

JOINT SCRUTINY COMMITTEE (BUDGET)

30th January 2018

Report of the Cabinet

DRAFT BUDGET AND MEDIUM TERM FINANCIAL STRATEGY 2018/19 to 2022/23

Purpose

To consider the budget proposals and medium term financial strategy for General Fund (GF) Revenue, the Housing Revenue Account (HRA) and the Capital Programme.

Recommendations

That Members:

- 1. Consider the budget proposals due to be approved by Cabinet at the meeting on 25th January 2018; and**
- 2. Provide views on the budget proposals and council tax strategy, taking into account the prioritisation of resources.**

Executive Summary

At its meeting on 25th January 2018, the Cabinet considered a package of budget proposals for the period 2018/19 to 2022/23 and, as required by the Constitution of the Council, approved that the Scrutiny Committees be asked to consider the budget proposals contained within the report.

A copy of the report detailing the budget proposals is attached at **Annex 1**.

Resource Implications

As contained within the report.

Legal / Risk Implications

As contained within the report.

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 21st February 2017
	Budget and Medium Term Financial Planning Process, Cabinet 20th July 2017
	Budget Consultation Report, Cabinet 2nd November 2017
	Draft Base Budget Forecasts 2018/19 to 2022/23, Cabinet 30th November 2017
	Leaders Budget Workshop, 7th December 2017
	Draft Budget and Medium Term Financial Strategy 2018/19 to 2022/23, Cabinet 25th January 2018

CABINET

25th January 2018

JOINT SCRUTINY COMMITTEE (BUDGET)

30th January 2018

Report of the Leader of the Council

DRAFT BUDGET AND MEDIUM TERM FINANCIAL STRATEGY 2018/19 to 2022/23

Purpose

To approve the draft package of budget proposals (**attached at Appendix A**) to consult with the Joint Scrutiny Committee (Budget) on 30th January 2018 and receive their feedback on the:

- General Fund Revenue (GF) Budget and Council Tax for 2018/19;
- Housing Revenue Account (HRA) Budget for 2018/19;
- Capital Programme – General Fund & HRA;
- Medium Term Financial Strategy (MTFS).

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

Recommendations

That:

- 1. Cabinet approve the draft package of budget proposals including the proposed policy changes (as detailed at Appendix B); and**
- 2. As required by the Constitution of the Council, the Joint Scrutiny Committee (Budget) on 30th January 2018 be requested to consider the budget proposals contained within this report.**

Executive Summary

Based on the draft budget assumptions contained within the report, the headline figures for 2018/19 are:

- A General Fund Net Cost of Services of £10,830,760 an increase of 12.5% compared to 2017/18;
- A transfer of £2,879,334 from General Fund balances;
- The Band D Council Tax would be set at £171.75, an increase of £5.00 (3.0% - c.£0.10 per week) on the level from 2017/18 of £166.75;
- A transfer of £3,795,040 from HRA balances;
- Rents will be set in line with the approved Rent Setting Policy including a 1% reduction in average rent, (1% on the 2017/18 average rent of £85.29) in line with the Government's requirement to reduce rents by 1% p.a. for the 4 years from 2016/17 (based on a 48 week rent year);
- A General Fund Capital Programme of £18.9m for 5 years;
- A Housing Capital Programme of £46.9m (including c.£22.9m relating to the Regeneration Projects) for 5 years.

Currently projections identify:

1. General Fund balances of £32k over 3 years – a shortfall of £468k (with a shortfall of £3.2m over 5 years), including the minimum approved level of £0.5m;

Further savings of around £0.6m p.a. will be required over the next 5 years (based on annual £5 increases in Council Tax). On an annualised basis this would equate to a year on year ongoing saving of £210k over 5 years.

2. HRA balances of £1.6m over 3 years (with balances of £0.6m over 5 years) including the minimum recommended balances of £0.5m.

Key Risks

- Impact of uncertain economic conditions, following the decision to leave the EU – there is a higher level of uncertainty than in previous budget setting processes. It is suggested that, given the uncertainty, there should be no knee jerk reactions – with a clear plan to focus on balancing the next 3 years' budget position for the General Fund (5 years for the HRA);
- Achievement of the anticipated growth in business rates income – in line with the assumed baseline and tariff levels set. The forecast business rates for 2018/19 (NNDR1 return) is due to be completed by 31st January 2018;

- Uncertainty remains over the work progressing with regard to business rates retention (and the associated impact on the Council's business rates income and associated baseline and tariff levels) – it has recently been announced that Councils will be able to retain 75% of business rates collected from 2020/21 rather than 100% as previously planned. In addition, the Government are also consulting on a review of the distribution methodology, the 'Fair Funding Review' as well as the planned Business Rates Reset (when a proportion of the growth in business rates achieved since 2013/14 will be redistributed) - both of which will also take effect from 2020/21. There is a high risk that this will have a significant effect on the Council's funding level from 2020/21;
- Delivery of the planned Commercial Investment 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);

In addition, there is currently an ongoing review of the Treasury Management Investment Guidance / Minimum Revenue Provision Guidance being carried out by DCLG - with a potential restriction of investments by Councils given increased risk exposure. The main issue seems to be the increased risks associated with those Councils who are borrowing large sums to invest in commercial property activities.

- Achievement of anticipated growth in new homes within the Borough and the associated dependency on the New Homes Bonus income to address / reduce the funding shortfall for the General Fund;
- Challenge to continue to achieve high collection rates for council tax, business rates and housing rents – in light of further austerity, economic conditions and uncertainty.
- Finalisation of the provisional Local Government Finance Settlement allocations;
- Work is continuing on a number of actions to address the GF shortfall to inform the final MTFS proposals for consideration by Council in February 2018 - **further savings of around £0.6m p.a. will be required** over the next 5 years (based on annual £5 increases in Council Tax). On an annualised basis this would equate to a year on year ongoing saving of £210k over 5 years.

Background

The budget setting process has faced significant constraints in Government funding in recent years - over 50% in real terms since 2010. The 4 year Local Government Finance Settlement confirmed that austerity measures are to continue with Revenue Support Grant (RSG) all but eradicated for most Councils by 2020 – and suggests that the key challenges that the Council is currently addressing are likely to become greater.

The Council has also adopted a route-map designed to position the Council so it could be Perfectly Placed to take advantage of every opportunity it either created or identified.

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

It is this tried and tested approach that has enabled this Council to navigate its way through the recession, extended periods of austerity and the uncertainties and complexities brought about by ‘devolution’, elected Mayors, Combined Authorities et al.

With many of the challenges of previous years still facing the Council and the uncertainties surrounding issues such as BREXIT, NNDR retention, the future of the NHS and Care Services, our local clarity of Vision and purpose has never been so important.

In addition, the adoption of ‘Demand Management’ as the primary operating model and the targeting of resources via locality based commissioning and delivery has enabled greater effectiveness in service delivery as evidenced by customer satisfaction, award winning services and of course, the management of the Council’s finances. Through its implementation, the Council will have far greater control upon the alignment of services or ‘supply’ to the increased needs and expectations of the public or ‘demand’.

Key to this will be the application of existing and new technology to capture, collate and analyse customer insight, intelligence and data so as to understand not just the ‘need’ but the cause, behaviours or decisions creating the need. Then by the application of locality based commissioning for example, it can commission services that either intervene or prevent future need thereby reducing demand. The report entitled ‘Creating Opportunities from an Uncertain Future’ is available to all Members and is available to the public. This approach will change the organisation and how it works; will require Members to take difficult decisions and adhere to them; will involve managed risks and will sustain essential services critical in supporting the most vulnerable in our communities at a time when demand is increasing and resources reducing.

Accurate forecasting, strong leadership and an innovative, risk aware approach have resulted in the organisation being able, in the main, to sustain a full suite of essential services albeit not without implications for the public, local politicians and the entire workforce.

Significantly, this is as much a testament to the skills and commitment of our workforce and our partners’ collaboration as it is to the actions and decisions of the Joint Executive Management Team (EMT). This period, considered one of the most challenging in post war times, coincided with the Council recording one of its most successful periods of achievement in terms of Customer Satisfaction; measured performance; project delivery and financial management. What makes these achievements ‘special’ is that they were delivered in parallel with the largest and most complex Transformation programme which in itself, resulted in multi-million pound efficiencies.

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

- We will target resources upon those in most need and those most vulnerable.
- We will commission services that will both intervene/prevent future demand and reduce levels of vulnerability.
- We will, as a consequence, meet the Council's stated intention to ensure that the vulnerable are a priority (Motion to Council on 26th November, 2014 refers).

As part of the budget process Policy Changes are required in order to amend base budget provision. As grant and other income levels are reducing, where increased costs are unavoidable then managers should identify compensatory savings. Where savings are identified they must be accompanied by a robust implementation plan. Robust business case templates will have to be submitted to Cabinet and CMT for all Policy Change submissions (Revenue and Capital).

The attached forecast is based on a 5 year period, but does contain a number of uncertainties. It is suggested that, given the uncertainty, there should be no knee jerk reactions – with a clear plan to focus on balancing the next 3 years' budget position, in compliance with the Prudential Code (by which time the economic impact, if any, should be clearer).

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	91	140	192	192
Rental of vacant accommodation space in Marmion House;	H	-	46	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

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 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). This has now been confirmed as unchanged for 2018/19 but it is uncertain for future years.
- 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 of appeals on the Council's business rates income) and the work progressing on the reform of the business rates system by 2020 (with indications of a 75% business rates retention scheme rather than 100% business rates retention).

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 for 3 years. 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 1st 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 this cap will be lifted from 2018/19.

In addition, from April 2016, a new compulsory National Living Wage (NLW) 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) Inclusion of expected outcomes from development of the Commercial Investment Strategy;
- l) Review and finalisation of the revised budgets/policy changes and feedback from the scrutiny process – including the Council Tax increase for 2018/19.

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

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.

Council Tax	Option Modelled / Considered
Model 1	£5.00 increase in Council tax in 2018/19 (followed by increases of £5.00 p.a.)
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)

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

Resource Implications

A summary table of all the budget proposals is shown at the end of the report. The General Fund summary revenue budget for 2018/19 appears at **Appendix D**. A summary of the resulting budgets over the five year period appears at **Appendix F**.

The draft Budget and Medium Term Financial Strategy is based on a council tax increase of £5 for 2018/19 (the maximum permitted under the Government set limits to avoid a referendum) followed by increases at £5 p.a. thereafter & in line with statutory requirements. The Forecast projects General Fund balances of £32k over 3 years – a shortfall of £468k (with a shortfall of £3.2m over 5 years), including the minimum approved level of £0.5m.

It should be noted that in order to ensure General Fund balances remain above the minimum approved level of £0.5m over 5 years **further savings of around £0.6m p.a. will be required** (based on annual £5 increases in Council Tax). On an annualised basis this would equate to a year on year ongoing saving of £210k over 5 years.

The summary HRA Revenue Budget for 2018/19 appears at **Appendix C** (including a summary of the resulting budgets over the 5 year period). Closing balances over 3 years are estimated at £1.6m (£0.6m over 5 years) – in excess of the minimum approved level of £0.5m.

The proposed 5-year General Fund Capital Programme is included at **Appendix H** – the main changes, since the programme was provisionally approved in February 2017, included at this stage are detailed within the report.

The proposed 5-year Housing Capital Programme is included at **Appendix I** – the main changes, since the programme was provisionally approved in February 2017, included at this stage are detailed within the report.

Options

Work is continuing on a number of actions to address the GF shortfall to inform the final MTFS proposals for consideration by Council in February 2017:

- 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 – where possible, 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% c. £45k p.a. year on year for the General Fund (£14k p.a. – HRA); It should be noted that staffing in some services e.g. planning, are key to the delivery of the Council's economic growth agenda and have significant demand from the public and local businesses but can also experience severe recruitment difficulties – which may lead to the use of market supplements to attract staff.
- 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 Strategy (as well as the Treasury Management Investment Strategy, including any prudential borrowing opportunities) to generate improved returns of c. 5% p.a. (plus asset growth) including:
 - Set up of trading company to develop new income streams;
 - Local investment options – Lower Gungate / Solway Close development including the potential to drawdown funding from the Local Growth Fund / Local Enterprise Partnerships (GBS and Staffordshire);
 - Investments in a Diversified Property Fund;
 - Investments in a Diversified Investment Vehicle (property, shares etc.);

Note: these would represent long term investments of between 5 – 10 years (minimum) in order to make the necessary returns (after set up costs).

- Review of reserves / creation of fund for transformation costs (if needed), and
- Targeted Savings – to identify potential areas for review in future years

In addition, the following areas will need to be completed / agreed to inform the Council decision:

- Completion of the Business Rates forecast / NNDR1 statutory return;
- Finalisation of the Policy changes;
- Inclusion of returns from the options arising from the Commercial Investment Strategy; and
- Identification of further savings options.

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.

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 the Leaders Budget Workshop was held on 7th 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 30th January 2018.

Risks to Capital and Revenue Forecasts:

Risk	Control Measure
Major variances to the level of grant / subsidy from the Government (including specific grants e.g. Benefits administration, Business Rates Section 31 funding); (High)	Sensitivity modelling undertaken to assess the potential impact in the estimation of future grant levels; (Medium / High)
New Homes Bonus grant levels lower than estimated; Continuation of the scheme with revisions has been confirmed – further changes are possible in future years. Achievement of forecast growth in housing numbers / reduced void levels; (High/Medium)	Future levels included on a risk based approach in order to offset further grant reductions / uncertainty over additional property numbers; (Medium)
Potential ‘capping’ of council tax increases by the Government or local Council Tax veto / referendum; (Medium)	Current indications are that increases of 2% or £5 and above risk ‘capping’ (confirmed as 3% or £5 for District Councils for 2018/19); (Low)
The achievement / delivery of substantial savings / efficiencies will be needed to ensure sufficient resources will be available to deliver the Council’s objectives through years 4 to 5. Ongoing; (High)	A robust & critical review of savings proposals will be required / undertaken before inclusion within the forecast; (High/Medium)
Pay awards greater than forecast; (Medium)	Public sector pay cap was in place - 1% increase p.a. for 4 years from 2016/17. However, recent announcements indicate that this cap will be lifted from 2018/19 with pay awards of 2% p.a. for 2 years; (Medium / Low)
Pension costs higher than planned / adverse performance of pension fund; (Medium)	Regular update meetings with Actuary; Increases of c.£200k p.a. with a new ‘lump sum’ element have been included following triennial review (during 2016 for 2017/18) for 3 years; (Medium)
Assessment of business rates collection levels to inform the forecast / budget (NNDR1) and estimates of appeals, mandatory & discretionary reliefs, cost of collection, bad debts and collection levels; New burdens (Section 31) grant funding for Central Government policy changes – including impact on levy calculation; Potential changes to the Business Rates Retention system following the announcement for Councils to keep 75%	Robust estimates included to arrive at collection target. Ongoing proactive management & monitoring will continue; Business Rates Collection Reserve - provision of reserve funding to mitigate impact of any changes in business rate income levels; Monitoring of the situation / regular reporting;

Risk	Control Measure
(previously up to 100%) of the business rates collected by 2020/21; (High)	(High / Medium)
Local Council Tax Reduction scheme implementation – potential yield changes and maintenance of collection levels; (High)	Robust estimates included. Ongoing proactive management & monitoring (including a quarterly healthcheck on the implications on the organisation – capacity / finance) will continue; (High / Medium)
Achievement of income streams in line with targets e.g. treasury management interest, car parking, planning, commercial & industrial rents etc.; (High / Medium)	Robust estimates using a zero based budgeting approach have been included; (Medium)
Delivery of the capital programme (GF / HRA – including Regeneration schemes) dependent on funding through capital receipts and grants (including DFG funding through the Better Care Fund); (High / Medium)	Robust monitoring and evaluation – should funds not be available then schemes would not progress; (Medium)
Dependency on partner organisation arrangements and contributions e.g. Waste Management (SCC/LDC). (High / Medium)	Memorandum of Understanding in place with LDC. (Medium)
Delivery of the planned Commercial Investment Strategy actions - current review of the Treasury Management Investment Guidance / Minimum Revenue Provision Guidance being carried out by DCLG - with a potential restriction of investments by Councils given increased risk exposure. (High/Medium)	The main issue seems to be the increased risks associated with those Councils who are borrowing large sums to invest in commercial property activities. (Medium)
Maintenance and repairs backlog for corporate assets – and planned development of long term strategic plan to address such. (High / Medium)	Planned development of long term strategic corporate capital strategy and asset management plan to consider the requirements and associated potential funding streams. (Medium)
Significant financial penalties arising from the implementation of the General Data Protection Regulations (GDPR). (High / Medium)	Implementation plan in place with corporate commitment and good early progress to date – prior to deadline of 25th May 2018. (Medium)

Report Author

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

Background Papers:-	Corporate Vision, Priorities Plan, Budget & Medium Term Financial Strategy 2017/18, Council 21st February 2017
	Budget and Medium Term Financial Planning Process, Cabinet 20th July 2017
	Budget Consultation Report, Cabinet 2nd November 2017
	Draft Base Budget Forecasts 2018/19 to 2022/23, Cabinet 30th November 2017
	Leaders Budget Workshop, 7th December 2017

Summary of Appendices

Description	Appendix
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Policy Changes Summary – GF & HRA	B
HRA Budget Summary 2018/19 – 2022/23	C
General Fund Summary Revenue Budget 2018/19	D
General Fund Technical Adjustments 2018/19 (before policy changes)	E1
HRA Technical Adjustments 2018/19 (before policy changes)	E2
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Detailed Considerations

The Council's approach to medium term planning aims to integrate the Council's Corporate and financial planning processes. In accordance with that approach this report contains firm proposals for 2018/19 and provisional proposals for the following years.

It is intended that all aspects of the budget should be agreed by Members and so this report details each amendment which is proposed to the 2017/18 budget to arrive at the starting point for 2018/19. The report deals in turn with each of the key elements and towards the end of each section is a summary table. Each of these tables is brought together in the summary and conclusions section at the end of the report.

The Council's medium term financial plan used as the basis for the 2018/19 budget, aimed both to deal with a challenging financial position and to find resources to address the Council's corporate priorities. The approved package was based upon:

- The need to compensate for reduced income levels arising from the continuing economic uncertainty and austerity measures;
- Injecting additional resources into corporate priorities;
- Increasing income from council tax and fees and charges; and
- Making other savings and efficiencies.

Financial Background

The medium term financial planning process is being challenged by the uncertain economic conditions. The attached forecast is based on a 5 year period, but does contain a number of uncertainties. The forecast grant reductions and uncertainty over Brexit negotiations will put significant pressure on the ability of the Council to publish a balanced 5 year MTFS.

It is suggested that, given the uncertainty, there should be no knee jerk reactions – with a clear plan to focus on balancing the next 3 years' budget position, in compliance with the Prudential Code (minimum balances of £0.5m) by which time the economic impact, if any, should be clearer.

There are a number of challenges affecting the Medium Term Financial Planning process for the period from 2018/19 to 2022/23 which add a high level of uncertainty to budget projections.

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

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

Effect of x% movement:	% + / -	Impact over 1 year +/- £'000	Impact over 3 years +/- £'000	Impact over 5 years + / - £'000	Risk
Pay Award / National Insurance (GF)	0.5%	45	271	688	M/H
Pension Costs	0.0%	0	61	373	L/M
Council Tax	0.5%	36	170	397	L/M
Inflation / CPI	0.5%	50	307	781	M/H
Government Grant	1.0%	42	246	604	M/H
Investment Interest	0.5%	284	1655	3995	H
Key Income Streams	0.5%	7	49	131	L
New Homes Bonus	10%	15	132	473	M/H
Business Rates	0.5%	68	416	1054	H

GENERAL FUND

Future Revenue Support Grant & Business Rate income

On 19 December 2017, the Secretary of State for the Department for Communities and Local Government, Rt. Hon. Sajid Javid MP, made a statement to Parliament on the provisional local government finance settlement (LGFS) 2018/19.

The updated 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 an increase of 1.5% for 2018/19 and an overall increase for the period 2016/17 to 2019/20 of 2.1%.

Core Spending Power National Position	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Settlement Funding Assessment	21,415	18,767	16,782	15,824	14,773
Council Tax	22,036	23,247	24,666	26,600	28,047
Improved Better Care Fund	-	-	1,115	1,499	1,837
New Homes Bonus	1,200	1,485	1,252	946	900
Rural Services Delivery Grant	16	81	65	65	65
Transition Grant	-	150	150	-	-
Adult Social Care Support Grant	-	0	241	-	-
Core Spending Power	44,666	43,729	44,271	44,934	45,623
Change %		(2.1)%	1.2%	1.5%	1.5%
Cumulative change %		(2.1)%	(0.9)%	0.6%	2.1%

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 2017/18, confirmed as unchanged as part of the provisional 2018/19 LGFS, as detailed below.

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

Business Rates

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

The 2018/19 provisional 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 £386k to the Greater Birmingham & Solihull Local Enterprise Partnership (GBSLEP). No levy was payable for 2014/15 due to the significant increase in appeals during March 2015 – which meant an increase in the provision from £1m to almost £4m. The 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 1st 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.

Levy / Section 31 Grant	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £
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:

BASELINE	2018/19	2019/20	2020/21	2021/22	2022/23
	£	£	£	£	£
February 2017 MTFS / Base Budget Forecast (November 2017):					
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%
Provisional Settlement Funding (December 2017):					
Retained Business Rates	12,103,767	12,488,826	12,788,558	13,095,483	13,409,775
Less: Tariff payable	(9,854,302)	(10,189,469)	(10,434,016)	(10,684,432)	(10,940,858)
Total	2,249,465	2,299,357	2,354,542	2,411,051	2,468,917
% Increase	3.0%	2.2%	2.4%	2.4%	2.4%
Increase / (Decrease)	(4,651)	(34,938)	(35,776)	(36,635)	(37,514)

As identified above, the Business Rates Baseline for 2018/19 is marginally lower than expected at £2.25m. However, due to the variable nature of the BRR element of local authority funding, the provisional settlement no longer provides the absolute funding level for authorities. Overall, Government External support (combined RSG/**Baseline** NNDR) is £5k lower than expected in 2018/19 – the overall reduction in Government Support is 7.2%. The position over 5 years is lower assumed funding of £150k.

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 is subject to confirmation / finalisation over the next few weeks – the latest estimates are detailed below:

BASE BUDGET	2018/19	2019/20	2020/21	2021/22	2022/23
	£	£	£	£	£
Base Budget Forecast (November 2017):					
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%)
Provisional Settlement Funding (December 2017):					
Retained Business Rates	13,596,788	14,043,405	14,285,028	14,543,423	14,802,145
Less: Tariff payable	(9,854,302)	(10,189,469)	(10,434,016)	(10,684,432)	(10,940,858)
Total	3,742,486	3,853,936	3,851,012	3,858,991	3,861,287
% Increase / (Decrease)	8.1%	3.0%	(0.1%)	0.2%	0.1%
Increase / (Decrease) Total	252,431	276,762	283,405	290,207	297,172
		529,193	812,598	1,102,805	1,399,977

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

BASE BUDGET	2018/19	2019/20	2020/21	2021/22	2022/23
	£	£	£	£	£
Base Budget Forecast (November 2017):					
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	(10,106,733)	(10,466,231)	(10,717,421)	(10,974,639)	(11,238,030)
Total	3,984,019	3,761,703	3,567,607	3,568,784	3,564,115
% Increase / (Decrease)	(5.9%)	(5.6%)	(5.2%)	0.0%	(0.1%)
Provisional Settlement Funding (December 2017):					
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	(9,854,302)	(10,189,469)	(10,434,016)	(10,684,432)	(10,940,858)
Total	4,236,450	4,038,465	3,851,012	3,858,991	3,861,287
% Increase / (Decrease)	0.1%	(4.7%)	(4.6%)	0.2%	0.1%
Increase / (Decrease)	252,431	276,762	283,405	290,207	297,172

The table shows that overall funding should be c.£0.25m more than expected in 2018/19 (£1.4m more than expected over 5 years).

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

The retained Business Rates forecast will be updated based on the NNDR1 return which was not received until late December 2017. A separate report on this agenda is due to consider the latest forecast for Business Rates (the statutory NNDR1 return) once finalised – prior to final sign off by the statutory deadline of 31st January 2018.

There are still significant uncertainties - specifically the treatment of:

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

to inform the projected business rates levels for 2018/19 and future years.

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

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 said it would 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.

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

The provisional allocations for 2018/19 have been announced and reflected in the revised forecasts in the table below.

BASE BUDGET NHB	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £
MTFS Budget	331,370	667,180	754,150	870,770	870,770
Base Budget Forecast	181,890	276,950	461,540	615,290	713,860
Reduced income	149,480	390,230	292,610	255,480	156,910
<i>Risk Weighting applied</i>	<i>100%</i>	<i>75%</i>	<i>75%</i>	<i>50%</i>	<i>50%</i>
Revised forecast	148,397	230,374	414,143	561,987	695,707
(Gain) / Loss	33,493	46,216	47,397	53,303	18,153

The national baseline for housing growth below which New Homes Bonus will not be paid was unchanged 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.

The impact on the MTFS over 3 years is a £127k loss (£199k loss over 5 years).

Technical Adjustments

Revisions 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 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; and
- The 'Zero base budgeting' review of income levels.

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

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

Technical Adjustments	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)	-	-	-	-
Total / Revised Base Budget	9,368	9,222	9,293	9,277	9,537

* () denotes saving in base budget

Policy Changes

The policy changes provisionally agreed by Council in February 2017 have been included within the technical adjustments for 2018/19 onwards. **A list of the proposed new policy changes for 2018/19 is summarised below:**

Policy Changes Identified	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Contingency budget to allow for 'in year' decisions to be made by Cabinet	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.)	600.0	(600.0)	-	-	-
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	-	-
Appointment of a Revenues Visiting Officer to identify property changes and new developments earlier – funded by additional council tax and business rate income	33.0	-	-	-	-
Reversal of planned income recharge for collection of BID levy	12.0	-	-	-	-
Commercial Investment Strategy – Feasibility budget	175.0	(125.0)	-	-	-
Revised New Homes Bonus levels	33.5	12.7	1.2	5.9	(35.1)
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	14.0	(14.0)	-	-	-
Extension to GDPR Project Officer contract to cover April & May 2018	7.0	(7.0)	-	-	-
Ongoing costs of Capital scheme proposals - efficiencies in Disaster Recovery and Maintenance costs	(8.0)	8.0	-	-	-
Temporary saving from Restructure in Democratic Services	(4.4)	1.1	1.1	1.1	1.1
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)	-
Additional cost of Health shield contract	7.0	(7.0)	-	-	-
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	71.0	-	(71.0)	-	-

Policy Changes Identified	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Homelessness Reduction Act					
Section 31 New Burdens funding for Homelessness	(20.0)	2.0	(8.0)	26.0	-
Homelessness Prevention activity - proposals for permanent enhanced service delivery arrangements	-	70.0	-	-	-
Ongoing costs of Capital scheme proposals – Homelessness Reduction act software maintenance	-	20.0	-	-	-
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	23.3	(6.7)	16.9	(22.2)	0.5
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)	-	-
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	117.6	(73.6)	(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	-	-
Arts and Events Delivery Budget increase, offset by an increase in income targets of £5000.	15.0	-	-	-	-
Vacant Posts Review	(83.8)	(4.5)	(4.8)	(5.0)	(3.5)
Deferral of Marmion House rental income	92.0	(46.0)	(46.0)	-	-
Ongoing costs of Capital scheme proposals – cleansing/full maintenance of Caste Grounds Toilets	10.0	-	-	-	-
Total New Items / Amendments	1,462.9	(866.0)	(368.6)	(89.2)	(37.0)
Cumulative	1,462.9	596.9	228.3	139.1	102.1

Capping / Local Referendum

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

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

Council Tax

Last year's medium term financial plan identified ongoing increases of £5 (c.3%) per annum from 2017/18.

Each £1 increase in the band D Council Tax would raise approximately £21k per annum. For each 1% increase in Council Tax, the Council will receive c. £36k additional income per annum.

It has been confirmed that the 'referendum' threshold will be the higher of £5 or 3.0% - following a freeze in 2011/12 & 2012/13 and a below 2% increase since then.

A number of scenarios for future years' increases are set out 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	2,879	1,876	1,587	1,310	1,372
Balances Remaining (-) / Overdrawn	(3,495)	(1,619)	(32)	1,278	2,650
£ 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 £0.5m over 3 years (with a shortfall of £3.2m over 5 years), further savings of approx. £0.6m per annum over 5 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
Reduction in Council Tax £	36	71	106	139	171
Revised Surplus (-) /Deficit	2,915	1,947	1,693	1,449	1,543
Balances Remaining (-) / Overdrawn	(3,459)	(1,512)	181	1,630	3,173
£ 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 £0.7m over 3 years (with a shortfall of £3.7m over 5 years) further savings of approx. £0.7m per annum over 5 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
Reduction in Council Tax £	107	144	180	215	249
Revised Surplus (-) /Deficit	2,986	2,020	1,767	1,525	1,621
Balances Remaining (-) / Overdrawn	(3,388)	(1,368)	399	1,924	3,545
£ 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 £0.9m over 3 years (£4m over 5 years) further savings of approx. £0.8m per annum over 5 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
Reduction in Council Tax £	19	36	51	64	74
Revised Surplus (-) /Deficit	2,898	1,912	1,638	1,374	1,446
Balances Remaining (-) / Overdrawn	(3,476)	(1,564)	74	1,448	2,894
£ 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 £0.6m over 3 years (£3.4m over 5 years) further savings of approx. £0.7million per annum over 5 years 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
Reduction in Council Tax £	107	217	329	442	556
Revised Surplus (-) /Deficit	2,986	2,093	1,916	1,752	1,928
Balances Remaining (-) / Overdrawn	(3,388)	(1,295)	621	2,373	4,301
£ 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 £1.1m over 3 years (£4.8m over 5 years) further savings of approx. £1m 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
Reduction in Council Tax £	72	145	219	293	368
Revised Surplus (-) /Deficit	2,951	2,021	1,806	1,603	1,740
Balances Remaining (-) / Overdrawn	(3,423)	(1,402)	404	2,007	3,747
£ 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 £0.9m over 3 years (£4.2m over 5 years) further savings of approx. £0.8million per annum would have to be identified

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

Subject to finalisation of the estimated surplus, it is proposed that all available surpluses be used (and that the relevant sums be made available to the other precepting authorities – the County Council, Fire & Rescue and Office of the Police & Crime Commissioner (OPCC)).

At this stage, no surplus has been included for the business rates element but it is estimated that there will be a surplus of at least £33k p.a. within the Collection Fund for Council Tax – this will be updated following finalisation of the estimated surplus/deficit calculations in January 2018.

Year:	2018/19	2019/20	2020/21	2021/22	2022/23
Council Tax	£'000	£'000	£'000	£'000	£'000
Council Tax Income	(3,682)	(3,875)	(4,056)	(4,221)	(4,380)
Collection Fund Surplus (Council Tax)	(33)	(33)	(33)	(33)	(33)
Collection Fund Surplus (Business Rates)	-	-	-	-	-

The County Council, OPCC and Fire & Rescue Authority are due to finalise their budgets for 2018/19 during February 2018. The impact of the Borough Council tax proposals is shown for each Council Tax Band in **Appendix G**.

Balances

At the Council meeting on 23rd February 2016 Members approved a minimum working level of balances of £0.5m. At 31st March 2018 General Fund revenue balances are estimated to be £6.4m. The minimum level of balances for planning purposes will remain at around £0.5m.

Summary and Conclusions

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

In addition, there remains a degree of uncertainty in a number of areas including future local authority pay settlements, the potential for interest rate changes and the future local government finance settlements. A summary of all the budget proposals is shown in the table below. The summary revenue budget for 2018/19, appears at **Appendix D**.

A summary of the resulting budgets over the five year period appears at **Appendix F**.

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:

GF Summary	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Estimated Net Cost of Services	9,368	9,222	9,293	9,277	9,537
Proposed Policy Changes / Additional Costs Identified	1,463	597	228	139	102
Inflationary impact of policy changes	-	4	6	7	7
Net Expenditure	10,831	9,823	9,527	9,423	9,646
Financing:					
RSG	(494)	(185)	-	-	-
Collection Fund Surplus (Council Tax)	(33)	(33)	(33)	(33)	(33)
Collection Fund Surplus (Business Rates)	-	-	-	-	-
Tariff Payable	9,854	10,189	10,434	10,684	10,941
Non Domestic Ratepayers	(13,597)	(14,043)	(14,285)	(14,543)	(14,802)
Council Tax Income (Model 1)	(3,682)	(3,875)	(4,056)	(4,221)	(4,380)
Gross Financing	(7,952)	(7,947)	(7,940)	(8,113)	(8,274)
Surplus(-) / Deficit	2,879	1,876	1,587	1,310	1,372
Balances Remaining (-) / Overdrawn	(3,495)	(1,619)	(32)	1,278	2,650
Per Council, 21st February 2017	(2,737)	(502)	-	-	-
Band D equivalents	21,438	21,923	22,319	22,602	22,840

Indicating potential General fund balances of approx. £32k over 3 years – a shortfall of £468k (with a shortfall of £1.8m over 4 years & £3.2m over the 5 year period) - including the minimum approved level of £0.5m.

HOUSING REVENUE ACCOUNT

Technical Adjustments

The 2017/18 approved budget has been used as a base to which amendments have been made reflecting the impact of technical adjustments. The impact of the policy led changes, will be added to this figure to produce the HRA budget for 2018/19.

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

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	-	-	-	-
Total / Revised Base Budget	1,515	624	453	320	147

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

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

and are summarised in **Appendix E**.

Proposals

The policy changes proposed for inclusion in the base budget for the next five years are detailed at **Appendix B** and are highlighted below:

Policy Changes Identified	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
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	2,100.0	(2,100.0)	-	-	-
Additional income from implementation of a flexible / affordable rent policy for new build properties	(115.0)	-	-	-	-
Vacant Posts Review - removal of Business Support Assistant post	(20.0)	(1.0)	(1.0)	(0.5)	(0.5)
Total New Items / Amendments	2,280.5	(2,086.0)	34.0	6.5	(0.5)
Cumulative	2,280.5	194.5	228.5	235.0	234.5

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

HRA Summary	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Estimated Net (Surplus) / Deficit	1,515	624	453	320	147
Proposed Policy Changes / Additional Costs Identified	2,280	195	228	235	234
Inflationary impact of policy changes	-	8	15	24	32
Surplus (-) / Deficit	3,795	827	696	579	413
Balances Remaining (-) / Overdrawn	(3,076)	(2,249)	(1,553)	(974)	(561)

Per Council, 21 st February 2017	(3,985)	(3,520)	(3,193)	(2,977)	-
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Indicating Housing Revenue Account (HRA) balances of £1.6m over 3 years (with balances of £0.6m over 5 years) including the minimum recommended balances of £0.5m.

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

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

Rent Setting Policy

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.

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.

On 30th November 2017, Cabinet considered and approved amendments to the Council's Rent Setting Policy to include arrangements to charge affordable rents on new and affordable housing.

The policy provides a framework within which Tamworth Borough Council will set rents and service charges and draws on the Department for Communities and Local Government Guidance on Rent Setting for Social Housing.

In setting the rent setting policy the Council had full regard to legislation, regulations and associated rent setting guidance including the Welfare Reform and Work Act 2016 which gave effect to the Government's 1% rent reduction for four years up to 2020/2021.

For 2017/18 onwards, rents will be set in line with the approved policy.

Balances

The forecast level of balances at 31st March 2018 is £6.9m. The impact on balances of the adjustments outlined in this report would be as follows:

Balances	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Proposed Withdrawal from / Addition to (-) Balances	3,795	827	696	579	413
Balances Remaining (-) / Overdrawn	(3,076)	(2,249)	(1,553)	(974)	(561)

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

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 31st 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 21st 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.

3) Disabled Facilities Grants (DFG)

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 31st 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.

4) Energy Efficiency Upgrades to Commercial & Industrial Units

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.

5) Gateways Project

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.

6) Community Woodland Cycleway

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.

7) Amington Community Woodland

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.

8) Property Funds

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.

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).

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).

9) Technology Replacement – Mobile Phones (Contingency)

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

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.

10) Technology Replacement – Infrastructure/Security

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).

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

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.

11) Civil Contingencies Technology – GDPR (Contingency)

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

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

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

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.

13) General Fund Capital Contingency Budget

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

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

a) CCTV Camera Renewals

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.

b) Cultural Quarter / Assembly Rooms

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.

c) Street Lighting

An updated appraisal has not been prepared – following inclusion of a rolling programme with an annual spend required from 2016/17. The Council has its own stock of street lighting across the borough, mainly in housing areas and other communal parts such as play areas and car parks. The street lighting assets are inspected and maintained by Eon on behalf of the Council under the terms of Staffordshire County Council PFI contract with Eon. Eon have produced a replacement street lighting programme which spans 40 years and includes the replacement of all the lighting columns based on 'their life expectancy' and a lighting head replacement programme based on providing more efficient low energy lighting heads.

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.£2m in borrowing would be needed over the next 5 years (£1m 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

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.

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.

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.

H4 Resurfacing of walkways to walk-up flats

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).

H5 Renewal of High-Rise Lifts

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.

H6 Renewal of timber walkways to Magnolia

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).

H7 Replacement of High Rise Soil Stacks

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.

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

a) Retention of Garage Sites

£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.

b) Development Housing on Garage Sites / Other Acquisitions

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.

Policy Changes Summary

DIRECTORATE	Sheet No.	Budget Changes				
		18/19	19/20	20/21	21/22	22/23
		£'000	£'000	£'000	£'000	£'000
Chief Executive		-	-	-	-	-
Executive Director		-	-	-	-	-
Corporate Services		-	-	-	-	-
Director of Finance	1	1,061.5	(883.3)	(172.8)	65.9	(35.1)
Director of Technology & Corporate Programmes	2	26.7	(13.0)	-	-	-
Solicitor to the Council	3	(4.4)	1.1	1.1	1.1	1.1
Director of Transformation & Corporate Performance	4	22.0	(7.0)	-	(15.0)	-
Director of Communities, Partnerships & Housing	5	71.0	212.0	(79.0)	(114.0)	-
Director of Growth, Assets & Environment	6	286.1	(175.8)	(117.9)	(27.2)	(3.0)
TOTAL		1,462.9	(866.0)	(368.6)	(89.2)	(37.0)
Cumulative		1,462.9	596.9	228.3	139.1	102.1

	Sheet No.	Budget Changes	Budget Changes	Budget Changes	Budget Changes	Budget Changes
		18/19	19/20	20/21	21/22	22/23
		£'000	£'000	£'000	£'000	£'000
Housing Revenue Account	7	2,280.5	(2,086.0)	34.0	6.5	(0.5)
TOTAL		2,280.5	(2,086.0)	34.0	6.5	(0.5)
Cumulative		2,280.5	194.5	228.5	235.0	234.5

Policy Changes Summary Staffing Implications

DIRECTORATE	Sheet No.	Budget Changes				
		18/19	19/20	20/21	21/22	22/23
		£'000	£'000	£'000	£'000	£'000
Chief Executive		-	-	-	-	-
Executive Director		-	-	-	-	-
Corporate Services		-	-	-	-	-
Director of Finance	1	1.0	-	-	-	-
Director of Technology & Corporate Programmes	2	1.0	-	-	-	-
Solicitor to the Council	3	-	-	-	-	-
Director of Transformation & Corporate Performance	4	-	-	-	-	-
Director of Communities, Partnerships & Housing	5	2.0	2.0	(2.0)	-	-
Director of Growth, Assets & Environment	6	(0.8)	-	(1.0)	-	-
TOTAL		3.2	2.0	(3.0)	-	-

	Sheet No.	Budget Changes				
		18/19	19/20	20/21	21/22	22/23
		£'000	£'000	£'000	£'000	£'000
Housing Revenue Account	7	(1.0)	-	-	-	-
TOTAL		(1.0)	-	-	-	-

DIRECTOR TECHNOLOGY & CORPORATE PROGRAMMES

Item No	Proposal/(Existing Budget)	Implications	Budget Change					
			18/19 £'000	19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000	
TC1	To secure ongoing funding to recruit an apprentice within Information Services, specifically the Project & Information Team, to respond to requests & compliance under FOIA, DPA and impending GDPR. In addition the apprentice will receive Project Management training to support various corporate projects.	Funding from within existing salaries budget of approx £4.5k re vacant hours has been identified, however, additional budget to a maximum of £13.7k is required (hourly rate dependent on age of apprentice)	13.7	-	-	-	-	
TC2	Civil Contingencies Technology / Civil Contingencies Unit (CCU) support	Tamworth Borough Council is a Tier 1 Responder under the Civil Contingencies Act and as such, must provide a level of preparedness and ability to respond in the event of an incident. One of the key requirements of this service is the ability to operate Incident Control facilities which can be deployed by ourselves, or any other public body. Little investment has been made in this arena and recent multi agency activities have re-enforced the need for this investment to ensure the organisation can fulfill legislative obligations. In addition, additional CCU Officer time will be required during 2018/19.	14.0	(14.0)	-	-	-	
TC3	Extension to GDPR Project Officer contract to cover April & May 2018		7.0	(7.0)	-	-	-	
TC4	Revenue Implications of Capital Programme	Efficiencies in Disaster Recovery and Hardware Maintenance costs	(8.0)	8.0	-	-	-	
Total New Items / Amendments			26.7	(13.0)	-	-	-	
STAFFING IMPLICATIONS								
			18/19 FTE	19/20 FTE	20/21 FTE	21/22 FTE	22/23 FTE	
TC1	New post - ICT Apprentice		1.0	-	-	-	-	
TOTAL			1.0	-	-	-	-	

SOLICITOR TO THE COUNCIL

Item No	Proposal/(Existing Budget)	Implications	Budget Change				
			18/19 £'000	19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000
SOL1	Temporary saving from Restructure in Democratic Services		(4.40)	1.10	1.10	1.10	1.10
Total New Items / Amendments			(4.40)	1.10	1.10	1.10	1.10
STAFFING IMPLICATIONS							
Item No	Proposal/(Existing Budget)	Implications	18/19 FTE	19/20 FTE	20/21 FTE	21/22 FTE	22/23 FTE
TOTAL			-	-	-	-	-

DIRECTOR OF TRANSFORMATION & CORPORATE PERFORMANCE

Item No	Proposal/(Existing Budget)	Implications	Budget Change				
			18/19 £'000	19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000
TCP1	To secure funding for a further 3 years for a Security presence on the front desk at Marmion House. It is intended to go out to tender for an external provider rather than recruiting an additional member of staff.	50% of cost met by HRA	15.0	-	-	(15.0)	-
TCP2	Additional cost of Healthshield contract	One year cost of extension to contract pending a review during 2018	7.0	(7.0)	-	-	-
Total New Items / Amendments			22.0	(7.0)	-	(15.0)	-
STAFFING IMPLICATIONS							
			18/19 FTE	19/20 FTE	20/21 FTE	21/22 FTE	22/23 FTE
	TOTAL		-	-	-	-	-

DIRECTOR COMMUNITIES, PARTNERSHIPS & HOUSING

Item No	Proposal/(Existing Budget)	Implications	Budget Change				
			18/19	19/20	20/21	21/22	22/23
			£'000	£'000	£'000	£'000	£'000
DHH1	To enable the deployment of committed Homelessness Prevention Grant funding (as approved at Cabinet, November 2015 equating to £127K) to deliver identified and costed initiatives to prevent homelessness in the Borough from March 2018	This provision incorporates the funding initiatives across 2018/19 of £140k leaving a shortfall of £13k. It is therefore requested a further £20k is made available from Homelessness Prevention Grant (£160,453 allocated via RSG) to cover this shortfall to enable services to be maintained and further developed. This will be crucial given the implementation of the Homelessness Reduction Act in March 2018 and is consistent with DCLG expectations regarding the use of the grant to support the introduction of the new duties imposed on Local Authorities arising from this legislation.	20.0	(20.0)	-	-	-
DHH2	Regarding the new legislation, there will be a requirement to utilise DCLG grant received for Homelessness Prevention activity to support the delivery of services beyond the next financial year across 2019/20 and 2020/21.	Given the costs highlighted above, it is proposed that £140k for both 2019/20 and 2020/21 is allocated from Homelessness Prevention Grant funding to maintain effective service delivery	-	140.0	-	(140.0)	-
DHH3	To highlight the potential for additional resources to be made available to support the implementation of the Homelessness Reduction Act. The Government is expected to make "New Burdens" funding available to Local Authorities to assist but it is anticipated this funding will not be sufficient to fully cover the requirement for enhanced capacity particularly in the Council's Private Sector Housing Team. It is anticipated the new legislative requirements will generate an increased demand on the PSH Team in so far as there will be an increased demand for temporary accommodation in the private sector (e.g. via expansion of the PSL scheme).	Given the limited capacity within the PSH team (currently 2 officers) and given the broad range of work they are engaged in, an additional officer (at scale 5 = £33.5k) will be required to undertake the above and additional duties in terms of landlord liaison and increasing supply in the PS. Additionally, it is anticipated the requirements as set out within the HR Act will generate more challenge through more opportunities to request (multiple) reviews. Should this happen, the Housing Solutions Manager would be required to increase the review work currently undertaken and this would consequently weaken the overall capacity to effectively manage the service in what will be a challenging period. It is therefore anticipated that any new burden's funding received will potentially be needed and supplemented by additional funds to engage a review officer (Scale 6 - £37k).	71.0	-	(71.0)	-	-

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change	
			18/19	19/20	20/21	21/22	22/23	
			£'000	£'000	£'000	£'000	£'000	
DHH4		Section 31 New Burdens funding for Homelessness	(20.0)	2.0	(8.0)	26.0	-	
DHH5	Homelessness Prevention activity - proposals for permanent enhanced service delivery arrangements within the Housing Solutions Team	To make permanent the 2 additional members of staff (funding approved as part of the 2017/18 budget process for 2 years only): 1 additional Senior Housing Solutions Officer at Grade 6 (£37K) and 1 additional Housing Solutions Officer at up to Grade 5 (£33K)	-	70.0	-	-	-	
DHH6	Revenue Implications of Capital Programme - Homelessness Reduction act software maintenance	Ongoing costs of scheme proposals	-	20.0	-	-	-	
Total New Items / Amendments			71.0	212.0	(79.0)	(114.0)	-	
STAFFING IMPLICATIONS								
No	Proposal/(Existing Budget)	Implications	18/19 FTE	19/20 FTE	20/21 FTE	21/22 FTE	22/23 FTE	
DHH3	New legislative requirements will generate an increased demand on the PSH Team	An additional officer to undertake the above and additional duties in terms of landlord liaison and increasing supply in the PS together with a review officer.	2.0	-	(2.0)	-	-	
DHH5	Homelessness Prevention - permanent enhanced service delivery arrangements	To make permanent the 2 additional members of staff (funding approved as part of the 2017/18 budget process for 2 years only)	-	2.0	-	-	-	
TOTAL			2.0	2.0	(2.0)	-	-	

18/19 Budget Process - Policy Changes				Sheet	6			
DIRECTOR GROWTH, ASSETS & ENVIRONMENT								
Item No	Proposal/(Existing Budget)	Implications	Budget Change					
			18/19 £'000	19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000	
AE1	Condition Surveys to address an ongoing programme of repairs and building conservation at Tamworth Castle	Architect to deliver condition survey of the building & Architectural appraisal of roof areas and produce specifications for repair	45.00	(45.00)	-	-	-	
AE2	Outdoor event budgets be increased by £5,000 on a permanent basis to support non TBC Community Events	The proposal will address the struggling capacity of the services and help to ensure that TBC event service is able to guide the applications through the legal requirements that are required for large community events ensuring safe events and environments are maintained.	5.00	-	-	-	-	
AE3	Review of the Tamworth Local Plan commencing in 2018/19 and continuing into 2019/20 when an examination will be held	The proposal intends to review the existing evidence base and undertake studies into the development capacity of locations at the Borough's border to lead to an agreed between Lichfield and North Warwickshire on whether development can be accommodated and if so, the quantum and measures required to facilitate the numbers proposed	40.00	-	(40.00)	-	-	
AE4	Tamworth Enterprise Centre - proposed amendment the current budgets to reflect updated estimates.	The Tamworth Enterprise Centre was completed in the summer of 2016. Now the Centre has been operational for a period of months a more accurate estimate of income and expenditure can be made.	23.29	(6.68)	16.88	(22.20)	0.53	
AE5	To ensure that adequate budget provision is in place to fund The Heritage Project Officers salary following a re grade and the forth coming end to arrangements that have been in place to fund to date	This position has been funded from other budgets reducing their ability to full fill service delivery and the original HLF funding for this position is due to expire. The total cost required is £32.7k less £11k existing funding.	22.00	-	-	-	-	
AE6	The recruitment of a Planning Trainee from September 2018 to August 2020 to assist the Development Plan and Development Management Teams to deliver efficient and effective planning services	<ul style="list-style-type: none"> Improved reporting and monitoring capabilities Provision of accurate digital data to allow easy access for customers Increase the effectiveness of the service by releasing qualified, experienced staff to other areas Assist in bringing forward housing development within the borough Directly address government priorities and initiatives to bring forward self-build, a brownfield register and permission in principle 	18.00	-	(18.00)	-	-	

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change	
			18/19 £'000	19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000	
AE7	New Burdens funding to meet the cost of the trainee		(18.00)		18.00			
AE8	Revised budgets for the Assembly Rooms due to delay in progressing the capital scheme		117.62	(73.58)	(44.04)			
AE9a	1.2ha local centre development in Amington	The land is due to be returned to tbc in 2021 and developed to provide long-term revenue income. Funding is required before then to pay for feasibility studies, masterplanning design & marketing.	20.00	10.00	(30.00)			
AE9b	Section 106 funding for local centre development		(20.00)	(10.00)	30.00			
AE10	Arts and Events Delivery Budget increase, offset by an increase in income targets of £5000.	The annual Fireworks event is now hugely popular meaning visitor numbers have soared. As many authorities have cut events programmes we are now attracting crowds from further afield. This is putting the local infrastructure under great pressure. An increase in budgets of £20,000 is required to meet this gap to allow the authority to invest in additional staff and safety measures.	15.00	-	-			
AE11	Vacant Posts Review	Removal of Vacant hours for: Arts & Entertainment Officer Environmental Health Officer Environmental Support Officer Community Safety Manager Community Engagement Coordinator	(83.80)	(4.52)	(4.76)	(5.03)	(3.57)	
AE12	Marmion House Rental income	Deferral of planned income from the Mental Health Trust for Marmion House accommodation	92.00	(46.00)	(46.00)			
AE13	Revenue Implications of Capital Programme	Ongoing costs of scheme proposals	10.00	-	-			
	Total New Items / Amendments		286.11	(175.78)	(117.92)	(27.23)	(3.04)	
STAFFING IMPLICATIONS								
Item No	Proposal/(Existing Budget)	Implications	18/19 FTE	19/20 FTE	20/21 FTE	21/22 FTE	22/23 FTE	
AE5	Heritage Project Officer	As above	1.00	-	-	-	-	
AE6	The recruitment of a Planning Trainee from September 2018 to August 2020	As above	1.00	-	(1.00)	-	-	
AE11	Vacant Posts Review - removal of Business Support Assistant post	Removal of Vacant hours for: Arts & Entertainment Officer Environmental Health Officer Environmental Support Officer Community Safety Manager Community Engagement Coordinator	(2.80)					
	TOTAL		(0.80)	-	(1.00)	-	-	

HOUSING REVENUE ACCOUNT

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			18/19 £'000	19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000
HRA1	Fixed Electrical Installation Checks - to comply with regulations and form part of the council wide fire safety policy for its tenants of council housing	As per Cabinet report (17th August 2017) to continue with a fixed installation testing programme across the councils housing stock. The programme complies with Fire Safety Reform (regulations) 2005 and ensures 5-year programme, totalling £1.53m over 5 years or £306K per annum	306.0	-	-	-	-
HRA2	Revenue Implications of Capital Programme	Reduction in ongoing maintenance costs arising from anti-social behaviour (from creation of an office at Eringden), net of additional costs	(5.5)	-	-	-	-
HRA3	Revenue Implications of Capital Programme	Cost of unsupported borrowing (2.5%) should all proposed schemes progress	-	15.0	35.0	22.0	-
HRA4	To secure funding for a further 3 years for a Security presence on the front desk at Marmion House. It is intended to go out to tender for an external provider rather than recruiting an additional member of staff.	50% of cost met by HRA	15.0	-	-	(15.0)	-
HRA5	Revenue Contribution to Capital Programme	Additional contribution from HRA	2,100.0	(2,100.0)	-	-	-
HRA6	Rental of New Build properties	Additional income from implementation of a flexible / affordable rent policy for new build properties - rent capped at LHA rates	(115.0)	-	-	-	-
HRA7	Vacant Posts Review - removal of Business Support Assistant post		(20.0)	(1.0)	(1.0)	(0.5)	(0.5)
Total New Items / Amendments			2,280.5	(2,086.0)	34.0	6.5	(0.5)

STAFFING IMPLICATIONS

Item No	Proposal/(Existing Budget)	Implications	18/19	19/20	20/21	21/22	22/23
			FTE	FTE	FTE	FTE	FTE
HRA7	Vacant Posts Review - removal of Business Support Assistant post		(1.0)				
TOTAL			(1.0)	-	-	-	-

HOUSING REVENUE ACCOUNT BUDGET SUMMARY 2018/19 – 2022/23

<i>Figures exclude internal recharges which have no bottom line impact.</i>	Base Budget 2017/18 £	Budget 2018/19 £	Budget 2019/20 £	Budget 2020/21 £	Budget 2021/22 £	Budget 2022/23 £
Director of Communities, Partnerships & Housing	4,039,380	4,193,260	4,284,330	4,372,740	4,444,420	4,541,960
Director of Growth, Assets & Environment	(43,180)	(39,190)	(35,530)	(31,780)	(29,010)	(25,440)
HRA Summary	(3,636,210)	(359,030)	(3,422,500)	(3,644,200)	(3,836,650)	(4,103,780)
Grand Total	359,990	3,795,040	826,300	696,760	578,760	412,740

Figures include proposed Policy Changes

General Fund Summary Budgets – 2018/19

<i>Figures exclude internal recharges which have no bottom line impact.</i>	Base Budget 2017/18 £	Technical Adjustments £	Policy Changes £	Budget 2018/19 £
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	1,061,500	1,141,110
Director of Technology & Corporate Programmes	922,710	30,870	26,700	980,280
Solicitor to the Council	627,660	26,380	(4,400)	649,640
Director of Transformation & Corporate Performance	1,017,650	3,600	22,000	1,043,250
Director of Communities, Planning & Partnerships	8,610	(8,610)	-	-
Director of Communities, Partnerships & Housing	1,786,010	7,470	71,000	1,864,480
Director of Growth, Assets & Environment	4,662,050	(386,130)	286,110	4,562,030
Total Cost of Services	9,623,240	(255,390)	1,462,910	10,830,760
Transfer to / (from) Balances	(1,454,266)	(1,425,068)	-	(2,879,334)
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	62,594	-	9,854,302
Collection Fund Surplus (Council Tax)	(80,965)	47,965	-	(33,000)
Collection Fund Surplus (Business Rates)	(338,112)	338,112	-	-
Council Tax Requirement	(3,517,258)	1,298,192	(1,462,910)	(3,681,977)

* As detailed in Appendix E1

General Fund – Technical Adjustments 2018/19

<i>Figures exclude internal recharges which have no bottom line impact</i>	Technical Adjustments								Total Adjusted Base 2018/19
	Budget 2017/18	Virements £	Committee Decisions £	Inflation £	Other £	Pay Adjustments £	Changes in Recharges £	Total Adjustments £	
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
Grand Total	9,623,240	-	(505,060)	44,300	53,460	190,350	(38,440)	(255,390)	9,367,850

HRA Technical Adjustments – 2018/19

<i>Figures exclude internal recharges which have no bottom line impact</i>	Technical Adjustments								Total Adjusted Base 2018/19
	Budget 2017/18	Virements £	Committee Decisions £	Inflation £	Other £	Pay Adjustments £	Changes in Recharges £	Total Adjustments £	
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)
Grand Total	359,990	-	577,670	159,140	292,120	86,200	39,420	1,154,550	1,514,540

General Fund Five Year Revenue Budget Summary

<i>Figures exclude internal recharges which have no bottom line impact.</i>	Budget 2018/19 £	Budget 2019/20 £	Budget 2020/21 £	Budget 2021/22 £	Budget 2022/23 £
Chief Executive	142,880	179,000	183,250	187,610	193,140
Executive Director Corporate Services	447,090	462,080	475,940	490,590	510,090
Director of Finance	1,141,110	275,270	(48,990)	(214,410)	(245,240)
Director of Technology & Corporate Programmes	980,280	989,990	1,012,830	1,036,170	1,062,850
Solicitor to the Council	649,640	668,680	686,980	705,900	726,970
Director of Transformation & Corporate Performance	1,043,250	902,350	930,560	945,500	976,490
Director of Communities, Partnerships & Housing	1,864,480	2,039,400	2,010,950	1,928,630	1,965,530
Director of Growth, Assets & Environment	4,562,030	4,306,160	4,275,610	4,342,530	4,456,360
Total Cost of Services	10,830,760	9,822,930	9,527,130	9,422,520	9,646,190
Transfer to / (from) Balances	(2,879,334)	(1,876,575)	(1,586,640)	(1,309,606)	(1,372,333)
Revenue Support Grant	(493,964)	(184,529)	(0)	(0)	(0)
Retained Business Rates	(13,596,788)	(14,043,405)	(14,285,028)	(14,543,423)	(14,802,145)
Less: Tariff payable	9,854,302	10,189,469	10,434,016	10,684,432	10,940,858
Collection Fund Surplus (Council Tax)	(33,000)	(33,000)	(33,000)	(33,000)	(33,000)
Collection Fund Surplus (Business Rates)	-	-	-	-	-
Council Tax Requirement	(3,681,977)	(3,874,890)	(4,056,478)	(4,220,923)	(4,379,570)

Figures include proposed Policy Changes

Appendix G

Council Tax levels at each band for 2018/19

	Tamworth Council Tax 2017/18	Tamworth Borough Council	* Staffordshire County Council	* Office of the Police & Crime Commissioner (OPCC) Staffordshire	* Stoke on Trent and Staffordshire Fire and Rescue Authority	Total 2018/19	Total Council Tax 2017/18
	£	£	£	£	£	£	£
Demand/Precept on Collection Fund		3,681,977	25,706,214	3,960,994	1,560,950	34,910,135	
Council Tax Band							
A	111.17	114.50	799.40	123.18	48.54	1,085.62	1,041.34
B	129.69	133.58	932.63	143.71	56.63	1,266.55	1,214.89
C	148.22	152.67	1,065.87	164.24	64.72	1,447.50	1,388.45
D	166.75	171.75	1,199.10	184.77	72.81	1,628.43	1,562.01
E	203.81	209.92	1,465.57	225.83	88.99	1,990.31	1,909.13
F	240.86	248.08	1,732.03	266.89	105.17	2,352.17	2,256.24
G	277.92	286.25	1,998.50	307.95	121.35	2,714.05	2,603.35
H	333.50	343.50	2,398.20	369.54	145.62	3,256.86	3,124.02
% increase	3.09%	3.00%	4.95%	1.99%	1.75%	4.25%	4.25%

** Assuming increases in Council Tax levels in line with those for 2017/18. At the time of printing precept information for the County Council, OPCC and the Fire & Rescue Authority is still awaited.*

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

General Fund Capital Programme	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
2018/19 Proposed schemes:						
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 - CONTINGENCY	20,000	-	-	-	-	20,000
10 Technology Replacement GDPR Compliance - CONTINGENCY	45,000	-	-	-	60,000	105,000
11	50,000	-	-	-	-	50,000
12 Homelessness Reduction Act	30,000	-	-	-	-	30,000
Total General Fund Capital	10,175,930	6,708,200	865,300	560,000	545,000	18,854,430
Proposed Financing:						
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
Unsupported Borrowing	1,666,260	145,000	95,000	-	-	1,906,260
Total	10,175,930	6,708,200	865,300	560,000	545,000	18,854,430

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
Regeneration Schemes						
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
2018/19 Proposed schemes:						-
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
Total HRA Capital	14,274,360	8,811,650	8,156,230	8,146,230	7,551,230	46,939,700
Proposed Financing:						
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	2,355,000	1,210,000	2,365,000	11,846,300
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	395,000	885,000	-	1,955,000
Total	14,274,360	8,811,650	8,156,230	8,146,230	7,551,230	46,939,700

Main Assumptions

Inflationary Factors	2018/19	2019/20	2020/21	2021/22	2022/23
Inflation Rate - Pay Awards (plus NLW increases)	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 indicate that this cap will be lifted from 2018/19 with flat rate pay awards of 2% p.a. for 2 years from 2018/19 (plus additional increases for the lower paid in line with the National Living Wage). Increases in the national paybill of 2.707% (2018/19) and 2.802% (2019/20) have been reported.
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.
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. An increase of £5 p.a. in Council Tax - current indications are that increases of 2% or £5 and above risk 'capping' (confirmed as 3% or £5 for District Councils for 2018/19);
8. The major changes to the previously approved policy changes are included within this forecast – Directors were issued with the provisional information in August to review, confirm & resubmit by the end of September;
9. Annual year-on-year pension cost increases of c. £200k p.a. for 3 years via the pension lump sum element for past liabilities have been included (following initial indications from the SCC triennial review in 2016).
10. Reduction in rent levels by 1% per the statutory requirement & current indications that sales of council houses will be approximately 50 per annum.
11. 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.

Sensitivity Analysis

	Risk	Potential Budgetary Effect				
		2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Pay Award / National Insurance (GF)						
Impact +/- 0.5% Variance £'000	L	45	90	136	184	233
Budget Impact over 1 year	L	45				
Budget Impact over 3 years	M	271				
Budget Impact over 5 years	H	688				
Pay Award / National Insurance (HRA)						
Impact +/- 0.5% Variance £'000	L	14	28	43	58	74
Budget Impact over 1 years	L	14				
Budget Impact over 3 years	L	85				
Budget Impact over 5 years	M	217				
Subject to negotiation for Local Government pay (including any protection for low paid employees)						
Pension Costs						
Impact +/- 0.5% Variance £'000	L	0	0	61	124	188
Budget Impact over 1 year	L	0				
Budget Impact over 3 years	L	61				
Budget Impact over 5 years	M	373				
3 year agreement in place from 2017/18 - subject to stock market & membership changes						
Council Tax						
Impact on Council Tax income £'000		36	56	78	101	126
Budget Impact over 1 year	L	36				
Budget Impact over 3 years	L	170				
Budget Impact over 5 years	M	397				
Inflation / CPI						
Impact +/- 0.5% Variance £'000	L	50	102	155	209	265
Budget Impact over 1 year	L	50				
Budget Impact over 3 years	M	307				
Budget Impact over 5 years	H	781				
Government Grant						
Impact +/- 1.0% Variance £'000	L	42	83	121	160	198
Budget Impact over 1 year	L	42				
Budget Impact over 3 years	M	246				
Budget Impact over 5 years	H	604				

	Risk	Potential Budgetary Effect				
		2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Investment Interest						
Impact +/- 0.5% Variance £'000	M	284	556	815	1057	1283
Budget Impact over 1 year	M	284				
Budget Impact over 3 years	H	1655				
Budget Impact over 5 years	H	3995				
Key Income Streams (GF)						
Impact +/- 0.5% Variance £'000	L	7	16	26	36	46
Budget Impact over 1 year	L	7				
Budget Impact over 3 years	L	49				
Budget Impact over 5 years	L	131				
Key Income Streams (HRA)						
Impact +/- 0.5% Variance £'000	L	87	172	260	349	440
Budget Impact over 1 years	L	87				
Budget Impact over 3 years	H	519				
Budget Impact over 5 years	H	1308				
New Homes Bonus						
Impact +/- 10% Variance £'000	L	15	38	79	136	205
Budget Impact over 1 year	L	15				
Budget Impact over 3 years	L	132				
Budget Impact over 5 years	H	473				
Business Rates						
Impact +/- 10% Variance £'000	L	68	138	210	282	356
Budget Impact over 1 year	L	68				
Budget Impact over 3 years	M	416				
Budget Impact over 5 years	H	1054				

Contingencies 2018/19 - 2022/23

Revenue	2018/19	2019/20	2020/21	2021/22	2022/23
Specific Earmarked &	£'000	£'000	£'000	£'000	£'000
General					
General Fund					
Specific Contingencies					
Waste Management	50	50	50	50	50
<i>General Contingency</i>	142	197	290	364	364
Total GF Revenue	192	247	340	414	414
Housing Revenue Account					
<i>HRA - General Contingency</i>	100	100	100	100	100
Total HRA Revenue	100	100	100	100	100

Capital	2018/19	2019/20	2020/21	2021/22	2022/23
Specific Earmarked &	£'000	£'000	£'000	£'000	£'000
General					
General Fund					
Specific Contingencies					
<i>General Capital Contingency*</i>	50	-	-	-	-
Total GF Capital	50	-	-	-	-
Housing Revenue Account					
<i>HRA - General Capital Contingency*</i>	100	-	-	-	-
Total HRA Capital	100	-	-	-	-

* Forecast to be re-profiled from 2017/18 Capital Programme

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