

30<sup>th</sup> November 2017

### REPORT OF THE LEADER OF THE COUNCIL

#### DRAFT BASE BUDGET FORECASTS 2018/19 to 2022/23

##### **Purpose**

To inform Members of the re-priced base budget for 2018/19, base budget forecasts for the period 2018/19 to 2022/23 (the 5 Year Medium Term Planning Period) and the underlying assumptions and to consider the future strategy to address the financial trends.

##### **Recommendations**

###### **That:**

- 1. the technical adjustments and re-priced base budget figures for 2018/19 & indicative budgets to 2022/23 be approved (as attached at Appendix B, C, D, E, F, G & H);**
- 2. consideration be given to the proposed Policy Changes and Capital Programmes, as detailed within the report;**
- 3. consideration be given to the planned changes to Council Tax and Housing Rent for 2018/19, as detailed within the report; and**
- 4. in compliance with the Constitution of the Council, the Joint Scrutiny Budget Workshop be asked to consider the budget proposals contained within this report.**

##### **Executive Summary**

The following detailed budget information is contained within the report:

- Re-priced base budget information (& the associated technical adjustments) for 2018/19 in respect of the General Fund (GF) and Housing Revenue Account (HRA);
- A five year, medium term financial forecast for the General Fund and HRA;
- The associated strategy to address the financial trends & projection;
- The Provisional Capital Programmes for the General Fund and Housing Revenue Account for the period 2018/19 to 2022/23.

The Medium Term Financial Planning process is being challenged by the ongoing uncertain economic conditions. The attached forecast is based on a 5 year period, but does contain a number of uncertainties.

Currently projections identify:

1. a General Fund shortfall of £1m over 3 years (with a shortfall of £3.9m over 5 years), including the minimum approved level of £0.5m;
2. HRA balances of £1.9m over 3 years (with £0.6m over 5 years) including the minimum recommended balances of £0.5m.

As a result of the updated **base budget** forecast, the GF forecast shows that balances are comparable with the position when the Medium Term Financial Strategy (MTFS) was approved in February 2017 – **before the inclusion of the policy change proposals**. However, it should be noted that for the General Fund this is after the inclusion of:

- Higher costs of c.£0.5m over 3 years in anticipation of a higher pay award following recent Government announcements for public sector pay – now budgeted at 2% for 2018/19 and 2019/20 (compared to 1% within the MTFS – which was in line with the Government's pay cap);
- Reduced new homes bonus income of c.£1m over 3 years due to lower than forecast numbers of new house building within the borough – 315 new homes were forecast by October 2017 compared to an actual of around 100;
- Offset by better than forecast outturn underspends for 2016/17 of c.£0.8m and 2017/18, currently forecast at £0.6m.

The updated GF **base budget** forecast shows that over the 3 year period to 2020/21, balances will remain above the approved minimum of £0.5m at £0.7m (compared with a forecast in February of £0.8m) with a shortfall in balances of £1.3m over the 4 years to 2021/22 increasing to £2.9m in 2022/23 (the shortfall was previously c.£1m in 2021/22).

However, once new policy change proposals of c.£1.2m over 3 years (£1m over 5 years) are included the updated forecast shows that over the 3 year period to 2020/21, there will be a shortfall in balances of £1m (compared with a forecast surplus in February of £0.3m) with a shortfall in balances of £2.4m over the 4 years to 2021/22 increasing to £3.9m in 2022/23 (the shortfall was previously c.£1m in 2021/22). **It should also be noted that this is after the inclusion of the additional investment income arising from the anticipated use of property funds (of £0.5m over 3 years, £1.1m over 5 years).**

**Further savings of around £0.325m p.a. will be required** over the next 3 years (based on annual £5 increases in Council Tax) with savings of c.£0.8m p.a. required over 5 years. On an annualised basis this would equate to a year on year ongoing saving of £165k over 3 years (£260k over 5 years).

A balanced 5 year forecast was presented for the Housing Revenue Account (HRA). As a result the updated **base budget** forecast, the HRA forecast shows that balances are comparable with the position when the MTFS was approved in February 2017 – **before the inclusion of the policy change proposals**.

The updated **base budget** forecast shows that over the 3 year period to 2020/21, balances will remain above the approved minimum of £0.5m at £4m (compared with a forecast in February of £3.2m) with balances of £3.6m over the 4 years to 2021/22 reducing to £3.5m in 2022/23 (balances were previously forecast at £3m in 2021/22).

However, once new policy change proposals of c.£2.1m over 3 years (£2.9m over 5 years) are included the updated forecast shows that over the 3 year period to 2020/21, balances of £1.9m will remain with balances of £1.2m over the 4 years to 2021/22 reducing to £0.6m in 2022/23 (balances were previously forecast at £3m in 2021/22).

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

- a) Potential further changes to future New Homes bonus levels following the changes made by the Government regarding the future operation of the scheme. The Government confirmed as part of the Local Government Finance Settlement for 2017/18 that payments will reduce from 6 years to 5 years from 2017/18 and 4 years from 2018/19 and a 'deadweight' level of growth will be applied whereby payments will only be made should housing growth be over and above this level (confirmed as 0.4% of the Band D equivalents in an area).
- b) Future Revenue Support Grant levels for future years - the budget setting process has faced significant constraints in Government funding in recent years - over 50% reduction since 2010.

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

- c) The impact of Business Rate Reform and the associated forecast business rates receivable in 2017/18 and future years – of which the Council's budget will receive 40% (subject to a 20% levy reduction on 'excess' rates payable to the Local Enterprise Partnership (LEP) Pool after deduction of the 50% central share, 9% County Council and 1% Fire & Rescue Authority share).

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

Uncertain economic conditions within the UK economy, following the decision to leave the EU, may also lead to a suppression of business growth and investment – together with the associated impact on Business Rate growth and employment.

In addition, the calculation of the level of business rate appeal costs will impact on the forecast level of retained business rates – of which the Council has to fund 40% from its own budgets – a provision of £4.7m was set aside at the end of 2016/17 (40% of which relates to the Council);

- d) Future Pension contribution levels - following the triennial review in 2016 carried out by the Actuary employed by the Pension Fund - indicative *ongoing* annual increases in Employer's contributions of c. £200k p.a. have been included from 2017/18. This now includes an ongoing lump sum (with an annual increase) relating to past liabilities and a set rate for future employer contributions of 16.5% p.a.
- e) The impact of Pension Auto-Enrolment and the single tier pension from 2016/17 – no additional cost associated with auto enrolment has been included as salary budgets are prepared on a full cost basis (and then reduced by the vacancy allowance);
- f) While the Government announced a pay cap for 2014/15 & 2015/16, a 2.2% increase (plus other changes) was agreed from 1<sup>st</sup> January 2015. A further 1% pay cap for public sector workers for the 4 years from 2016/17 was set but following recent Government announcements regarding public sector pay there is a real possibility that this cap will be lifted from 2018/19.

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

- g) Proposed changes set out in the Welfare Reform Act 2012 and the introduction of Universal Credit – impact on housing benefits and associated income receipts (including Housing Rents and Council Tax) of the Council;
- h) The impact of any further uncertainty over future interest rate levels and their impact on investment income / treasury management;
- i) Due to uncertainties around the Better Care Fund, a significant risk on the current grant funding for Disabled Facilities Grants (DFG) is highlighted after 2017/18.

A grant of £360k p.a. has been assumed to be redistributed – in line with the funding notified for 2017/18;

- j) Income levels and associated impact on the Joint Waste Service costs from implementation of Green Waste Charges and reduction in recycling credit payments from Staffordshire County Council (SCC).
- k) The effect of the reduction in Social Housing Rents – rents are to be reduced by 1% a year for four years from 2016/17, requiring local authorities and housing associations to make savings, and this will mean a reduction in HRA Rent Income of c.£600k p.a. each year for 4 years (cumulative);
- l) Inclusion of expected outcomes from development of the Commercial Investment Strategy;
- m) Review and finalisation of the revised budgets/policy changes and feedback from the scrutiny process – including the Council Tax increase for 2018/19.

## Options Considered

As part of the budget setting process a number of options for the council tax increase levels for 2018/19 and future years have been modelled / considered.

<b>Council Tax</b>	<b>Option Modelled / Considered</b>
<b>Model 1</b>	<b>£5.00 increase in Council tax in 2018/19 (followed by increases of £5.00 p.a.)</b>
Model 2	1.99% increase in Council tax in 2018/19 (followed by increases of c.1.99% p.a.)
Model 3	0% increase in Council tax in 2018/19 (followed by increases of c.1.99% p.a.)
Model 4	2.5% increase in Council tax in 2018/19 (followed by increases of 2.5% thereafter)
Model 5	0% increase in Council tax in 2018/19 (followed by increases of 0% thereafter)
Model 6	1% increase in Council tax in 2018/19 (followed by increases of 1% thereafter)
<b>Rent</b>	<b>Option Modelled / Considered</b>
<b>Statutory Requirement</b>	<b>Reduction of 1% (in line with the statutory requirement)</b>

## Resource Implications

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

- The Forecast projects a General Fund shortfall of £1m over 3 years (£3.9m over 5 years), including the minimum approved level of £0.5m – assuming annual Council Tax increases of £5 p.a. - in line with the cap set by the Department for Communities & Local Government (DCLG) for 2017/18.

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

- a) Impact of Committee decisions on the 2017/18 budget – a General Fund (GF) saving of £505k;
- b) GF Base Budget review 2018/19:
  - Increased pensions costs of c. £200k p.a. year on year following the triennial review as at 31<sup>st</sup> March 2016), and
  - Higher costs of c.£0.5m over 3 years in anticipation of a higher pay award following recent Government announcements for public sector pay – now budgeted at 2% for 2018/19 and 2019/20 (compared to 1% within the MTFs – which was in line with the Government’s pay cap);
  - Reduced new homes bonus income of c.£1m over 3 years due to lower than forecast numbers of new house building within the borough – 315 new homes were forecast by October 2017 compared to an actual of around 100;

- Offset by better than forecast outturn underspends for 2016/17 of c.£0.8m and 2017/18, currently forecast at £0.6m.
- The current forecast projects a Housing Revenue Account (HRA) surplus of £1.9m over 3 years with a surplus of £0.6m over 5 years including the minimum recommended balances of £0.5m.

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

a) Impact of Committee decisions on the 2017/18 budget – a net cost of £0.6m;

b) HRA Base Budget review:

- Increased pensions costs of c.£80k p.a. following the triennial review as at 31<sup>st</sup> March 2016), and

### **Legal / Risk Implications**

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

In line with the constitution a Joint Scrutiny Budget Workshop has been arranged for 7<sup>th</sup> December 2017.

In order to allow Scrutiny Committees to respond to the Cabinet on the outcome of their deliberations, a meeting of the Scrutiny Committee (Budget) has been arranged for 30<sup>th</sup> January 2018.

Proposed amendments to the 2017/18 base budget, approved by Council on 21<sup>st</sup> February 2017, are detailed within the report.

### **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 4% 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; and
- 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.

The savings already contained within the Base Budget forecast include:

Planned Saving area	Risk	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Delivering Quality Services project	M	100	100	100	100	100
Reduced CRM costs	M	-	62	62	62	62
Recruitment freeze – increase the vacancy allowance from 5% to 7.5% over 5 years from 2017/18 – c. £45k p.a. year on year for the General Fund (£14k p.a. – HRA);	L	46	45	49	52	52
Rental of vacant accommodation space in Marmion House;	H	92	92	92	92	92
Implementation of charge for Green Waste service	M/H	245	245	245	245	245
Senior Management Review	M/H	130	130	130	130	130

Risks to Capital and Revenue Forecasts:

Risk	Control Measure
Major variances to the level of grant / subsidy from the Government (including specific grants e.g. Benefits administration, Business Rates Section 31 funding); <b>(High)</b>	Sensitivity modelling undertaken to assess the potential impact in the estimation of future grant levels; <b>(Medium / High)</b>
New Homes Bonus grant levels lower than estimated; Continuation of the scheme with revisions has been confirmed – further changes are possible in future years. Achievement of forecast growth in housing numbers / reduced void levels; <b>(High/Medium)</b>	Future levels included on a risk based approach in order to offset further grant reductions / uncertainty over additional property numbers; <b>(Medium)</b>
Potential ‘capping’ of council tax increases by the Government or local Council Tax veto / referendum; <b>(Medium)</b>	Current indications are that increases of 2% or £5 and above risk ‘capping’ (confirmed as 2% or £5 for District Councils for 2017/18); <b>(Low)</b>
The achievement / delivery of substantial savings / efficiencies will be needed to ensure sufficient resources will be available to deliver the Council’s objectives through years 4 to 5. Ongoing; <b>(High)</b>	A robust & critical review of savings proposals will be required / undertaken before inclusion within the forecast;  A minimum General Fund capital balance of £0.5m is a requirement – this has been financed in the past by revenue contributions (held in a revenue reserve). <b>(High/Medium)</b>
Pay awards greater than forecast; <b>(Medium)</b>	Public sector pay cap in place - 1% increase p.a. for 4 years from 2016/17. However, recent announcements suggest that this cap may be lifted from 2018/19; <b>(Medium / Low)</b>
Pension costs higher than planned / adverse performance of pension fund; <b>(Medium)</b>	Regular update meetings with Actuary; Increases of c.£200k p.a. with a new ‘lump sum’ element have been included following triennial review (during 2016 for 2017/18) for 3 years; <b>(Medium)</b>
Assessment of business rates collection levels to inform the forecast / budget (NNDR1) and estimates of appeals, mandatory & discretionary reliefs, cost of collection, bad debts and collection levels;  New burdens (Section 31) grant funding for Central Government policy changes – including impact on levy calculation;	Robust estimates included to arrive at collection target. Ongoing proactive management & monitoring will continue;  Business Rates Collection Reserve - provision of reserve funding to mitigate impact of any changes in business rate income levels;



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

### Report Author

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

Background Papers:-	Corporate Vision, Priorities Plan, Budget & Medium Term Financial Strategy 2017/18, Council 21 <sup>st</sup> February 2017
	Budget and Medium Term Financial Planning Process, Cabinet 20 <sup>th</sup> July 2017
	Budget Consultation Report, Cabinet 2 <sup>nd</sup> November 2017

## **Base Budget Forecast 2018/19 to 2022/23**

Revisions / updates have been made to the 2017/18 base budget in order to produce an adjusted base for 2018/19 and forecast base for 2019/20 onwards.

### **General Fund Revenue**

*Forecast* – When the budget for 2017/18, and indicative budgets for 2018/19 to 2019/20, were approved by Council in February 2017 it was anticipated that balances would remain above the minimum approved level of £0.5m for the 3 year period.

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

- Increased pensions costs of c. £200k p.a. year on year following the triennial review as at 31<sup>st</sup> March 2016), and
- Higher costs of c.£0.5m over 3 years in anticipation of a higher pay award following recent Government announcements for public sector pay – now budgeted at 2% for 2018/19 and 2019/20 (compared to 1% within the MTFS – which was in line with the Government’s pay cap);
- Reduced new homes bonus income of c.£1m over 3 years due to lower than forecast numbers of new house building within the borough – 315 new homes were forecast by October 2017 compared to an actual of around 100;
- Offset by better than forecast outturn underspends for 2016/17 of c.£0.8m and 2017/18, currently forecast at £0.6m.

#### *Issues for the Medium Term*

The Forecast projects a General Fund shortfall of £1m over 3 years (£3.9m over 5 years), including the minimum approved level of £0.5m – assuming annual Council Tax increases of £5 p.a. - in line with the cap set by the Department for Communities & Local Government (DCLG) for 2017/18.

#### ***Implications & Options***

It is currently estimated that further savings of around £0.3m p.a. will be required over the next 3 years (based on annual £5 increases in Council Tax) with savings of £0.8m p.a. required over 5 years.

On an annualised basis this would equate to a year on year ongoing saving of £165k over 3 years (£260k over 5 years).

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 within the MTFS 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 £1.6m underspend in 2016/17 – 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.);
- Review of reserves / creation of fund for transformation costs (if needed), and
- Targeted Savings – to identify potential areas for review in future years

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

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

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

## Housing Revenue Account

*Forecast* – When the budget for 2017/18, and indicative budgets for 2018/19 to 2021/22, were approved by Council in February 2017 it was anticipated that balances would remain above the minimum approved level of £0.5m for the 5-year period, with significant planned contributions to a regeneration reserve.

### *Base Budget*

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

- Increased pensions costs of c. £80k p.a. year on year following the triennial review as at 31<sup>st</sup> March 2016.

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

- Finalisation of the costs (following tender) / income associated with the regeneration / redevelopment schemes – to inform the likely need from the Regeneration Reserve;
- The impact of 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 – rents are to be reduced by 1% a year for four years from 2016/17, requiring local authorities and housing associations to make savings and will mean a reduction in HRA rent income of c.£0.6m p.a. each year for 4 years (cumulative);
- 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.

The current forecast projects HRA balances of £1.9m over 3 years (with balances of £0.6m over 5 years) including the minimum recommended balances of £0.5m.

## Detailed Considerations

### Base Budget Forecasts 2018/19 to 2022/23

Revisions / updates have been made to the 2017/18 base budget in order to produce an adjusted base for 2018/19 and forecast base for 2019/20 onwards. These changes, known as technical adjustments, have been informed by feedback from budget managers and calculated to take account of:

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

### General Fund – Technical Adjustments Summary

Technical Adjustments	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Base Budget B/Fwd	9,623	9,368	9,222	9,293	9,277
Committee Decisions	(505)	(779)	348	100	(19)
Inflation	45	35	38	38	38
Other	53	345	(565)	(406)	(9)
Pay Adjustments (Including pay award / reduction for vacancy allowance)	190	253	250	252	250
Revised charges for non-general fund activities	(38)	-	-	-	-
<b>Total / Revised Base Budget</b>	<b>9,368</b>	<b>9,222</b>	<b>9,293</b>	<b>9,277</b>	<b>9,537</b>

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

## Future Revenue Support Grant & Business Rate Income

The Local Government Finance Settlement figures for 2017/18 to 2019/20 were confirmed on 23<sup>rd</sup> February 2017 following an announcement in Parliament on 22<sup>nd</sup> February – with only minor changes from those confirmed in February 2016 as part of the Government’s confirmed offer of a four-year funding settlement.

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%.

<b>Core Spending Power National Position</b>	<b>2015/16 £m</b>	<b>2016/17 £m</b>	<b>2017/18 £m</b>	<b>2018/19 £m</b>	<b>2019/20 £m</b>
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	-	-
<b>Core Spending Power</b>	<b>44,502</b>	<b>43,564</b>	<b>43,068</b>	<b>43,494</b>	<b>44,678</b>
<b>Change %</b>		<b>(2.1)%</b>	<b>(1.1)%</b>	<b>1.0%</b>	<b>2.7%</b>
<b>Cumulative change %</b>		<b>(2.1)%</b>	<b>(3.2)%</b>	<b>(2.3)%</b>	<b>0.4%</b>

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.

<b>BASE BUDGET</b>	<b>2017/18 £</b>	<b>2018/19 £</b>	<b>2019/20 £</b>	<b>2020/21 £</b>	<b>2021/22 £</b>	<b>2022/23 £</b>
Revenue Support Grant	770,996	493,964	184,529	-	-	-
% Reduction	<b>(36)%</b>	<b>(36)%</b>	<b>(63)%</b>	<b>(100)%</b>	-	-

## 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 2018/19 finance settlement represents the sixth 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 and 2016/17 (above forecast / baseline) and had to pay a levy of £534k and £612k respectively.

The latest estimates for 2017/18 indicate additional business rates receivable above the baseline – of which the Council will receive 40% less the Government set tariff payment of c.£11m (and a 20% levy on any surplus over the baseline to the GBSLEP - after deduction of the 50% Central Share, 9% County & 1% Fire & Rescue Authority shares).

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

New Burdens (Section 31) Grant is receivable for additional reliefs given by the Government relating to business rates from 1<sup>st</sup> April 2013 e.g. Small Business Rate Relief – of which 50% of any in excess of the baseline will be payable in levy to the GBSLEP. A prudent approach has been taken in respect of any new burdens funding – and, due to uncertainties & risk, the creation of an associated Business Rates Collection reserve to mitigate fluctuation in income. The forecast Section 31 Grants and levy payments included within the base budget forecasts are detailed below.

<b>Levy / Section 31 Grant</b>	<b>2017/18 £</b>	<b>2018/19 £</b>	<b>2019/20 £</b>	<b>2020/21 £</b>	<b>2021/22 £</b>	<b>2022/23 £</b>
NNDR Levy payment to GBSLEP (20%)	854,100	870,577	866,564	827,928	800,969	771,837
Section 31 Grant income	(447,191)	(505,215)	(490,248)	(478,568)	(480,839)	(485,989)

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

<b>BASELINE</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>February 2017 MTFS:</b>					
Retained Business Rates	12,360,849	12,800,526	13,107,739	13,422,325	13,744,461
Less: Tariff payable	(10,106,733)	(10,466,231)	(10,717,421)	(10,974,639)	(11,238,030)
Total	2,254,116	2,334,295	2,390,318	2,447,686	2,506,431
% Increase	3.2%	3.6%	2.4%	2.4%	2.4%
<b>Base Budget Forecast (November 2017):</b>					
Retained Business Rates	12,360,849	12,800,526	13,107,739	13,422,325	13,744,461
Less: Tariff payable	(10,106,733)	(10,466,231)	(10,717,421)	(10,974,639)	(11,238,030)
Total	2,254,116	2,334,295	2,390,318	2,447,686	2,506,431
% Increase	3.2%	3.6%	2.4%	2.4%	2.4%
<b>Increase / (Decrease)</b>	-	-	-	-	-

As identified above, no change to the Business Rates Baseline has been assumed. However, due to the variable nature of the BRR element of local authority funding, the baseline settlement no longer provides the absolute funding level for authorities.

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:

<b>BASE BUDGET</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>February 2017 MTFS:</b>					
Retained Business Rates	13,600,578	14,038,666	14,266,204	14,495,244	14,728,764
Less: Tariff payable	(10,106,733)	(10,466,231)	(10,717,421)	(10,974,639)	(11,238,030)
Total	3,493,845	3,572,435	3,548,783	3,520,605	3,490,734
% Increase (Decrease)	0.9%	2.2%	(0.7)%	(0.8)%	(0.8)%
<b>Base Budget Forecast (November 2017):</b>					
Retained Business Rates	13,596,788	14,043,405	14,285,028	14,543,423	14,802,145
Less: Tariff payable	(10,106,733)	(10,466,231)	(10,717,421)	(10,974,639)	(11,238,030)
Total	3,490,055	3,577,174	3,567,607	3,568,784	3,564,115
% Increase / (Decrease)	0.8%	2.5%	(0.3)%	0.0%	(0.1)%
<b>Increase / (Decrease)</b>	<b>(3,790)</b>	<b>4,739</b>	<b>18,824</b>	<b>48,179</b>	<b>73,381</b>
<b>Total</b>		<b>949</b>	<b>19,773</b>	<b>67,952</b>	<b>141,333</b>



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

<b>BASE BUDGET</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>February 2017 MTFS:</b>					
Revenue Support Grant	493,964	184,529	-	-	-
Retained Business Rates	13,600,578	14,038,666	14,266,204	14,495,244	14,728,764
Less: Tariff payable	<b>(10,106,733)</b>	<b>(10,466,231)</b>	<b>(10,717,421)</b>	<b>(10,974,639)</b>	<b>(11,238,030)</b>
<b>Total (a)</b>	<b>3,987,809</b>	<b>3,756,964</b>	<b>3,548,783</b>	<b>3,520,605</b>	<b>3,490,734</b>
% Increase / (Decrease)	<b>(5.8)%</b>	<b>(5.8)%</b>	<b>(5.5)%</b>	<b>(0.8)%</b>	<b>(0.8)%</b>
<b>Base Budget Forecast (November 2017):</b>					
Revenue Support Grant	493,964	184,529	-	-	-
Retained Business Rates	13,596,788	14,043,405	14,285,028	14,543,423	14,802,145
Less: Tariff payable	<b>(10,106,733)</b>	<b>(10,466,231)</b>	<b>(10,717,421)</b>	<b>(10,974,639)</b>	<b>(11,238,030)</b>
<b>Total (b)</b>	<b>3,984,019</b>	<b>3,761,703</b>	<b>3,567,607</b>	<b>3,568,784</b>	<b>3,564,115</b>
% Increase / (Decrease)	<b>(5.9)%</b>	<b>(5.6)%</b>	<b>(5.2)%</b>	<b>0.0%</b>	<b>(0.1)%</b>
<b>Increase / (Decrease) (b – a)</b>	<b>(3,790)</b>	<b>4,739</b>	<b>18,824</b>	<b>48,179</b>	<b>73,381</b>

The table shows that overall funding should be c.£141k more than expected over 5 years.

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

**There are still significant uncertainties - specifically the treatment of:**

- The level of inflation affecting the future increases to the multiplier and the tariff payment;
- The effect of the 2017 revaluation on the tariff payment levels;
- 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 government made the following changes to the scheme during 2016:

- Funding was reduced by £241m in 2017/18 (funding remains at pre-announced levels for 2018/19 and 2019/20);
- Funding was 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 was 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.
- It had been assumed that a ‘deadweight’ factor of 0.25% would be implemented, in line with the consultation but, 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.

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

<b>BASE BUDGET NHB</b>	<b>2018/19 £</b>	<b>2019/20 £</b>	<b>2020/21 £</b>	<b>2021/22 £</b>	<b>2022/23 £</b>
MTFS Budget	331370	667180	754150	870770	870770
Base Budget Forecast	181890	276950	461540	615290	713860
<b>Reduced income</b>	<b>149480</b>	<b>390230</b>	<b>292610</b>	<b>255480</b>	<b>156910</b>
Risk Weighting applied	100%	75%	75%	50%	50%

**This results in an overall loss to the MTFS of £0.8m over 3 years (£1.2m over 5 years).**

## Forecast

Using the funding forecast and assuming increases in Council Tax of £5 per annum for 2018/19 onwards, the five year base budget forecast is as follows:

Summary	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
<b>Estimated Net Cost of Services</b>	<b>9,368</b>	<b>9,222</b>	<b>9,293</b>	<b>9,277</b>	<b>9,537</b>
Proposed Policy Changes / Additional Costs Identified	845	335	23	(93)	(93)
Net Expenditure	10,213	9,557	9,316	9,184	9,444
<b>Financing:</b>					
RSG	(494)	(185)	-	-	-
Tariff Payable	10,107	10,466	10,717	10,975	11,238
Non Domestic Ratepayers	(13,597)	(14,043)	(14,285)	(14,543)	(14,802)
Council Tax Income (Model 1)	(3,660)	(3,852)	(4,033)	(4,197)	(4,355)
Gross Financing	(7,644)	(7,614)	(7,601)	(7,765)	(7,919)
Surplus(-) / Deficit	2,569	1,943	1,715	1,419	1,525
Balances Remaining (-) / Overdrawn	(3,183)	(1,240)	475	1,894	3,419
Per Council, 21 <sup>st</sup> February 2017	(2,737)	(502)	-	-	-
Band D equivalents	21,308	21,793	22,189	22,472	22,710

Indicating a potential shortfall in General fund balances of approx. £1m over 3 years (£2.4m over 4 years & £3.9m over the 5 year period) - including the minimum approved level of £0.5m.

Balances are forecast to be £5.75m at 31<sup>st</sup> March 2018.

A detailed summary of the budget for 2018/19 is attached at **Appendix F** with 5 years attached at **Appendix G**.

## Future Strategy

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

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

For future years potential 'capping' of the increase by the Government or a proposed local council tax referendum/veto needs to be considered when setting future Council Tax increases. The Council's Council Tax is currently £166.75.

The indication is that the 'capping' threshold for District Councils will be the higher of £5 or 2.0% - following a freeze in 2011/12 & 2012/13 and a below 2% increase from 2013/14 to 2016/17. The impact of a £5 p.a. increase (Band D) is outlined below:

#### Model 1 Impact of £5 increase in Council Tax in 2018/19 (followed by £5 p.a.)

Year:	2018/19	2019/20	2020/21	2021/22	2022/23
Forecast:	£'000	£'000	£'000	£'000	£'000
Surplus (-) /Deficit	2,569	1,943	1,715	1,419	1,525
<b>Balances Remaining (-) / Overdrawn</b>	<b>(3,183)</b>	<b>(1,240)</b>	<b>475</b>	<b>1,894</b>	<b>3,419</b>
£ Increase	5.00	5.00	5.00	5.00	5.00
% Increase	3.00%	2.91%	2.83%	2.75%	2.68%
Note: Resulting Band D Council Tax	171.75	176.75	181.75	186.75	191.75

which indicates a potential shortfall in balances of £1m over 3 years (£3.9m over 5 years) further savings of approx. £0.3m per annum over 3 years would have to be identified.

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

**Model 2 Impact of 1.99% increase in Council Tax in 2018/19 (followed by increases of 1.99% thereafter)**

Year:	2018/19	2019/20	2020/21	2021/22	2022/23
Forecast:	£'000	£'000	£'000	£'000	£'000
<b>Reduction in Council Tax £</b>	36	71	105	137	170
Revised Surplus (-) /Deficit	2,605	2,014	1,820	1,556	1,695
<b>Balances Remaining (-) / Overdrawn</b>	<b>(3,147)</b>	<b>(1,133)</b>	<b>687</b>	<b>2,243</b>	<b>3,938</b>
£ Increase	3.31	3.39	3.45	3.52	3.59
% Increase	1.99%	1.99%	1.99%	1.99%	1.99%
Note: Resulting Band D Council Tax	170.06	173.45	176.90	180.42	184.01

which indicates a potential shortfall in balances of £1.2m over 3 years (with a shortfall of £4.4m over 5 years) further savings of approx. £0.4m per annum over 3 years would have to be identified.

**Model 3 Impact of 0% increase in Council Tax in 2018/19 (followed by increases of 1.99% thereafter)**

Year:	2018/19	2019/20	2020/21	2021/22	2022/23
Forecast:	£'000	£'000	£'000	£'000	£'000
<b>Reduction in Council Tax £</b>	107	144	180	214	249
Revised Surplus (-) /Deficit	2,676	2,087	1,895	1,633	1,774
<b>Balances Remaining (-) / Overdrawn</b>	<b>(3,076)</b>	<b>(989)</b>	<b>906</b>	<b>2,539</b>	<b>4,313</b>
£ Increase	0.00	3.31	3.38	3.45	3.52
% Increase	0.00%	1.99%	1.99%	1.99%	1.99%
Note: Resulting Band D Council Tax	166.75	170.06	173.44	176.89	180.41

which indicates a potential shortfall in balances of £1.4m over 3 years (£4.8m over 5 years) further savings of approx. £0.5m per annum over 3 years would have to be identified.

**Model 4 Impact of 2.5% increase in Council Tax in 2018/19 (followed by increases of 2.5% thereafter)**

Year:	2018/19	2019/20	2020/21	2021/22	2022/23
Forecast:	£'000	£'000	£'000	£'000	£'000
<b>Reduction in Council Tax £</b>	19	36	51	62	73
Revised Surplus (-) /Deficit	2,588	1,979	1,766	1,481	1,598
<b>Balances Remaining (-) / Overdrawn</b>	<b>(3,164)</b>	<b>(1,185)</b>	<b>581</b>	<b>2,062</b>	<b>3,660</b>
£ Increase	4.17	4.27	4.38	4.49	4.60
% Increase	2.50%	2.50%	2.50%	2.50%	2.50%
Note: Resulting Band D Council Tax	170.92	175.19	179.57	184.06	188.66

which indicates a potential shortfall in balances of £1.1m over 3 years (£4.2m over 5 years) further savings of approx. £0.4million per annum would have to be identified.

**Model 5 Impact of 0% increase in Council Tax in 2018/19 (followed by increases of 0% thereafter)**

Year:	2018/19	2019/20	2020/21	2021/22	2022/23
Forecast:	£'000	£'000	£'000	£'000	£'000
<b>Reduction in Council Tax £</b>	107	216	327	438	553
Revised Surplus (-) /Deficit	2,676	2,159	2,042	1,857	2,078
<b>Balances Remaining (-) / Overdrawn</b>	<b>(3,076)</b>	<b>(917)</b>	<b>1,125</b>	<b>2,982</b>	<b>5,060</b>
£ Increase	0.00	0.00	0.00	0.00	0.00
% Increase	0.0%	0.0%	0.0%	0.0%	0.0%
Note: Resulting Band D Council Tax	166.75	166.75	166.75	166.75	166.75

which indicates a potential shortfall in balances of £1.6m over 3 years (£5.5m over 5 years) further savings of approx. £0.5million per annum would have to be identified.

**Model 6 Impact of 1% increase in Council Tax in 2018/19 (followed by increases of 1% thereafter)**

Year:	2018/19	2019/20	2020/21	2021/22	2022/23
Forecast:	£'000	£'000	£'000	£'000	£'000
<b>Reduction in Council Tax £</b>	71	143	216	289	364
Revised Surplus (-) /Deficit	2,640	2,086	1,931	1,708	1,889
<b>Balances Remaining (-) / Overdrawn</b>	<b>(3,112)</b>	<b>(1,026)</b>	<b>905</b>	<b>2,613</b>	<b>4,502</b>
£ Increase	1.66	1.69	1.70	1.71	1.73
% Increase	1.00%	1.00%	1.00%	1.00%	1.00%
Note: Resulting Band D Council Tax	168.41	170.10	171.80	173.51	175.24

which indicates a potential shortfall in balances of £1.4m over 3 years (£5m over 5 years) further savings of approx. £0.5million per annum would have to be identified.



2) *Potential Savings / additional costs*

Potential revenue policy changes are highlighted below:

<b>Policy Changes Identified</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>
Contingency budget to allow for 'in year' decisions to be made by Cabinet	100.0	(100.0)	-	-	-
Return on £12m investment in Property Funds at 4% return - phased over 6 months, net of existing return	-	(180.0)	(180.0)	60.0	-
Contribution to reserve for potential cost of property fund investment purchases (stamp duty, valuation changes etc.)	250.0	(250.0)	-	-	-
Ongoing costs of Capital scheme proposals	3.0	28.0	-	-	-
Cost of unsupported borrowing / lost investment income (2.5%) and repayment of debt (4%) - should all proposed capital schemes progress	108.0	9.0	6.0	-	-
To secure ongoing funding to recruit an apprentice within Information Services	13.7	-	-	-	-
One of the key requirements of the Civil Contingencies Act is the ability to operate Incident Control facilities which can be deployed	5.0	(5.0)	-	-	-
To secure funding for a further 3 years for a Security presence at Marmion House. 50% of cost met by HRA	15.0	-	-	(15.0)	-
To deliver identified and costed initiatives to prevent homelessness in the Borough from March 2018	20.0	(20.0)	-	-	-
Regarding the new Homelessness legislation, there will be a requirement to support the delivery of services across 2019/20 and 2020/21	-	140.0	-	(140.0)	-
To support the implementation of the Homelessness Reduction Act	71.0	-	(71.0)	-	-
Condition Surveys to address an ongoing programme of repairs and building conservation at Tamworth Castle	45.0	(45.0)	-	-	-
Outdoor event budgets be increased by £5,000 on a permanent basis to support non TBC Community Events	5.0	-	-	-	-
Review of the Tamworth Local Plan commencing in 2018/19 and continuing into 2019/20 when an examination will be held	40.0	-	(40.0)	-	-
Now the Tamworth Enterprise Centre has been operational for a period of months a more accurate estimate of income and expenditure can be made	22.0	(6.0)	17.0	(21.0)	-
Budget to fund the Heritage Project Officers salary	22.0	-	-	-	-
The recruitment of a Planning Trainee from September 2018 to August 2020	18.0	-	(18.0)	-	-

Policy Changes Identified	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
New burdens funding to meet the cost of the Planning Trainee from September 2018 to August 2020	(18.0)	-	18.0	-	-
Revised budgets for the Assembly Rooms due to delay in progressing the capital scheme	125.0	(81.0)	(44.0)	-	-
1.2ha local centre development in Amington	20.0	10.0	(30.0)	-	-
Section 106 funding for local centre development	(20.0)	(10.0)	30.0	-	-
<b>Total New Items / Amendments</b>	<b>844.7</b>	<b>(510.0)</b>	<b>(312.0)</b>	<b>(116.0)</b>	-

As part of the planned review & scrutiny process leading up to formal presentation of the budget, Executive Management Team will consider feedback received from the Budget Consultation process, the Joint Scrutiny Budget workshop and the Joint Budget Scrutiny Committee (planned for 30<sup>th</sup> January 2018) in order to inform the next stages of the budget process:

- a review of the proposals including:
  - Reference to the Council's corporate priorities together with the feedback & issues raised by the budget consultation exercise, and
  - Consideration of how the limited resources can be 'rationed' (& whether service improvements in a priority area should be met from service reductions elsewhere).
- Inclusion of any further potential savings in order to mitigate the forecast budget shortfall. This process is ongoing and will be reported as policy changes in the next phase of the budget process in order to formulate a balanced medium term financial strategy for approval by Cabinet & Council in February 2018.

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 within the MTFs 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 £1.6m underspend in 2016/17 – 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.);
- Review of reserves / creation of fund for transformation costs (if needed), and
- Targeted Savings – to identify potential areas for review in future years

## Housing Revenue Account – Technical Adjustments Summary

Technical Adjustments	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Base Budget B/Fwd	360	1,515	624	453	320
Committee Decisions	578	(916)	30	(21)	(6)
Inflation	160	136	139	143	147
Other	292	(202)	(427)	(338)	(394)
Pay Adjustments (Including pay award / reduction for vacancy allowance)	86	91	87	83	80
Revised charges for non-general fund activities	39	-	-	-	-
<b>Total / Revised Base Budget</b>	<b>1,515</b>	<b>624</b>	<b>453</b>	<b>320</b>	<b>147</b>

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

Summary	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
<b>Estimated Net (Surplus) / Deficit</b>	1,515	624	453	320	147
Proposed Policy Changes / Additional Costs Identified	1,416	331	366	373	373
Surplus (-) / Deficit	2,931	955	819	693	520
Balances Remaining (-) / Overdrawn	(3,627)	(2,672)	(1,853)	(1,160)	(640)

Per Council, 23 <sup>rd</sup> February 2016	(3,985)	(3,520)	(3,193)	(2,977)	-
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Indicating Housing Revenue Account (HRA) balances of £1.9m over 3 years (with balances of £0.6m over the next 5 years) including the minimum recommended balances of £0.5m.

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

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

- Finalisation of the costs (following tender) / income associated with the regeneration / redevelopment schemes;
- 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);
- 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.

Potential revenue policy changes for the HRA are highlighted below:

<b>Policy Changes Identified</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>
Fixed Electrical Installation Checks - to comply with regulations and form part of the council wide fire safety policy for its tenants of council housing	306.00	-	-	-	-
Revenue Implications of Capital Programme - Reduction in ongoing maintenance costs arising from anti-social behaviour (from creation of an office at Eringden)	(5.50)	-	-	-	-
Revenue Implications of Capital Programme - cost of unsupported borrowing (2.5%) should all proposed schemes progress	-	15.00	35.00	22.00	-
To secure funding for a further 3 years for a Security presence on the front desk at Marmion House. 50% of cost met by HRA	15.00	-	-	(15.00)	-
Additional Revenue Contribution to Capital Programme	1100.0	(1100.0)	-	-	-
<b>Total New Items / Amendments</b>	<b>1,415.5</b>	<b>(1,085.0)</b>	<b>35.0</b>	<b>7.0</b>	<b>-</b>

## Rent Restructuring

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

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

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

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

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

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

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 8<sup>th</sup> 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 in 2016/17.

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 onwards, it has been assumed that all rents will fall by 1% - including rents for supported accommodation.

## Corporate Capital Strategy

The Council has an ongoing capital programme of over £31m for 2017/18 and an asset base valued at £207m (as at 31<sup>st</sup> March 2017).

This Strategy sets the policy framework for the development, management and monitoring of this investment and forms a key component of the Council's planning alongside the Medium Term Financial Strategy.

The capital strategy feeds into the annual revenue budget and MTFS by informing the revenue implications of capital funding decisions. The implications for the MTFS are fully considered before any capital funding decisions are confirmed.

Equally, the availability of prudential borrowing means that capital and revenue solutions to service delivery can be considered, and ranked, alongside each other as part of an integrated revenue and capital financial strategy.

The Capital Strategy further sets out the Council's approach to the allocation of its capital resources and how this links to its priorities at a corporate and service level. It describes how the Council has responded to the opportunities provided by prudential borrowing and other new sources of finance.

Each scheme is assessed with regard to:

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

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

Following a review of the Capital Programme approved by Council on 21<sup>st</sup> February 2017, a revised programme has been formulated including additional schemes which have been put forward for inclusion.

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 Fund (GF) and Appendix J – Housing (HRA)**, together with the likely available sources of funding (capital receipts / grants / supported borrowing etc.).

With regard to the contingency schemes/allocation, **£50k** remains in current year GF contingency funds and **£100k** remains in current year HRA contingency funds (which will be re-profiled into 2018/19 to provide contingency funding).



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

## General Fund

A significant number of new schemes have been proposed and the forecast has highlighted that insufficient resources are available to finance all of the GF schemes submitted which means, should the schemes progress either:

- 1) the Council would need to use supported borrowing to fund the shortfall – funding from borrowing would impact on the revenue budget through interest costs on the debt at c.2.5 to 3% p.a. plus debt repayment costs of 4% p.a. (based on a 25 year asset life); or
- 2) the potential use of part of the capital receipt from the Golf Course sale – which would mean the resources would no longer be available for investment through the Commercial Investment Strategy projects (and therefore impact on the revenue account through loss of potential investment income at c.4% p.a.).

The minimum approved level of GF capital balances is £0.5million which, should the programme progress without amendment, would mean c.£1.9m in borrowing would be needed (or use of the capital receipt) over the next 3 years (c.£1.9m over 5 years).

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

The capital programme has been reviewed and updated:

### General Fund

#### 1) Indoor and Outdoor Sports infrastructure Feasibility

A new capital submission had been prepared for £100k, funded through Section 106 (S106) income, for **feasibility** work which is needed now to understand the likely costs and specification of potential new facilities arising from the Sports Strategy Update - in particular a new multi-purpose community sports centre in an accessible location, with appropriate facilities and 3G pitches, to meet identified need.

It was questioned whether this work should be treated as capital or revenue (using the Section 106 funding).

#### 2) Refurbishment of Castle Grounds Toilets

A new capital submission had been prepared for £180k for refurbishment of public conveniences in Castle Grounds to provide a low maintenance, vandal resistant facility complete with a 'Changing Places' compliant facility for disabled children and adults. Updated design will also allow for year-round access.

Additional ongoing revenue costs of £10k p.a. (net of savings in current provision) were included to provide a 364 day per annum cleansing and full maintenance service. It was clarified that this was instead of the current maintenance arrangements but was not a necessity.

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**3) Disabled Facilities Grants (DFG)**

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The provisional programme included £250k p.a. A revised capital submission had been received to increase this to £650k p.a. in light of the current demand / anticipated backlog by 31<sup>st</sup> March 2018.

A Government review of the approach to DFGs is planned within the next 12 months and so it was agreed that the year 1 budget be increased to £650k to deal with the immediate demand/backlog.

Future years spend would be limited to an ongoing £360k p.a. in line with the funding assumed to be redistributed by Staffordshire County Council (SCC) through the Better Care Fund (BCF).

To be reviewed in 2018 following the Government review.

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**4) Energy Efficiency Upgrades to Commercial & Industrial Units**

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A new capital submission had been prepared for £75k p.a. to fund a degree of improvement to industrial units when they become vacant in order to be able to re-let them – as, with effect from April 2018, it will not be possible to enter into long term lease agreements for commercial and industrial units with an EPC rating of 'E' or less.

Depending on void levels, we could expect to lose around £20k p.a. increasing by £20k p.a. for the next 5 years (c.£300k over 5 years).

If we are able to let on License or Tenancy at Will arrangements we may be able to maintain a level of income but there will be an increase in other costs such as NNDR payments, repair costs, security costs and the like.

Investment in enveloping works to improve energy efficiency will prolong the life of the estate at the current rent levels but ultimately Sandy Way phase 2 will require a more significant investment project to give a long life expectancy.

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**5) Gateways Project**

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An updated appraisal had been prepared for £70k p.a. for 3 years (net cost after use of TBC S106/CIL funds of £75k, £50k and £120k respectively) with plans for significant capital works in future years for Phase 3 Corporation Street and Phase 4 Railway Station forecourt - which will draw in funding and professional support from SCC (funded by SCC through the Regional Growth Fund / S106 receipts). The provisional programme included £70k in 2018/19. SCC spend totaling £545k to be removed from appraisal.

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**6) Community Woodland Cycleway**

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A new capital submission had been prepared for spend of £160k in 2018/19 on construction of a cycleway on the proposed community woodland at Amington - funded by the Developer.

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**7) Amington Community Woodland**

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A new capital submission had been prepared for spend of £50k p.a. for 5 years on the creation of a community woodland on 7.5ha of the ex-municipal golf course - funded by the S106 income.

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**8) Property Funds**

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A new capital submission had been prepared for spend of £6m p.a. for 2 years. Cabinet has approved that one of the objectives of the Council's Commercial Investment Strategy (CIS) will be to explore measures to provide the Council with sustained revenue and income generation (while protecting the capital) contributing to a self-sustained financial position by 2020.

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It is envisaged that up to £12m will be required for the Specific CIS Projects, with the balance (net of sale costs/interest) of circa £12m available for long term investment (property fund, shares etc.) – with returns of c.4% p.a. (less existing budgeted returns at base rate).

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Following the a review into the feasibility and options for investment in Property Funds carried out during 2017/18, funds will be required to be invested into 'Capital' property funds from 2018/19 (as well as potential investment in 'Revenue' property funds - through revenue cash flow investments).

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#### **9) Technology Replacement – Mobile Phones (Contingency)**

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A new capital submission had been prepared for potential spend of £20k in 2018/19.

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ICT intends to procure a corporate, Authority wide contract covering all existing handsets and contracts with a single renewal date and access to improved handset deals/upgrades and call/data plans reducing the associated administrative overhead. This would be a contingency budget should handsets need to be procured.

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#### **10) Technology Replacement – Infrastructure/Security**

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A revised capital submission had been prepared for £60kp.a. (with revenue savings of £8k in 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 until 21/22).

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A new capital submission had also been prepared for spend of £45k relating to migrate the Civica system from Oracle to SQL Server.

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Civica are the suppliers of the Authority's corporate electronic document records management system (EDRMS) used by a number of services and due to be rolled out to further services. They are ending support for Oracle after the next release of the EDRMS software in December 2017. In order to maintain support, we are required to migrate from Oracle to SQL Server. Cost estimates vary from £27k to £45k. As the upgrade is required during 2017/18, it was agreed that the cost be met from the existing budget but that the cost be added to the 2018/19 budget to meet the cost of works deferred in 2017/18.

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#### **11) Civil Contingencies Technology – GDPR (Contingency)**

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A new capital submission had been prepared for spend of £50k in 2018/19.

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General Data Protection Regulation (GDPR) builds on the data protection act and will change how businesses and the public sector can handle customer information. The new regulations come into force in May 2018 and will be enforced by the Information Commissioners Office (ICO). The new legislation is designed to "harmonise" data privacy laws across Europe as well as give greater protection and rights to individuals. There are new rights for people to access the information companies hold about them, obligations for better data management for businesses, and a new regime of fines for none compliance. All of our systems have the potential to be impacted by the new GDPR regulations and may require additional modules or fixes by application suppliers for compliance.

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This would be a contingency budget should spend on upgrades be required.

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**12) IT requirements to support the implementation of the Homelessness Reduction Act**

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A new capital submission had been received after the meeting for spend of £30k in 2018/19, with ongoing revenue support costs of £20k p.a.

Implementation of the Act is anticipated to commence in April 2018. This will present Local Authorities with a number of significant challenges, both in terms of services delivered to members of the public and back-up support and training to ensure the Council's new duties are fully met. Central to this is having effective IT back-up in place to support implementation. There is currently a lack of clarity as to how these requirements will be best met but options are being explored currently, all of which have a cost implication for the Council.

Section 31 new burdens grant funding of £7.5k should be received to mitigate the cost.

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**13) General Fund Capital Contingency Budget**

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It was agreed that the 2017/18 contingency budget of £50k would be rolled forward to 2018/19.

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**14) With regard to the provisional programme, it was also confirmed:**

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**a) CCTV Camera Renewals**

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An updated appraisal has not been prepared but the funding would still be required – subject to the results of a recent review and recommendations in a report planned for Cabinet in November 2017.

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**b) Cultural Quarter / Assembly Rooms**

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The scheme business case has not been revised to reflect the current situation – it was agreed to leave the spend profile as is pending a review.

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**c) Street Lighting**

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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.

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## 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) – however a number of new schemes have been proposed. It has also been updated to include the new year 5 costs for 2022/23 (at the same level as 2021/22).

The minimum approved level of HRA capital balances is £0.5million which, should the programme progress without amendment, would mean c.£3m in borrowing would be needed over the next 5 years (£2m over 3 years) - funding from borrowing would impact on the revenue budget through interest costs on the debt at c.2.5 to 3% p.a. but it should be noted that while there are no debt repayment costs for the HRA, the Government has set a debt cap of £79.407m.

The current HRA Capital Financing Requirement (CFR) stands at £68.041m with planned borrowing of £7.214m relating to the Tinkers Green and Kerria Regeneration projects, which means £4.152m would be available for additional borrowing up to the debt cap.

The capital programme has been reviewed and updated:

### Housing Revenue Account

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#### H1 Creation of Office at Eringden

A new capital submission had been received for spend of £10k in 2018/19 and £10k in 2020/21, with ongoing revenue savings of £5.5k p.a. net of additional costs.

The proposal is for the creation of office space within the medium-rise block on Eringden to provide intensive housing management service aimed at addressing some of the ongoing issues of anti-social behaviour. This is anticipated to be a twelve month trial only. It is anticipated to consult and seek to cover charges for this as a service charge (similar to sheltered) and therefore will be self financing.

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#### H2 Thermal Upgrades

A new capital submission had been received for spend of £540k p.a. from 2019/20 for thermal upgrade measures to address key failure points in the housing stock condition survey. The project is to consist of various strands such as thermal wraps, thermal boarding & insulation.

The works will be needed to ensure that the decent homes standard is achieved. There may be some external funding available to mitigate the costs.

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#### H3 Strode House Car Park & Garages

A new capital submission had been received for spend of £530k in 2018/19 for refurbishment of garages at Strode House along with the refurbishment of the underground car parking area to provide additional car parking on the estate and address structural issues. Potential future use of the site is to be investigated.

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**H4 Resurfacing of walkways to walk-up flats**

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A new capital submission had been received for spend of £250k p.a. from 2019/20 for resurfacing of walkways to walk-up flats. Many of these are starting to fail resulting in leaks and water ingress into the properties below (flagged by repairs team).

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**H5 Renewal of High-Rise Lifts**

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A new capital submission had been received for spend of £280k p.a. for 4 years from 2018/19 for renewal of all remaining High-Rise Lifts which have reached end of life. Spend will be subject to survey results and not all may be required.

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**H6 Renewal of timber walkways to Magnolia**

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A new capital submission had been received for spend of £260k in 2018/19 for renewal of timber walkways to Magnolia sheltered schemes which are failing due to age and weathering (flagged by repairs team).

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**H7 Replacement of High Rise Soil Stacks**

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A new capital submission had been received for spend of £315k p.a. for 3 years from 2019/20 for renewal of soil stacks in all six high rise blocks. Existing stacks are starting to fail, frequently block and becoming increasingly difficult to maintain.

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**H8 With regard to the provisional programme, it was also confirmed:**

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**a) Retention of Garage Sites**

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£500k p.a. for 2 years from 2018/19 was included to invest in retained garages to meet demand and to provide alternative uses including parking areas.

Work has started in 2017/18 on garages to be retained but work on alternative uses is still to commence.

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**b) Development Housing on Garage Sites / Other Acquisitions**

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Funding of £3m p.a. from 2018/19 has been provisionally approved for redevelopment of Garage Sites for housing with £0.5m p.a. for other housing acquisitions. It was agreed that the funding balance needs to be reviewed, with a report planned to Cabinet in December, to reflect potential redevelopment / acquisition levels.

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## Main Assumptions

Inflationary Factors	2018/19	2019/20	2020/21	2021/22	2022/23
Inflation Rate - Pay Awards	2.00%	2.50%	2.50%	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)	3.00%	2.50%	2.50%	2.50%	2.50%
Inflation Rate (CPI)	2.50%	2.15%	1.98%	1.90%	1.90%
Investment Rates	0.50%	0.75%	1.00%	1.50%	1.50%
Base Interest Rates	0.40%	0.60%	0.90%	1.50%	1.50%

1. Pay award – it had previously been assumed that public sector pay will be capped at 1% for 4 years from 2016/17, however, recent announcements suggest that this cap may be lifted from 2018/19.
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. The impact for the Council will be confirmed by DCLG as part of the *Local Government Finance Settlement* with a provisional announcement in December 2017.
6. Continuation of the New Homes Bonus scheme (at the lower payment levels) including additional receipts from new developments (including Anker Valley and the Former Golf Course Site);
7. Lower investment income returns due to lower interest rate forecasts;
8. An increase of £5 p.a. in Council Tax - current indications are that increases of 2% or £5 and above risk 'capping' (confirmed as 2% or £5 for District Councils for 2016/17);
9. The major changes to the previously approved policy changes are included within this forecast – Directors were issued with the provisional information in August to review, confirm & resubmit by the end of September;
10. Annual year-on-year pension cost increases of c. £200k p.a. via the pension lump sum element for past liabilities have been included (following initial indications from the SCC triennial review in 2016).
11. Reduction in rent levels by 1% per the statutory requirement & current indications that sales of council houses will be approximately 50 per annum.
12. Forecasts have been informed by the Bank of England Inflation report (August 2017), HM Treasury – Forecasts for the UK Economy (August 2017), Office for Budget Responsibility Economic & Fiscal Outlook (March 2017). Any significant variances will be considered later in the budget setting process.

## Technical Adjustments Analysis – General Fund 2018/19

Activity	£	£	£
<b>Chief Executive</b>			
Virements		-	
Committee Decisions			
12/09/17 Full Council: Roles of Chief Operating Officer and Head of Paid Service	(34,020)		
2017/18 Policy Change CE 1 Vacancy Allowance Increase	810	(33,210)	
Inflation		190	
Other			
2018/19 BWP 006 Car Allowances	(600)		
2018/19 BWP 017 Insurance	130	(470)	
Pay Adjustments		5,040	
Changes in Recharges		2,700	
			<b>(25,750)</b>
<b>Executive Director Corporate Services</b>			
Virements		(21,650)	
Committee Decisions			
2017/18 Policy Change ED Vacancy Allowance Increase		(5,370)	
Inflation		(1,610)	
Other			
2018/19 BWP 006 Car Allowances	(240)		
2018/19 BWP 012 Benefits Estimates	80,500		
2018/19 BWP 015 Fairer Charging	1,530		
2018/19 BWP 017 Insurance	500		
2018/19 BWP 035 Bank Charges	(340)	81,950	
Pay Adjustments		20,380	
Changes in Recharges		(11,840)	
			<b>61,860</b>
<b>Director of Finance</b>			
Virements		-	
Committee Decisions			
2014/15 Policy Change DF 1 New Homes Bonus	65,000		
2015/16 Policy Change CCP 6 Revenue Impact of Capital Scheme	42,000		
2015/16 Policy Change DF 4 Business Rates Section 31 Grant Income	(11,940)		
2015/16 Policy Change DF 5 Business Rates Levy	(80,000)		
2015/16 Policy Change DF 6 Contribution to Transformation Reserve	(360,000)		
2016/17 Policy Change DF 2 Contribution to Transformation Reserve	660,000		
2016/17 Policy Change DF 4 Business Rates Levy	(164,300)		
2016/17 Policy Change DF 5 Business Rates Section 31 Grant Income	10,900		



Activity	£	£	£
2017/18 Policy Change DF 1 General Contingency	(100,000)		
2017/18 Policy Change DF 3 Senior Management Review	(130,000)		
2017/18 Policy Change DF 5 New Homes Bonus	137,380		
2017/18 Policy Change DF 6 Pension Cost Savings	(120,000)		
2017/18 Policy Change DF 7 Interest on Golf Course Capital Receipt	117,000		
2017/18 Policy Change DF 10 Revenue Implications from Capital Scheme	(16,400)		
2017/18 Policy Change DF 11 Consultant Fees for CIS	(75,000)		
2017/18 Policy Change DF 12 Business Rates Levy	113,000		
2017/18 Policy Change DF 13 Business Rates Section 31 Grant Income	(2,000)		
2017/18 Policy Change DF 14 Vacancy Allowance Increase	(6,140)	79,500	
Inflation		3,710	
Other			
2018/19 BWP 005 Audit Fee	3,660		
2018/19 BWP 006 Car Allowances	(890)		
2018/19 BWP 007 Revenues Income	5,120		
2018/19 BWP 009 Interest SOCH/HAA	20		
2018/19 BWP 010 Superannuation Allowances	(3,130)		
2018/19 BWP 014 NNDR Cost Collection Grant	(1,360)		
2018/19 BWP 017 Insurance	(310)		
2018/19 BWP 027 Treasury Mgmt	(170,400)		
2018/19 BWP 030 Depreciation Charges	(50,310)		
2018/19 BWP 035 Bank Charges	(180)		
2018/19 BWP 037 NNDR Estimates	(193,080)		
2018/19 BWP 038 Contingencies	50,000		
2018/19 BWP 041 New Homes Bonus	(11,110)		
2018/19 BWP 039 Pensions	259,790		
2018/19 BWP 049 Credit Card Surcharges	6,300	(105,880)	
Pay Adjustments		24,820	
Changes in Recharges		32,790	
			<b>34,940</b>
<b>Director of Technology &amp; Corporate Programmes</b>			
Virements		-	
Committee Decisions			
2017/18 Policy Change TC 1 Training Staff Costs	8,000		
2017/18 Policy Change TC 2 Training Income	(8,000)		
2017/18 Policy Change TC 3 Revenue Implications of Capital Schemes	(10,000)		
2017/18 Policy Change TC 4 Vacancy Allowance Increase	(3,670)	(13,670)	
Inflation		14,060	
Other			
2018/19 BWP 006 Car Allowances	(40)		
2018/19 BWP 017 Insurance	480		
2018/19 BWP 025 Leases	850		
2018/19 BWP 030 Depreciation Charges	55,490	56,780	

Activity	£	£	£
Pay Adjustments		(370)	
Changes in Recharges		(25,940)	
			<b>30,860</b>
<b>Solicitor to the Council</b>			
Virements		-	
Committee Decisions			
2017/18 Policy Change SOL 2 Vacancy Allowance Increase		(2,820)	
Inflation		8,770	
Other			
2018/19 BWP 004 Members Allowances	6,580		
2018/19 BWP 006 Car Allowances	(350)		
2018/19 BWP 013 Gas & Electricity Charges	10		
2018/19 BWP 017 Insurance	(1,390)		
2018/19 BWP 035 Bank Charges	(10)		
2018/19 BWP 045 NNDR Charges for TBC Properties	40	4,880	
Pay Adjustments		9,000	
Changes in Recharges		6,530	
			<b>26,360</b>
<b>Director of Transformation &amp; Corporate Performance</b>			
Virements		21,650	
Committee Decisions			
12/09/17 Full Council: Roles of Chief Operating Officer and Head of Paid Service	15,120		
2015/16 Policy Change TCP 1 Revised Staffs Connects Contribution	(20,500)		
2017/18 Policy Change TCP 3 Revenue Implications of Capital Scheme	4,000		
2017/18 Policy Change TCP 5 Vacancy Allowance Increase	(10,890)	(12,270)	
Inflation		4,600	
Other			
2018/19 BWP 006 Car Allowances	190		
2018/19 BWP 017 Insurance	2,670		
2018/19 BWP 026 Staff Health Insurance	(740)		
2018/19 BWP 031 Staffs Connects Contribution	20,500		
2018/19 BWP 035 Bank Charges	(60)	22,560	
Pay Adjustments		27,070	
Changes in Recharges		(60,030)	
			<b>3,580</b>
<b>Director of Communities, Planning &amp; Partnerships</b>			
Virements		(5,120)	
Committee Decisions			
2017/18 Policy Change CPP 1 Senior Management Review		(2,000)	
Inflation		-	

Activity	£	£	£
Other			
2018/19 BWP 017 Insurance		(1,490)	
Pay Adjustments		-	
Changes in Recharges		-	
			<b>(8,610)</b>
<b>Director of Communities, Partnerships &amp; Housing</b>			
Virements		(20,000)	
Committee Decisions			
2017/18 Policy Change DHH 2 Vacancy Allowance Increase		(4,740)	
Inflation		3,200	
Other			
2018/19 BWP 002 Salaries Housing Solutions Policy Officer	(1,430)		
2018/19 BWP 013 Gas & Electricity Charges	560		
2018/19 BWP 017 Insurance	1,620		
2018/19 BWP 022 Bad Debt Provision	3,500		
2018/19 BWP 024 Private Sector Leasing Scheme	(3,070)	1,180	
Pay Adjustments		11,580	
Changes in Recharges		16,260	
			<b>7,480</b>
<b>Director of Growth, Assets &amp; Environment</b>			
Virements		25,120	
Committee Decisions			
12/09/17 Full Council: Roles of Chief Operating Officer and Head of Paid Service	18,900		
2015/16 Policy Change CPP 5 Revenue Impact of Capital Schemes	(144,570)		
2016/17 Policy Change CPP 1 Growth Project Officer	500		
2017/18 Policy Change AE 5 Green Waste Charge	(245,000)		
2017/18 Policy Change AE 6 Marmion House Rental Income	(46,000)		
2017/18 Policy Change AE 7 Marmion House Service Charge Income	(46,000)		
2017/18 Policy Change AE 8 Tamworth Enterprise Centre - Staffing Costs	1,130		
2017/18 Policy Change AE 9 Tamworth Enterprise Centre Savings	(20,030)		
2017/18 Policy Change AE 10 Vacancy Allowance Increase	(29,410)	(510,480)	
Inflation		11,380	
Other			
2015/16 BWP 021 Marmion House Rents and Service Charges	(2,350)		
2015/16 BWP 036 Waste Management	15,060		
2017/18 BWP 027 Marmion House Rents and Service Charges	(1,120)		
2018/19 BWP 013 Gas & Electricity Charges	1,660		

Activity	£	£	£
2018/19 BWP 017 Insurance	(2,170)		
2018/19 BWP 025 Leases	(5,210)		
2018/19 BWP 030 Depreciation Charges	(5,180)		
2018/19 BWP 034 National Minimum Wage Increase	1,620		
2018/19 BWP 035 Bank Charges	(5,930)		
2018/19 BWP 036 Income Targets	41,420		
2018/19 BWP 043 Environmental Health Income	2,420		
2018/19 BWP 045 NNDR Charges for TBC Properties	(46,270)		
2018/19 BWP 047 OPCC Grant	-	(6,050)	
Pay Adjustments		92,830	
Changes in Recharges		1,090	
			<b>(386,110)</b>
<b>TOTAL</b>			<b>(255,390)</b>

( ) denotes saving

	£	£	£
<b>Director of Communities, Partnerships &amp; Housing</b>			
Virements		-	
Committee Decisions:		-	
2017/18 Policy Change HRA 3 Increase Vacancy Allowance		(17,800)	
Inflation		37,650	
Other			
2018/19 BWP 005 Audit Fee	650		
2018/19 BWP 010 Superannuation Allowances	360		
2018/19 BWP 013 Gas & Electricity Charges	15,770		
2018/19 BWP 017 Insurance	13,080		
2018/19 BWP 019 HRA Alarm Call Contract	3,600		
2018/19 BWP 023 Enhanced Housing Management Charges	(8,030)		
2018/19 BWP 025 Leases	(6,860)		
2018/19 BWP 026 Staff Health Insurance	(740)		
2018/19 BWP 035 Bank Charges	2,420		
2018/19 BWP 045 NNDR Charges for TBC Properties	3,250	23,500	
Pay Adjustments		82,590	
Changes in Recharges		38,460	
			<b>164,400</b>
<b>Director of Growth, Assets &amp; Environment</b>			
Virements		-	
Committee Decisions:			
2017/18 Policy Change HRA 3 Increase Vacancy Allowance		(850)	
Inflation		230	
Other			
2018/19 BWP 017 Insurance		40	
Pay Adjustments		3,610	
Changes in Recharges		960	
			<b>3,990</b>
<b>Housing Revenue Account Summary</b>			
Virements		-	
Committee Decisions:			
2015/16 Policy Change HRA 4A Revenue Impact of Capital Schemes	(536,000)		
2015/16 Policy Change HRA 5A (Reversal) of Reduction in RCCO	1,450,000		
2015/16 Policy Change HRA 5B (Reversal) of Increase in RCCO	(1,000,000)		
2015/16 Policy Change HRA 6 Rent Increase	(2,680)		
2016/17 Policy Change HRA 1 Reduction in Social Housing Rents by 1%	722,000		
2017/18 Policy Change HRA 2 Pension Cost Savings	(37,000)	596,320	

	£	£	£
Inflation		121,260	
Other			
2018/19 BWP 009 Interest SOCH/HAA	750		
2018/19 BWP 020 Garage Rents	(2,970)		
2018/19 BWP 021 Housing Rents	167,360		
2018/19 BWP 022 Bad Debt Provision	(20,200)		
2018/19 BWP 027 Treasury Mgmt	(2,390)		
2018/19 BWP 030 Depreciation Charges	45,820		
2018/19 BWP 039 Pensions	80,210	268,580	
Pay Adjustments		-	
Changes in Recharges		-	
			<b>986,160</b>
<b>TOTAL</b>			<b>1,154,550</b>

( ) denotes saving

## General Fund – Technical Adjustments 2018/19

<i>Figures exclude internal recharges which have no bottom line impact</i>	Budget 2017/18	Technical Adjustments						Total Adjustments £	Total Adjusted Base 2018/19
		Virements £	Committee Decisions £	Inflation £	Other £	Pay Adjustments £	Changes in Recharges £		
Chief Executive	168,640	-	(33,210)	190	(470)	5,040	2,700	(25,750)	142,890
Executive Director Corporate Services	385,240	(21,650)	(5,370)	(1,610)	81,950	20,380	(11,840)	61,860	447,100
Director of Finance	44,670	-	79,500	3,710	(105,880)	24,820	32,790	34,940	79,610
Director of Technology & Corporate Programmes	922,710	-	(13,670)	14,060	56,780	(370)	(25,940)	30,860	953,570
Solicitor to the Council	627,660	-	(2,820)	8,770	4,880	9,000	6,530	26,360	654,020
Director of Transformation & Corporate Performance	1,017,650	21,650	(12,270)	4,600	22,560	27,070	(60,030)	3,580	1,021,230
Director of Communities, Planning & Partnerships	8,610	(5,120)	(2,000)	-	(1,490)	-	-	(8,610)	-
Director of Communities, Partnerships & Housing	1,786,010	(20,000)	(4,740)	3,200	1,180	11,580	16,260	7,480	1,793,490
Director of Growth, Assets & Environment	4,662,050	25,120	(510,480)	11,380	(6,050)	92,830	1,090	(386,110)	4,275,940
<b>Grand Total</b>	<b>9,623,240</b>	<b>-</b>	<b>(505,060)</b>	<b>44,300</b>	<b>53,460</b>	<b>190,350</b>	<b>(38,440)</b>	<b>(255,390)</b>	<b>9,367,850</b>

## Housing Revenue Account – Technical Adjustments 2018/19

<i>Figures exclude internal recharges which have no bottom line impact</i>	Budget 2017/18	Technical Adjustments						Total Adjustments £	Total Adjusted Base 2018/19
		Virements £	Committee Decisions £	Inflation £	Other £	Pay Adjustments £	Changes in Recharges £		
Director of Communities, Partnerships & Housing	4,033,600	-	(17,800)	37,650	23,500	82,590	37,710	163,650	4,197,250
Director of Growth, Assets & Environment	(37,400)	-	(850)	230	40	3,610	1,710	4,740	(32,660)
HRA Summary	(3,636,210)	-	596,320	121,260	268,580	-	-	986,160	(2,650,050)
<b>Grand Total</b>	<b>359,990</b>	<b>-</b>	<b>577,670</b>	<b>159,140</b>	<b>292,120</b>	<b>86,200</b>	<b>39,420</b>	<b>1,154,550</b>	<b>1,514,540</b>



## General Fund Summary Budgets – 2018/19

<i>Figures exclude internal recharges which have no bottom line impact.</i>	<b>Base Budget 2017/18 £</b>	<b>Technical Adjustments £</b>	<b>Policy Changes £</b>	<b>Budget 2018/19 £</b>
Chief Executive	168,640	(25,760)	-	142,880
Executive Director Corporate Services	385,240	61,850	-	447,090
Director of Finance	44,670	34,940	461,000	540,610
Director of Technology & Corporate Programmes	922,710	30,870	18,700	972,280
Solicitor to the Council	627,660	26,380	-	654,040
Director of Transformation & Corporate Performance	1,017,650	3,600	15,000	1,036,250
Director of Communities, Planning & Partnerships	8,610	(8,610)	-	-
Director of Communities, Partnerships & Housing	1,786,010	7,470	91,000	1,884,480
Director of Growth, Assets & Environment	4,662,050	(386,130)	259,000	4,534,920
<b>Total Cost of Services</b>	<b>9,623,240</b>	<b>(255,390)</b>	<b>844,700</b>	<b>10,212,550</b>
Transfer to / (from) Balances	(1,454,266)	(1,114,616)	-	(2,568,882)
Revenue Support Grant	(770,996)	277,032	-	(493,964)
Retained Business Rates	(13,253,351)	(343,437)	-	(13,596,788)
Less: Tariff payable	9,791,708	315,025	-	10,106,733
Collection Fund Surplus (Council Tax)	(80,965)	80,965	-	-
Collection Fund Surplus (Business Rates)	(338,112)	338,112	-	-
<b>Council Tax Requirement</b>	<b>(3,517,258)</b>	<b>702,309</b>	<b>(844,700)</b>	<b>(3,659,649)</b>

General Fund Summary Budgets – 2017/18 to 2022/23

<i>Figures exclude internal recharges which have no bottom line impact.</i>	<b>Base Budget 2017/18</b> £	<b>Budget 2018/19</b> £	<b>Budget 2019/20</b> £	<b>Budget 2020/21</b> £	<b>Budget 2021/22</b> £	<b>Budget 2022/23</b> £
Chief Executive	168,640	142,880	179,000	183,250	187,610	193,140
Executive Director Corporate Services	385,240	447,090	462,080	475,940	490,590	510,090
Director of Finance	44,670	540,610	64,770	(261,000)	(432,640)	(428,700)
Director of Technology & Corporate Programmes	922,710	972,280	990,190	1,013,030	1,036,370	1,063,060
Solicitor to the Council	627,660	654,040	671,980	689,180	707,000	726,970
Director of Transformation & Corporate Performance	1,017,650	1,036,250	902,170	930,380	945,320	976,300
Director of Communities, Planning & Partnerships	8,610	-	-	-	-	-
Director of Communities, Partnerships & Housing	1,786,010	1,884,480	1,967,400	1,946,450	1,837,620	1,873,990
Director of Growth, Assets & Environment	4,662,050	4,534,920	4,319,210	4,338,200	4,411,530	4,528,530
<b>Total Cost of Services</b>	<b>9,623,240</b>	<b>10,212,550</b>	<b>9,556,800</b>	<b>9,315,430</b>	<b>9,183,400</b>	<b>9,443,380</b>
Transfer to / (from) Balances	(1,454,266)	(2,568,882)	(1,943,184)	(1,714,972)	(1,417,970)	(1,524,622)
Revenue Support Grant	(770,996)	(493,964)	(184,529)	-	-	-
Retained Business Rates	(13,253,351)	(13,596,788)	(14,043,405)	(14,285,028)	(14,543,423)	(14,802,145)
Less: Tariff payable	9,791,708	10,106,733	10,466,231	10,717,421	10,974,639	11,238,030
Collection Fund Surplus (Council Tax)	(80,965)	-	-	-	-	-
Collection Fund Surplus (Business Rates)	(338,112)	-	-	-	-	-
<b>Council Tax Requirement</b>	<b>(3,517,258)</b>	<b>(3,659,649)</b>	<b>(3,851,913)</b>	<b>(4,032,851)</b>	<b>(4,196,646)</b>	<b>(4,354,643)</b>

\* Figures include proposed Policy Changes

## Housing Revenue Account 2017/18 to 2022/23

<i>Figures exclude internal recharges which have no bottom line impact.</i>	<b>Base Budget 2017/18</b> £	<b>Budget 2018/19</b> £	<b>Budget 2019/20</b> £	<b>Budget 2020/21</b> £	<b>Budget 2021/22</b> £	<b>Budget 2022/23</b> £
Director of Communities, Partnerships & Housing	4,039,380	4,218,760	4,310,830	4,400,240	4,472,420	4,570,460
Director of Growth, Assets & Environment	(43,180)	(39,190)	(35,530)	(31,780)	(29,010)	(25,440)
HRA Summary	(3,636,210)	(1,249,530)	(3,320,650)	(3,550,190)	(3,750,680)	(4,026,040)
<b>Grand Total</b>	<b>359,990</b>	<b>2,930,040</b>	<b>954,650</b>	<b>818,270</b>	<b>692,730</b>	<b>518,980</b>

\* Figures include proposed Policy Changes

## Draft General Fund Capital Programme 2018/19 to 2022/23

<u>General Fund Capital Programme</u>	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £	Total £
Technology Replacement	60,000	60,000	60,000	60,000	-	240,000
Private Sector Grants - Disabled Facilities Grants	250,000	250,000	250,000	250,000	-	1,000,000
CCTV Camera Renewals	15,000	15,000	15,000	15,000	-	60,000
Street Lighting	3,100	28,200	115,300	-	-	146,600
Cultural Quarter - AR	2,592,830	-	-	-	-	2,592,830
Gateways	70,000	-	-	-	-	70,000
<b>2018/19 Proposed schemes:</b>						
1 Indoor and Outdoor Sports Infrastructure Feasibility	100,000	-	-	-	-	100,000
2 Refurbishment of Castle Grounds Toilets	180,000	-	-	-	-	180,000
3 Private Sector Grants Disabled Facilities Grants - Additional	400,000	110,000	110,000	110,000	360,000	1,090,000
4 Energy Efficiency Upgrades to Commercial and Industrial Units	75,000	75,000	75,000	75,000	75,000	375,000
5 Gateways Project - Additional	75,000	120,000	190,000	-	-	385,000
6 Community Woodland Cycleway	160,000	-	-	-	-	160,000
7 Amington Community Woodland	50,000	50,000	50,000	50,000	50,000	250,000
8 Property Funds	6,000,000	6,000,000	-	-	-	12,000,000
9 Technology Replacement Mobile Phone Contract - <b>CONTINGENCY</b>	20,000	-	-	-	-	20,000
10 Technology Replacement GDPR Compliance - <b>CONTINGENCY</b>	45,000	-	-	-	60,000	105,000
11 Homelessness Reduction Act	50,000	-	-	-	-	50,000
12	30,000	-	-	-	-	30,000
<b>Total General Fund Capital</b>	<b>10,175,930</b>	<b>6,708,200</b>	<b>865,300</b>	<b>560,000</b>	<b>545,000</b>	<b>18,854,430</b>
<b>Proposed Financing:</b>						
Grants - Disabled Facilities	360,000	360,000	360,000	360,000	360,000	1,800,000
Section 106 Receipts	225,000	100,000	140,000	50,000	50,000	565,000
General Fund Capital Receipts	301,500	-	-	15,000	-	316,500
Golf Course Receipts	6,000,000	6,000,000	-	-	-	12,000,000
Sale of Council House Receipts	411,500	103,200	240,300	135,000	135,000	1,025,000
Grants - Assembly Rooms (HLF)	339,690	-	-	-	-	339,690
Grants - Assembly Rooms (SLGF)	654,480	-	-	-	-	654,480
Community Infrastructure Levy	-	-	30,000	-	-	30,000
Public Contributions (Assembly Rooms)	50,000	-	-	-	-	50,000
Other Contributions	167,500	-	-	-	-	167,500
<b>Unsupported Borrowing</b>	<b>1,666,260</b>	<b>145,000</b>	<b>95,000</b>	<b>-</b>	<b>-</b>	<b>1,906,260</b>
<b>Total</b>	<b>10,175,930</b>	<b>6,708,200</b>	<b>865,300</b>	<b>560,000</b>	<b>545,000</b>	<b>18,854,430</b>

## Draft Housing Revenue Account Capital Programme 2018/19 to 2022/23

<u>Housing Revenue Account Capital Programme</u>	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £	TOTAL £
Structural Works	100,000	100,000	100,000	100,000	100,000	500,000
Bathroom Renewals	817,420	839,900	850,000	850,000	850,000	4,207,320
Gas Central Heating Upgrades and Renewals	420,000	550,000	460,000	460,000	460,000	2,350,000
Kitchen Renewals	970,690	997,380	900,000	900,000	900,000	4,668,070
Major Roofing Overhaul and Renewals	165,510	170,060	174,310	174,310	174,310	858,500
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
Disabled Facilities Adaptations	324,650	333,580	341,920	341,920	341,920	1,683,990
Retention of Garage Sites	500,000	500,000	-	-	-	1,000,000
Capital Salaries	176,840	180,730	180,000	180,000	180,000	897,570
CDM Fees	5,000	5,000	5,000	5,000	5,000	25,000
<b>Regeneration Schemes</b>						
Tinkers Green	1,634,000	-	-	-	-	1,634,000
Kerria	3,805,250	-	-	-	-	3,805,250
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
<b>2018/19 Proposed schemes:</b>						-
H1 Creation of Office at Eringden	10,000	-	10,000	-	-	20,000
H2 Thermal Upgrades	-	540,000	540,000	540,000	540,000	2,160,000
H3 Strode House Car Park & Garages	530,000	-	-	-	-	530,000
H4 Resurfacing of walkways to walk-up flats	-	250,000	250,000	250,000	250,000	1,000,000
H5 Renewal of High-Rise Lifts	280,000	280,000	280,000	280,000	-	1,120,000
H6 Renewal of Timber walkways to Magnolia	260,000	-	-	-	-	260,000
H7 Replacement of High Rise Soil Stacks	-	315,000	315,000	315,000	-	945,000
<b>Total HRA Capital</b>	<b>14,274,360</b>	<b>8,811,650</b>	<b>8,156,230</b>	<b>8,146,230</b>	<b>7,551,230</b>	<b>46,939,700</b>
<b>Proposed Financing:</b>						
Major Repairs Reserve	5,077,110	4,426,650	3,466,230	5,161,230	4,871,230	23,002,450
HRA Capital Receipts	1,665,000	500,000	1,290,000	500,000	-	3,955,000
Regeneration Revenue Reserves	3,906,300	2,010,000	1,355,000	1,210,000	2,365,000	10,846,300
Capital Receipts from Additional Council House Sales (1-4-1)	708,000	300,000	300,000	390,000	315,000	2,013,000
Regeneration Reserve	2,917,950	900,000	350,000	-	-	4,167,950
Unsupported Borrowing	-	675,000	1,395,000	885,000	-	2,955,000
<b>Total</b>	<b>14,274,360</b>	<b>8,811,650</b>	<b>8,156,230</b>	<b>8,146,230</b>	<b>7,551,230</b>	<b>46,939,700</b>

**Contingencies 2018/19 - 2022/23**

<b>Revenue</b>	2018/19	2019/20	2020/21	2021/22	2022/23
Specific Earmarked &	£'000	£'000	£'000	£'000	£'000
<b>General</b>					
<b>General Fund</b>					
<b>Specific Contingencies</b>					
Waste Management	50	50	50	50	50
<i>General Contingency</i>	42	97	190	264	264
<b>Total GF Revenue</b>	<b>92</b>	<b>147</b>	<b>240</b>	<b>314</b>	<b>314</b>
<b>Housing Revenue Account</b>					
<i>HRA - General Contingency</i>	100	100	100	100	100
<b>Total HRA Revenue</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>