DF1	OTHER	Corporate Finance - General Contingency	Contingency budget to allow for 'in year' decisions to be made by Cabinet and to provide for any potential further reductions in income as a result of the financial climate	100.00	(100.00)	-
DF2	STAT	Apprenticeship Levy	Amount required under Government legislation (GF impact)	33.00	-	-
DF3	SAV	Deferral of Senior Management Review	Deferral of savings from review of Senior Management - net of the removal of the DCPP vacant post (See Policy Change CPP2)	200.00	(130.00)	-
DF4	OTHER	West Midlands Combined Authority (WMCA) - contribution towards ongoing costs	At the meeting of the WMCA programme Board on 13 November 2015, it was agreed that Non-Constituent Authorities contribute £25k for 2016/17 - at the Finance Directors meeting on 29 September 2016 it was indicated that this is likely to be an ongoing commitment.	25.00	-	-
DF5	STAT	Revised New Homes Bonus Grant	Scheme changes provisionally confirmed December 2016	(52.82)	137.38	(100.61)
DF6	VFM	Negotiated savings in Pensions costs arising from Advance payment	Option to pay 3 years pension lump sum element in advance in April 2017 (£157k saving - £120k GF)	-	(120.00)	120.00
DF7	SAV	Interest element of Capital Receipt from sale of Former Golf Course	Due to the deferred sale receipts in September 2016, 2017 & 2018 - part of the receipt accounted for as interest	(166.00)	117.00	49.00
DF8	SAV	Vacancy Allowance Contingency Budget	Saving as budget not used	(50.00)	-	-
DF9	SAV	Contribution from Building Repairs Fund	Return of part of the fund balance over 4 years	(53.20)	-	-
DF10	SAV	Revenue Implications of Capital Programme	Recharge of costs to Business Improvement District levy	5.00	(16.40)	(0.20)
DF11	VFM	Commercial Investment Strategy (CIS)	Budget required for ongoing external support in the development and delivery of the CIS projects	75.00	(75.00)	-
DF12	STAT	Business Rates Levy payment	Estimated levy based on NNDR1 forecasts	211.00	113.00	154.00
DF13	STAT	Business Rates Section 31 Grant Income	New Burdens funding for Government scheme to reduce business rates charges	(94.00)	(2.00)	(1.00)
DF14	SAV	An increase in the vacancy allowance	An increase from 5% of salary budgets to 7.5% over 5 years – 0.5% increase p.a	(4.64)	(4.76)	(4.87)
		Total New Items / Amendments		**228.34**	**(80.78)**	**216.32**

STAFFING IMPLICATIONS

Item No		Proposal/(Existing Budget)	Implications	17/18 FTE	18/19 FTE	19/20 FTE
DF3	SAV	Deferral of Senior Management Review	Deferral of savings from review of Senior Management - net of the removal of the DCPP vacant post (See Policy Change CPP2)	TBA	TBA	-
		TOTAL		-	-	-

17/18 Budget Process - Policy Changes

Sheet 4

DIRECTOR TECHNOLOGY & CORPORATE PROGRAMMES

Item No		Proposal/(Existing Budget)	Implications	Budget Change 17/18 £'000	Budget Change 18/19 £'000	Budget Change 19/20 £'000
TC1	VFM	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.	Budgetary funding for the current post holder ends Dec 2017. It is requested that a further year's funding for the position is provided, offset by an additional income budget to be established with a view to making the post self-financing, by providing training courses to exernal organisations.	10.00	8.00	(18.00)
TC2	VFM	Income budget to be established to offset additional cost of above proposal	Training courses to be provided to external organisations - if this proves successful a business case to be drawn up to retain the above post.	(10.00)	(8.00)	18.00
TC3	VFM	Revenue Implications of Capital Programme	Efficiencies in Disaster Recovery and Hardware Maintenance costs	-	(10.00)	-
TC4	SAV	An increase in the vacancy allowance	An increase from 5% of salary budgets to 7.5% over 5 years – 0.5% increase p.a	(2.62)	(2.54)	(2.70)
		Total New Items / Amendments		**(2.62)**	**(12.54)**	**(2.70)**

STAFFING IMPLICATIONS

				17/18 FTE	18/19 FTE	19/20 FTE
TC1		To extend the current temporary two-year contract of the IT Training Officer for a further year	The postholder's current contract is due to end Dec 2017	1.00	(1.00)	-
		TOTAL		**1.00**	**(1.00)**	**-**

17/18 Budget Process - Policy Changes					Sheet	5

SOLICITOR TO THE COUNCIL

Item No		Proposal/(Existing Budget)	Implications	Budget Change 17/18 £'000	Budget Change 18/19 £'000	Budget Change 19/20 £'000
SOL1	OTHER	To make the post of Scrutiny & Corporate Support Officer a permanent full-time position on the establishment	The current position, which has been advertised on a temporary basis, is part-funded by the vacant 18.5 hr PA to the Chief Executive role. Budgetary funding for the remaining 18.5 hrs on an ongoing basis is requested.	13.50	-	-
SOL2	SAV	An increase in the vacancy allowance	An increase from 5% of salary budgets to 7.5% over 5 years – 0.5% increase p.a	(1.48)	(1.52)	(1.56)
		Total New Items / Amendments		**12.02**	**(1.52)**	**(1.56)**

STAFFING IMPLICATIONS

Item No		Proposal/(Existing Budget)	Implications	17/18 FTE	18/19 FTE	19/20 FTE
SOL1		To make the post of Scrutiny & Corporate Support Officer a permanent full-time position on the establishment	There is currently ongoing provision for 0.5 of this post (vacant Chief Exec PA 0.5) and this proposal would increase the establishment by 0.5 FTE	0.50	-	-
		TOTAL		**0.50**	**-**	**-**

17/18 Budget Process - Policy Changes					Sheet	6

DIRECTOR OF TRANSFORMATION & CORPORATE PERFORMANCE

Item No		Proposal/(Existing Budget)	Implications	Budget Change 17/18 £'000	Budget Change 18/19 £'000	Budget Change 19/20 £'000
TCP1	OTHER	To provide additional ongoing funding to support the provision of the Shopmobility service currently provided by MAP	We currently make an annual contribution of £5k to MAP for the provision of the Shopmobility service. This proposal would increase our contribution to £10k p.a.	5.00	-	-
TCP2	VFM	Revenue Implications of Capital Programme	Self Service Scheme - Maintenance and support costs for both telephony and on-line portal systems to include service desk interactions, upgrades and system enhancements. Saving in CRM costs from 2019/20	20.00	-	(62.00)
TCP3	VFM	Revenue Implications of Capital Programme	Time Recording Scheme - ongoing maintenance & development costs	-	4.00	-
TCP4	OTHER	Customer Services Staffing - Delayed delivery of part of the planned savings of £100k p.a. (£33k p.a. achieved to date)	A temporary establishment has been designed to meet the needs of the Authority as it is now, however change is occurring rapidly within the Customer Services Teams and without the appropriate staffing levels we will not achieve our aims and objectives and associated savings target from 2019/20	67.00	-	(67.00)
TCP5	SAV	An increase in the vacancy allowance	An increase from 5% of salary budgets to 7.5% over 5 years – 0.5% increase p.a	(4.89)	(6.44)	(5.21)
		Total New Items / Amendments		**87.11**	**(2.44)**	**(134.21)**

STAFFING IMPLICATIONS

				17/18 FTE	18/19 FTE	19/20 FTE
TCP4	OTHER	Customer Services Staffing - Delayed delivery of part of the planned savings of £100k p.a. (£33k p.a. achieved to date)	Increase in establishment for 2 years	**2.00**	**-**	**(2.00)**
		TOTAL		**2.00**	**-**	**(2.00)**

17/18 Budget Process - Policy Changes

Sheet 7

DIRECTOR COMMUNITIES, PLANNING & PARTNERSHIPS

Item No		Proposal/(Existing Budget)	Implications	Budget Change 17/18 £'000	Budget Change 18/19 £'000	Budget Change 19/20 £'000
CPP1	CORP	Senior Management Review	Removal of the DCPP vacant post	(70.00)	-	-
CPP2	SAV	An increase in the vacancy allowance	An increase from 5% of salary budgets to 7.5% over 5 years – 0.5% increase p.a	(0.47)	(0.48)	(0.49)
		Total New Items / Amendments		**(70.47)**	**(0.48)**	**(0.49)**

STAFFING IMPLICATIONS

Item No		Proposal/(Existing Budget)	Implications	17/18 FTE	18/19 FTE	19/20 FTE
CPP1	CORP	Senior Management Review	Removal of the DCPP vacant post	(1.0)	-	-
		TOTAL		**(1.0)**	**-**	**-**

17/18 Budget Process - Policy Changes

Sheet 8

DIRECTOR COMMUNITIES, PARTNERSHIPS & HOUSING

Item No		Proposal/(Existing Budget)	Implications	Budget Change 17/18 £'000	Budget Change 18/19 £'000	Budget Change 19/20 £'000
DHH1	OTHER	Homelessness Prevention activity - proposals for enhanced service delivery arrangements within the Housing Solutions Team from March 2017. Temporary posts for 2 years	To increase the capacity of the team with the addition of 2 members of staff: 1 additional Senior Housing Solutions Officer at Grade 6 (£37K) and 1 additional Housing Solutions Officer at up to Grade 5 (£33.5K)	70.50	-	(70.50)
DHH2	SAV	An increase in the vacancy allowance	An increase from 5% of salary budgets to 7.5% over 5 years – 0.5% increase p.a	(3.74)	(3.51)	(3.62)
		Total New Items / Amendments		**66.76**	**(3.51)**	**(74.12)**

STAFFING IMPLICATIONS

No		Proposal/(Existing Budget)	Implications	17/18 FTE	18/19 FTE	19/20 FTE
DHH1	OTHER	Homelessness Prevention activity - proposals for enhanced service delivery arrangements within the Housing Solutions Team from March 2017. Temporary posts for 2 years	To increase the capacity of the team with the addition of 2 members of staff: 1 additional Senior Housing Solutions Officer at Grade 6 (£37K) and 1 additional Housing Solutions Officer at up to Grade 5 (£33.5K)	2.00	-	(2.00)
		TOTAL		**2.00**	**-**	**(2.00)**

17/18 Budget Process - Policy Changes

Sheet 9

DIRECTOR GROWTH, ASSETS & ENVIRONMENT

Item No		Proposal/(Existing Budget)	Implications	Budget Change 17/18 £'000	Budget Change 18/19 £'000	Budget Change 19/20 £'000
AE1	OTHER	It is proposed to make the existing temporary regeneration post a permanent role	In 13/14 two budgets were approved to procure specialist knowledge and skills and to fund an officer post in relation to managing projects for growth and regeneration for a period of 3 years (ending 15/16). There is a lack of officer resources to deliver on the complex and increasing agenda and wide range of projects. It is now recognised that the CIS will result in additional work and projects and therefore the need for capacity to deliver remains. It is considered that a permanent role will be necessary.	-	-	45.00
AE2	OTHER	Recharge to Capital Programme	Staffing costs associated with the capital programme / disposal, creation or acquisition of assets can be capitalised	-	-	(45.00)
AE3	OTHER	Revised Waste Management arrangement costs	Reflects impact of reduction in income from sale of recyclate	60.00	-	-
AE4	SAV	Replacement contract for the operational vehicle fleet	Following a procurement exercise, annual saving made in contract hire costs	(60.15)	-	-
AE5	VFM	Targeted income from implementation of charge for Green Waste service pending finalisation of the current review and detailed report to Full Council for approval	Mitigation of the 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)	-	(245.00)	-
AE6	VFM	Rental income from letting of vacant accommodation within Marmion House	Rental income from the Mental Health Trust for Marmion House accommodation	-	(46.00)	-
AE7	VFM	Service Charge income from letting of vacant accommodation within Marmion House	Service Charge income from the Mental Health Trust for Marmion House accommodation	-	(46.00)	-
AE8	CORP	Tamworth Enterprise Centre - Staffing Costs	Recruitment of Officer to manage the operation of the service	21.55	1.13	1.15
AE9	SAV	Tamworth Enterprise Centre - Revised operational savings	Revised income levels following review of the service delivery	(18.49)	(20.03)	(7.36)
AE10	SAV	An increase in the vacancy allowance	An increase from 5% of salary budgets to 7.5% over 5 years – 0.5% increase p.a	(20.75)	(21.72)	(21.26)
		Total New Items / Amendments		**(17.84)**	**(377.62)**	**(27.47)**

STAFFING IMPLICATIONS

Item No		Proposal/(Existing Budget)	Implications	17/18 FTE	18/19 FTE	19/20 FTE
AE1	OTHER	It is proposed to make the existing temporary regeneration post a permanent role	Base budgets are already in place for the role until 31st March 2019.			1.00
AE8	CORP	Tamworth Enterprise Centre	Recruitment of an officer to manage the new BEC	1.00		
		TOTAL		**1.00**	**-**	**1.00**

17/18 Budget Process - Policy Changes

Sheet 10

HOUSING REVENUE ACCOUNT

Item No		Proposal/(Existing Budget)	Implications	Budget Change 17/18 £'000	Budget Change 18/19 £'000	Budget Change 19/20 £'000	Budget Change 20/21 £'000	Budget Change 21/22 £'000
HRA1	STAT	Apprenticeship Levy	Amount required under Government legislation (HRA impact)	10.00	-	-	1.00	-
HRA2	VFM	Negotiated savings in Pensions costs arising from Advance payment	Option to pay 3 years pension lump sum element in advance in april 2017 (£157k saving - £37k HRA)	-	(37.00)	37.00	-	-
HRA3	SAV	An increase in the vacancy allowance	An increase from 5% of salary budgets to 7.5% over 5 years – 0.5% increase p.a	(13.54)	(14.05)	(14.47)	(15.57)	(16.30)
HRA4	SAV	Replacement contract for the operational vehicle fleet	Following a procurement exercise, annual saving made in contract hire costs	(3.85)	-	-	-	-
		Total New Items / Amendments		**(7.39)**	**(51.05)**	**22.53**	**(14.57)**	**(16.30)**

STAFFING IMPLICATIONS

Item No		Proposal/(Existing Budget)	Implications	17/18 FTE	18/19 FTE	19/20 FTE	20/21 FTE	21/22 FTE
		TOTAL		-	-	-	-	-

Appendix D

HOUSING REVENUE ACCOUNT BUDGET SUMMARY 2017/18

	Base Budget 16/17 £	Technical Adjustments £	Policy Changes £	Budget 17/18 £	Budget 18/19 £	Budget 19/20 £	Budget 20/21 £	Budget 21/22 £
Income								
Dwelling Rents	(17,678,080)	39,560	-	(17,638,520)	(17,321,460)	(17,008,970)	(17,375,800)	(17,749,310)
Non-Dwelling Rents	(372,460)	12,340	-	(360,120)	(368,630)	(377,360)	(386,300)	(395,470)
Charges for Services and Facilities	(701,860)	(20,330)	-	(722,190)	(728,660)	(734,730)	(744,390)	(754,290)
Contributions Towards Expenditure	(1,634,410)	79,330	-	(1,555,080)	(1,555,830)	(1,556,610)	(1,557,440)	(1,558,290)
Subtotal	**(20,386,810)**	**110,900**	**-**	**(20,275,910)**	**(19,974,580)**	**(19,677,670)**	**(20,063,930)**	**(20,457,360)**
Expenditure								
Repairs and Maintenance	4,194,350	104,150	(1,310)	4,297,190	4,408,770	4,523,160	4,655,670	4,791,000
Supervision and Management	6,093,230	61,260	(6,080)	6,148,410	6,220,630	6,358,430	6,453,850	6,545,290
Rents, Rates, Taxes and Other Charges	31,480	4,770	-	36,250	36,800	37,350	37,960	38,590
Increase in Provision for Bad Debts	470,000	(253,600)	-	216,400	251,400	292,000	339,100	393,900
Depreciation and impairment of non-current assets	4,455,900	(930)	-	4,454,970	4,454,970	4,454,970	4,454,970	4,454,970
Debt Management Costs	17,820	7,710	-	25,530	25,330	25,410	25,700	25,990
Subtotal	**15,262,780**	**(76,640)**	**(7,390)**	**15,178,750**	**15,397,900**	**15,691,320**	**15,967,250**	**16,249,740**
Net cost of HRA Services per Authority I&E	**(5,124,030)**	**34,260**	**(7,390)**	**(5,097,160)**	**(4,576,680)**	**(3,986,350)**	**(4,096,680)**	**(4,207,620)**
Corporate and Democratic Core	8,050	600	-	8,650	8,870	9,090	9,340	9,600
Net Cost of HRA Services	**(5,115,980)**	**34,860**	**(7,390)**	**(5,088,510)**	**(4,567,810)**	**(3,977,260)**	**(4,087,340)**	**(4,198,020)**
Interest Payable and Similar Charges	2,882,750	(151,170)	-	2,731,580	2,786,490	2,786,490	2,786,490	2,786,490
Interest Receivable and Similar Income	(103,000)	15,590	-	(87,410)	(66,180)	(97,970)	(126,550)	(126,380)
Surplus/ Deficit for the year	**(2,336,230)**	**(100,720)**	**(7,390)**	**(2,444,340)**	**(1,847,500)**	**(1,288,740)**	**(1,427,400)**	**(1,537,910)**

Statement of Movement on the HRA Balance

	Base Budget 16/17 £	Technical Adjustments £	Policy Changes £	Budget 17/18 £	Budget 18/19 £	Budget 19/20 £	Budget 20/21 £	Budget 21/22 £
Surplus or Deficit for the year	**(2,336,230)**	(100,720)	(7,390)	**(2,444,340)**	**(1,847,500)**	**(1,288,740)**	**(1,427,400)**	**(1,537,910)**
Additional Items required to be taken into account:								
Capital Expenditure funded by the HRA	2,704,330	100,000	-	2,804,330	3,254,330	1,754,330	1,754,330	1,754,330
(Increase)/ Decrease in HRA Balances	**368,100**	**(720)**	**(7,390)**	**359,990**	**1,406,830**	**465,590**	**326,930**	**216,420**

Appendix E

General Fund Summary Revenue Budget for 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	4,040	(930)	168,640
Executive Director Corporate Services	391,940	(2,550)	(4,150)	385,240
Director of Finance	(776,910)	593,240	228,340	44,670
Director of Technology & Corporate Programmes	901,730	23,600	(2,620)	922,710
Solicitor to the Council	602,110	13,530	12,020	627,660
Director of Transformation & Corporate Performance	877,860	52,680	87,110	1,017,650
Director of Communities, Planning & Partnerships	99,200	(20,120)	(70,470)	8,610
Director of Communities, Partnerships & Housing	1,657,230	62,020	66,760	1,786,010
Director of Growth, Assets & Environment	4,541,130	138,760	(17,840)	4,662,050
Total Cost of Services	**8,459,820**	**865,200**	**298,220**	**9,623,240**
Transfer to / (from) Balances	(1,724,806)	270,540	-	(1,454,266)
Revenue Support Grant	(1,209,603)	438,607	-	(770,996)
Retained Business Rates	(13,262,270)	8,919	-	(13,253,351)
Less: Tariff payable	10,639,952	(848,244)	-	9,791,708
Collection Fund Surplus (Council Tax)	(81,896)	931	-	(80,965)
Collection Fund Surplus (Business Rates)	560,025	(898,137)	-	(338,112)
Council Tax Requirement	(3,381,222)	162,184	(298,220)	(3,517,258)

Appendix F1

General Fund Technical Adjustments 2017/18 (before Policy Changes)

		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**
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**

*** Base budget figures before recharge & inflationary adjustments after inclusion of Policy Changes.**

Appendix F2

HRA Technical Adjustments 2017/18 (before Policy Changes)

Figures exclude 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
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**

*** Base budget figures before recharge & inflationary adjustments after inclusion of Policy Changes.**

Appendix G

General Fund 3 Year Revenue Budget Summary

Figures exclude internal recharges which have no bottom line impact.	Base Budget 2016/17 £	Budget 2017/18 £	Budget 2018/19 £	Budget 2019/20 £
Chief Executive	165,530	168,640	170,030	171,430
Executive Director Corporate Services	391,940	385,240	390,630	394,120
Director of Finance	(776,910)	44,670	149,250	(482,340)
Director of Technology & Corporate Programmes	901,730	922,710	914,460	930,810
Solicitor to the Council	602,110	627,660	635,030	642,020
Director of Transformation & Corporate Performance	877,860	1,017,650	988,840	867,440
Director of Communities, Planning & Partnerships	99,200	8,610	9,090	9,570
Director of Communities, Partnerships & Housing	1,657,230	1,786,010	1,798,600	1,737,270
Director of Growth, Assets & Environment	4,541,130	4,662,050	4,198,210	4,102,230
Total Cost of Services	**8,459,820**	**9,623,240**	**9,254,140**	**8,372,550**
Transfer to / (from) Balances	(1,724,806)	(1,454,266)	(1,589,507)	(745,998)
Revenue Support Grant	(1,209,603)	(770,996)	(493,964)	(184,529)
Retained Business Rates	(13,262,270)	(13,253,351)	(13,600,578)	(14,038,666)
Less: Tariff payable	10,639,952	9,791,708	10,106,733	10,466,231
Collection Fund Surplus (Council Tax)	(81,896)	(80,965)	-	-
Collection Fund Surplus (Business Rates)	560,025	(338,112)	-	-
Council Tax Requirement	(3,381,222)	(3,517,258)	(3,676,824)	(3,869,588)

Appendix H

Council Tax levels at each band for 2016/17

Authority:	Tamworth Council Tax 2016/17	Tamworth Borough Council	* Staffordshire County Council	* Office of the Police & Crime Commissioner (OPCC) Staffordshire	* Stoke on Trent and Staffordshire Fire and Rescue Authority	**Total 2017/18**	Total Council Tax 2016/17
	£	£	£	£	£	**£**	£
Demand/Precept on Collection Fund		3,517,258	24,099,608	3,821,244	1,509,415	**32,947,525**	
Council Tax Band							
A	107.83	*111.17*	*761.69*	*120.77*	*47.71*	**1,041.34**	998.90
B	125.81	*129.69*	*888.64*	*140.90*	*55.66*	**1,214.89**	1,165.38
C	143.78	*148.22*	*1,015.59*	*161.03*	*63.61*	**1,388.45**	1,331.87
D	**161.75**	*166.75*	*1,142.54*	*181.16*	*71.56*	**1,562.01**	1,498.34
E	197.69	*203.81*	*1,396.44*	*221.42*	*87.46*	**1,909.13**	1,831.30
F	233.64	*240.86*	*1,650.34*	*261.68*	*103.36*	**2,256.24**	2,164.27
G	269.58	*277.92*	*1,904.23*	*301.93*	*119.27*	**2,603.35**	2,497.24
H	323.50	*333.50*	*2,285.08*	*362.32*	*143.12*	**3,124.02**	2,996.68
% increase	1.99%	3.09%	4.95%	2.00%	1.75%	4.25%	3.16%

** To be confirmed:*

Staffordshire County Council Cabinet, 1st February 2017 - Strategic Plan and Medium Term Financial Strategy 2017-22 (County Council, 15th February 2017)

Staffordshire Police and Crime Panel 23rd January 2017 - Police and Crime Commissioner for Staffordshire - Draft Budget and Precept 2017/18

Stoke on Trent and Staffordshire Fire and Rescue Authority, 19th January 2017 - Revenue Budget 2017/18 (Fire and Rescue Authority, 15th February 2017)

Appendix I

General Fund Capital Programme 2017/18 – 2019/20

General Fund Capital Programme	**2017/18 £**	**2018/19 £**	**2019/20 £**	**Total £**
Technology Replacement	77,000	60,000	60,000	**197,000**
Business Improvement District (BID) Software	17,400	-	-	**17,400**
Contingency - Self Service 17/18	115,000	-	-	**115,000**
Contingency - Civil Contingencies Technology 17/18	19,000	-	-	**19,000**
New Time Recording System 17/18	15,000	-	-	**15,000**
Contingency - Refurbishment Marmion House Reception	100,000	-	-	**100,000**
Contingency – Play Area	60,000	**-**	**-**	**60,000**
Private Sector Grants - Disabled Facilities Grants	250,000	250,000	250,000	**750,000**
CCTV Camera Renewals (£15k)	15,000	15,000	15,000	**45,000**
Street Lighting	2,600	3,100	28,200	**33,900**
Cultural Quarter - AR	1,580,000	2,592,830	-	**4,172,830**
Gateways	170,000	70,000	-	**240,000**
Total General Fund Capital	**2,421,000**	**2,990,930**	**353,200**	**5,765,130**
Proposed Financing:				
Grants - Disabled Facilities	224,000	224,000	224,000	**672,000**
Section 106 Receipts	100,000	-	-	**100,000**
General Fund Capital Receipts	223,100	301,500	-	**524,600**
Sale of Council House Receipts	113,700	192,600	129,200	**435,500**
General Fund Capital Reserve	180,200	-	-	**180,200**
Grants - Assembly Rooms (HLF)	316,000	339,690	-	**655,690**
Grants - Assembly Rooms (SLGF)	1,264,000	654,480	-	**1,918,480**
Public Contributions (Assembly Rooms)	-	50,000	-	**50,000**
Unsupported Borrowing	-	1,228,660	-	**1,228,660**
Total	**2,421,000**	**2,990,930**	**353,200**	**5,765,130**

Appendix J

Housing Capital Programme 2017/18 – 2021/22

Housing Revenue Account Capital Programme	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	201,330	176,840	180,730	180,000	180,000	**918,900**
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	**16,413,250**	**13,194,360**	**7,426,650**	**6,761,230**	**6,761,230**	**50,556,720**
Proposed Financing:						
Major Repairs Reserve	4,212,610	4,855,110	4,426,650	3,466,230	5,161,230	**22,121,830**
HRA Capital Receipts	500,000	1,455,000	500,000	1,290,000	-	**3,745,000**
Regeneration Revenue Reserves	5,008,640	3,516,300	1,300,000	1,355,000	1,210,000	**12,389,940**
Capital Receipts from Additional Council House Sales (1-4-1)	650,000	450,000	300,000	300,000	390,000	**2,090,000**
Regeneration Reserve	1,070,000	2,917,950	900,000	350,000	-	**5,237,950**
Unsupported Borrowing	4,972,000	-	-	-	-	**4,972,000**
Total	**16,413,250**	**13,194,360**	**7,426,650**	**6,761,230**	**6,761,230**	**50,556,720**

Appendix K

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)	2.85%	3.03%	3.15%	3.30%	3.30%
Inflation Rate (CPI)	2.50%	2.50%	2.50%	2.75%	2.75%
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 was confirmed by DCLG as part of the *Local Government Finance Settlement* in February 2017.

6. Continuation of the New Homes Bonus scheme (at the lower payment levels confirmed following the 2016 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 2017/18);

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.

Appendix L

Sensitivity Analysis (3 years)

	Risk	**2017/18 £'000**	**2018/19 £'000**	**2019/20 £'000**
		Potential Budgetary Effect		
Pay Award / National Insurance (GF)				
Impact +/- 0.5% Variance £'000	L	44	87	132
Budget Impact over 1 year	L	44		
Budget Impact over 3 years	M	263		
Pay Award / National Insurance (HRA)				
Impact +/- 0.5% Variance £'000	L	14	27	41
Budget Impact over 1 years	L	14		
Budget Impact over 3 years	L	82		

Subject to negotiation for Local Government pay (including any protection for low paid employees)

	Risk	2017/18 £'000	2018/19 £'000	2019/20 £'000
Pension Costs				
Impact +/- 0.5% Variance £'000	L	57	115	173
Budget Impact over 1 year	L	57		
Budget Impact over 3 years	M	345		

3 year agreement in place from 2017/18 - subject to stock market & membership changes

	Risk	2017/18 £'000	2018/19 £'000	2019/20 £'000
Council Tax				
Impact on Council Tax income £'000		17	36	56
Budget Impact over 1 year	L	17		
Budget Impact over 3 years	L	109		
Inflation / CPI				
Impact +/- 0.5% Variance £'000	L	48	97	147
Budget Impact over 1 year	L	48		
Budget Impact over 3 years	M	292		
Government Grant				
Impact +/- 1.0% Variance £'000	L	38	73	104
Budget Impact over 1 year	L	38		
Budget Impact over 3 years	M	215		

	Risk	2017/18 £'000	2018/19 £'000	2019/20 £'000
		Potential Budgetary Effect		
Investment Interest				
Impact +/- 0.5% Variance £'000	M	260	546	838
Budget Impact over 1 year	M	260		
Budget Impact over 3 years	H	1644		
Key Income Streams (GF)				
Impact +/- 0.5% Variance £'000	L	6	14	22
Budget Impact over 1 year	L	6		
Budget Impact over 3 years	L	42		
Key Income Streams (HRA)				
Impact +/- 0.5% Variance £'000	L	88	175	260
Budget Impact over 1 years	L	88		
Budget Impact over 3 years	H	523		
New Homes Bonus				
Impact +/- 10% Variance £'000	L	32	74	139
Budget Impact over 1 year	L	32		
Budget Impact over 3 years	M	245		
Business Rates				
Impact +/- 10% Variance £'000	L	64	130	197
Budget Impact over 1 year	L	64		
Budget Impact over 3 years	M	391		

Appendix M

Contingencies

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					
Waste Management	50	50	50	-	-
General Contingency	100	42	97	-	-
Total GF Revenue	**150**	**92**	**147**	**-**	**-**
Housing Revenue Account					
HRA - General Contingency	100	100	100	100	100
Total HRA Revenue	**100**	**100**	**100**	**100**	**100**

Capital	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**
Specific Earmarked &	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
General					
General Fund					
Specific Contingencies					
Contingency - Self Service 2017/18	115	-	-	-	-
Contingency - Civil Contingencies Technology 17/18	19	-	-	-	-
Contingency - Refurbishment Marmion House Reception	100	-	-	-	-
Contingency – Play Area	60	-	-	-	-
*General Capital Contingency****	50	-	-	-	-
Total GF Capital	**344**	**-**	**-**	**-**	**-**
Housing Revenue Account					
*HRA - General Capital Contingency****	100	-	-	-	-
Total HRA Capital	**100**	**-**	**-**	**-**	**-**

*** Forecast to be re-profiled from 2016/17 Capital Programme**