

29<sup>th</sup> November 2018

### REPORT OF THE LEADER OF THE COUNCIL

#### DRAFT BASE BUDGET FORECASTS 2019/20 to 2023/24

##### **Purpose**

To inform Members of the re-priced base budget for 2019/20, base budget forecasts for the period 2019/20 to 2023/24 (the 5 Year Medium Term Planning Period) and the underlying assumptions and to consider the future strategy to address the financial trends.

##### **Recommendations**

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

- 1. the technical adjustments and re-priced base budget figures for 2019/20 & indicative budgets to 2023/24 be approved (as attached at Appendix B, C, D, E, F, G & H);**
- 2. consideration be given to the proposed Policy Changes and Capital Programmes, as detailed within the report;**
- 3. consideration be given to the planned changes to Council Tax and Housing Rent for 2019/20, as detailed within the report; and**
- 4. in compliance with the Constitution of the Council, the Leader's Budget Workshop be asked to consider the budget proposals contained within this report.**

##### **Executive Summary**

The following detailed budget information is contained within the report:

- Re-priced base budget information (& the associated technical adjustments) for 2019/20 in respect of the General Fund (GF) and Housing Revenue Account (HRA);
- A five year, medium term financial forecast for the General Fund and HRA;
- The associated strategy to address the financial trends & projection;
- The Provisional Capital Programmes for the General Fund and Housing Revenue Account for the period 2019/20 to 2023/24.

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

Currently projections identify:

1. a General Fund shortfall of £1.8m over 3 years (with a shortfall of £6.4m over 5 years), including the minimum approved level of £0.5m;
2. HRA balances of £2.3m over 3 years (with £1.2m over 5 years) including the minimum recommended balances of £0.5m.

Including new policy change proposals of c.£0.8m over 3 years (£1.1m over 5 years) the updated forecast shows that over the 3 year period to 2021/22, there will be a shortfall in balances of £1.8m (compared with a forecast shortfall of £0.9 when the Medium Term Financial Strategy (MTFS) was approved in February 2018) with a shortfall in balances of £4m over the 4 years to 2022/23 increasing to £6.4m in 2023/24 (the shortfall was previously c.£1.9m in 2022/23).

**Further savings of around £0.6m p.a. will be required** over the next 3 years (based on annual £5 increases in Council Tax) with savings of c.£1.3m p.a. required over 5 years. On an annualised basis this would equate to a year on year ongoing saving of £0.3m over 3 years (£0.4m over 5 years).

A balanced 5 year forecast was presented for the Housing Revenue Account (HRA). Including new policy change proposals of c.£0.5m over 3 years (£2m over 5 years) the updated forecast shows that over the 3 year period to 2021/22, balances of £2.3m will remain with balances of £1.1m over the 4 years to 2022/23 increasing to £1.2m in 2023/24 (balances were previously forecast at £0.7m in 2022/23).

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

- Potential changes to future New Homes bonus levels and doubt over 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). Current indications are that this will increase to 0.6% for 2019/20 as the funding allocation is cash limited.
- 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.

However, there remains a high degree of uncertainty arising from the most significant changes in Local Government funding for a generation in 2020/21 arising from:

- The Government's Fair Funding Review (FFR) of the distribution methodology including:
  - changes to the needs assessment (which will determine each Council's share of the national funding for Local Government – it is likely that this will reflect the impact of Social Care demands and that funding will be redistributed to Unitary and County Councils to the detriment of District Councils);
  - treatment of relative resources (to determine how much each Council can fund locally through income from fees and charges and council tax); and
  - any transitional arrangements to protect Councils from significant reductions in funding – and the impact from their unwinding from 2021/22.
- Spending Review 2019 (SR19) – where the total spending allocation for Government Departments will be set – including national control totals for Local Government spending. It has already been announced that significant additional funding will be diverted to the NHS which could mean further reductions for other Departments including Local Government;
- The ongoing review of the Business Rates Retention (BRR) scheme – the Government announced that Councils will be able to retain 75% of business rates collected from 2020/21 rather than 100% as previously planned with work progressing on the design of the new system including the impact of 'rolling in' grants such as Housing Benefit administration and New Homes Bonus; In addition, the calculation of the level of business rate appeal costs will impact on the forecast level of retained business rates – of which the Council has to fund 40% from its own budgets – a provision of £4.3m was set aside at the end of 2017/18 (40% of which relates to the Council);
- The planned reset of the Business Rates baseline for each Council from 2020/21 and redistribution of the growth achieved since 2013 (of over £1m p.a.);
- Uncertainty over the ongoing funding for the New Homes Bonus scheme, local growth in housing numbers and share of the national pool (including potential increases to the 'deadweight' for which Council's no longer receive grant).

In addition, the next planned national Business Rates Revaluation will take effect from 2021/22 – with latest indications that the Government will also aim to introduce a centralised system for business rate appeals at the same time to cover future changes arising from the 2021 valuation list.

While we are aware of these forthcoming changes, little to no information is available on the potential impact for individual Councils' finances.

- 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.
- 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.
- 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);
- While the Government announced a pay cap for 2014/15 & 2015/16, a 2.2% increase (plus other changes) was agreed from 1<sup>st</sup> January 2015. A further 1% pay cap for public sector workers for the 4 years from 2016/17 was set but following Government announcements regarding public sector pay this cap was lifted from 2018/19 with a 2% increase agreed.

For 2019/20 a 2% increase was agreed and included the introduction of a new pay spine on 1<sup>st</sup> April 2019 based on a bottom rate of £17,364 with additions, deletions and changes to other spinal column points. This could have a significant impact in terms of current grading and a review is underway to assess the impact of the assimilation and implementation of the new pay spine from 1<sup>st</sup> April 2019.

In addition, from April 2016, a new compulsory National Living Wage (NLW) for the over 25s was introduced to replace the National Minimum Wage.

- 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;
- The impact of any further uncertainty over future interest rate levels and their impact on investment income / treasury management;
- Due to uncertainties around the Better Care Fund, a significant risk on the current grant funding for Disabled Facilities Grants (DFG) is highlighted after 2018/19.

A grant of £400k p.a. has been assumed to be redistributed – in line with the funding notified for 2018/19;

- Inclusion of expected outcomes from development of the Commercial Investment Strategy;
- Review and finalisation of the revised budgets/policy changes and feedback from the scrutiny process – including the Council Tax increase for 2019/20.

## Options Considered

As part of the budget setting process a number of options for the council tax increase levels for 2019/20 and future years have been modelled / considered.

| <b>Council Tax</b> | <b>Option Modelled / Considered</b>   |
|--------------------|---|
| <b>Model 1</b>     | <b>£5.00 increase in Council tax in 2019/20 (followed by increases of £5.00 p.a.)</b> |
| Model 2            | 2.99% increase in Council tax in 2019/20 (followed by increases of c.2.99% p.a.)      |
| Model 3            | 0% increase in Council tax in 2019/20 (followed by increases of c.2.99% p.a.)         |
| Model 4            | 2.5% increase in Council tax in 2019/20 (followed by increases of 2.5% thereafter)    |
| Model 5            | 0% increase in Council tax in 2019/20 (followed by increases of 0% thereafter)        |
| Model 6            | 1% increase in Council tax in 2019/20 (followed by increases of 1% thereafter)        |

  

| <b>Rent</b>                  | <b>Option Modelled / Considered</b>                             |
|------------------------------|---|
| <b>Statutory Requirement</b> | <b>Reduction of 1% (in line with the statutory requirement)</b> |

## Resource Implications

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

- The Forecast projects a General Fund shortfall of £1.8m over 3 years (£6.4m over 5 years), including the minimum approved level of £0.5m – assuming annual Council Tax increases of £5 p.a. - in line with the cap set by the Ministry for Housing, Communities & Local Government (MHCLG) for 2018/19.

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

- a) Impact of Committee decisions on the 2018/19 budget – a General Fund (GF) saving of £1.6m;
- b) GF Base Budget review 2019/20:
  - The final outturn for 2017/18 – additional balances of £0.3m from a higher than forecast underspend position of £1.8m. A projected underspend of £0.9m for 2018/19 has been included (including returned business rates levy from GBSLEP of £0.4m);
  - Potential impact from the Business Rates Baseline reset – c. £1.2m p.a. reduced income / increased tariff from 2020/21 from a reset to the Council's baseline need level. No further changes to the level of Government support / grants arising from the Fair Funding Review / SR 2019 have been included given the uncertainty;

- Revised new homes bonus levels through the redistribution process - a 50% reduction in New Homes Bonus funding has been assumed, £0.5m over 3 years;
  - Additional income from the Commercial Investment Strategy acquisitions – c.£0.25m to 2020/21;
  - Additional savings arising from phases 1 and 2 of the Senior Management Review – c.£0.5m over 3 years;
  - Reduced Benefits costs, increased grants and reduced bad debt provision, £0.25m p.a.
  - Work is progressing to understand the impact of the recent pay award and associated changes to pay scales arising from implementation of the national living wage – at this stage no additional costs have been included.
- The current forecast projects Housing Revenue Account (HRA) balances of £2.3m over 3 years with balances of £1.2m over 5 years including the minimum recommended balances of £0.5m.

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

a) Impact of Committee decisions on the 2019/20 budget – savings of £3.1m;

b) HRA Base Budget review:

- The final outturn for 2017/18 and a projected underspend of £169k for 2018/19 has been included;
- Savings arising from phases 1 and 2 of the Senior Management Review – c.£0.1m p.a.;
- Additional rent income, £0.5m over 3 years;
- Additional interest income due to higher level of balances, £0.25m over 3 years;
- Changes arising from the updated HRA Business plan.

### **Legal / Risk Implications**

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

In line with the constitution a Joint Scrutiny Budget Workshop has been arranged for 6<sup>th</sup> December 2018.

In order to allow Scrutiny Committees to respond to the Cabinet on the outcome of their deliberations, a meeting of the Scrutiny Committee (Budget) has been arranged for 30<sup>th</sup> January 2019.

Proposed amendments to the 2018/19 base budget, approved by Council on 27<sup>th</sup> February 2018, are detailed within the report.

## Key Risks

- Impact of uncertain economic conditions, following the decision to leave the EU – there is a higher level of uncertainty than in previous budget setting processes. It is suggested that, given the uncertainty, there should be no knee jerk reactions – with a clear plan to focus on balancing the next 3 years' budget position for the General Fund (5 years for the HRA);
- Achievement of the anticipated growth in business rates income – in line with the assumed baseline and tariff levels set.
- Uncertainty remains over the work progressing 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);

The MHCLG recently issued revised Investment and Minimum Revenue Provision (MRP) guidance, in response to recent concerns with regard to Councils who are borrowing large sums to invest in commercial property activities. Key issues include amendments to the definition of an investment, so that it now covers all financial assets and other non-financial assets that an authority holds primarily to generate financial returns, such as investment portfolios; and the proviso that authorities should not borrow in advance of need purely to profit from the investment of extra sums borrowed. Additional disclosures are also required in terms of risk management around investments.

- 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.

The savings already contained within the Base Budget forecast include:

| Planned Saving area  | Risk | 2019/20<br>£'000 | 2020/21<br>£'000 | 2021/22<br>£'000 | 2022/23<br>£'000 | 2023/24<br>£'000 |
|--|------|------------------|------------------|------------------|------------------|------------------|
| Delivering Quality Services project  | M    | 100              | 100              | 100              | 100              | 100              |
| Reduced CRM costs  | M    | 62               | 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 GF (£14k p.a. – HRA) | L    | 45               | 49               | 52               | 52               | 52               |
| Rental of vacant accommodation space in Marmion House  | H    | 46               | 92               | 92               | 92               | 92               |

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);<br><b>(High)</b>  | Sensitivity modelling undertaken to assess the potential impact in the estimation of future grant levels;<br><b>(Medium / High)</b>  |
| New Homes Bonus grant levels lower than estimated; Continuation of the scheme with revisions has been confirmed – further changes are possible in future years. Achievement of forecast growth in housing numbers / reduced void levels;<br><b>(High/Medium)</b> | Future levels included on a risk based approach in order to offset further grant reductions / uncertainty over additional property numbers;<br><b>(Medium)</b>                             |
| Potential 'capping' of council tax increases by the Government or local Council Tax veto / referendum;<br><b>(Medium)</b>  | Current indications are that increases of 3% or £5 and above risk 'capping' (confirmed as 3% or £5 for District Councils for 2018/19); <b>(Low)</b>  |
| The achievement / delivery of substantial savings / efficiencies will be needed to ensure sufficient resources will be available to deliver the Council's objectives through years 4 to 5. Ongoing; <b>(High)</b>  | A robust & critical review of savings proposals will be required / undertaken before inclusion within the forecast;<br><b>(High/Medium)</b>  |
| Pay awards greater than forecast;<br><b>(Medium)</b>   | Public sector pay cap was in place - 1% increase p.a. for 4 years from 2016/17. However, this cap was lifted from 2018/19 with pay awards of 2% p.a. for 2 years;<br><b>(Medium / Low)</b> |
| Pension costs higher than planned / adverse performance of pension fund;   | 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                               |



| <b>Risk</b>   | <b>Control Measure</b>  |
|---|---|
| <b>(Medium)</b>   | 2017/18) for 3 years; <b>(Medium)</b>   |
| Assessment of business rates collection levels to inform the forecast / budget (NNDR1) and estimates of appeals, mandatory & discretionary reliefs, cost of collection, bad debts and collection levels;  | Robust estimates included to arrive at collection target. Ongoing proactive management & monitoring will continue;  |
| New burdens (Section 31) grant funding for Central Government policy changes – including impact on levy calculation;  | Business Rates Collection Reserve - provision of reserve funding to mitigate impact of any changes in business rate income levels;  |
| Potential changes to the Business Rates Retention system following the announcement for Councils to keep 75% (previously up to 100%) of the business rates collected by 2020/21; <b>(High)</b>  | Monitoring of the situation / regular reporting;<br><br><b>(High / Medium)</b>  |
| Local Council Tax Reduction scheme implementation – potential yield changes and maintenance of collection levels;   | Robust estimates included. Ongoing proactive management & monitoring (including a quarterly healthcheck on the implications on the organisation – capacity / finance) will continue; <b>(High / Medium)</b> |
| <b>(High)</b>   |   |
| Achievement of income streams in line with targets e.g. treasury management interest, car parking, planning, commercial & industrial rents etc.; <b>(High / Medium)</b>   | Robust estimates using a zero based budgeting approach have been included;<br><br><b>(Medium)</b>   |
| Delivery of the capital programme (GF / HRA – including Regeneration schemes) dependent on funding through capital receipts and grants (including DFG funding through the Better Care Fund); <b>(High / Medium)</b>   | Robust monitoring and evaluation – should funds not be available then schemes would not progress;<br><br><b>(Medium)</b>  |
| Dependency on partner organisation arrangements and contributions e.g. Waste Management (SCC/LDC). <b>(High / Medium)</b>   | Memorandum of Understanding in place with LDC.<br><br><b>(Medium)</b>   |
| Delivery of the planned Commercial Investment Strategy actions - recent review of the Treasury Management Investment Guidance / Minimum Revenue Provision Guidance carried out by MHCLG - with a potential restriction of investments by Councils given increased risk exposure. <b>(High/Medium)</b> | The main issue seems to be the increased risks associated with those Councils who are borrowing large sums to invest in commercial property activities.<br><br><b>(Medium)</b>                              |
| Maintenance and repairs backlog for corporate assets – and planned development of long term strategic plan to address such. <b>(High / Medium)</b>  | Planned development of long term strategic corporate capital strategy and asset management plan to consider the requirements and associated potential funding streams. <b>(Medium)</b>                      |
| Significant financial penalties arising from the implementation of the General Data Protection Regulations (GDPR).  | Implementation plan in place with corporate commitment and good progress.   |

| <b>Risk</b>  | <b>Control Measure</b>   |
|--|--|
| <b>(High / Medium)</b>   | <b>(Medium)</b>  |
| <p>Property funds are not risk free - as such a risk based approach will need to be adopted – to balance risk against potential yield or return.</p> <p>Based on past performance there is the potential for returns of c.4 to 5% p.a. but this is not guaranteed.</p> <p>The value of the funds are also subject to fluctuation – which could mean a capital loss in one year (as well as expected gains).</p> <p>The initial cost associated with the purchase of the investment in the funds is expected to be in the region of 5% - which would have to be recovered over the life of the investment (either from annual returns or capital appreciation). There is a real risk of a revenue loss therefore in the first year.</p> | <p>Any investment in funds which are deemed as capital expenditure will require the necessary capital programme budgets to be approved by full Council.</p> <p>Risk is inherent in Treasury Management and as such a risk based approach will need to be adopted – to balance risk against potential yield or return.</p> <p>It is suggested that risk be mitigated (although not eliminated) through investment in a diversified portfolio using a range of property funds.</p> <p>Provision has been made within the proposed policy changes to fund the initial cost of purchase of c.5%.<br/>The Council will also endeavour to use of the secondary market for purchases to potentially gain access to a fund at a lower level of cost than via the primary route</p> |
| <b>(High/Medium)</b>   | <b>(Medium)</b>  |

## Report Author

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

|                     |  |
|---------------------|--|
| Background Papers:- | Corporate Vision, Priorities Plan, Budget & Medium Term Financial Strategy 2018/19, Council 27 <sup>th</sup> February 2018 |
|                     | Budget and Medium Term Financial Planning Process, Cabinet 2 <sup>nd</sup> August 2018                                     |
|                     | Budget Consultation Report, Cabinet 8 <sup>th</sup> November 2018  |

## **Base Budget Forecast 2019/20 to 2023/24**

Revisions / updates have been made to the 2018/19 base budget in order to produce an adjusted base for 2019/20 and forecast base for 2020/21 onwards.

### **General Fund Revenue**

*Forecast* – When the budget for 2018/19, and indicative budgets for 2019/20 to 2020/21, were approved by Council in February 2018 it was anticipated that balances would remain above the minimum approved level of £0.5m for the 3 year period.

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

- The final outturn for 2017/18 – additional balances of £0.3m from a higher than forecast underspend position of £1.8m. A projected underspend of £0.9m for 2018/19 has been included (including returned business rates levy from GBSLEP of £0.4m);
- Potential impact from the Business Rates Baseline reset – c. £1.2m p.a. reduced income / increased tariff from 2020/21 from a reset to the Council's baseline need level. No further changes to the level of Government support / grants arising from the Fair Funding Review / SR 2019 have been included given the uncertainty;
- Revised new homes bonus levels through the redistribution process - a 50% reduction in New Homes Bonus funding has been assumed, £0.5m over 3 years;
- Additional income from the Commercial Investment Strategy acquisitions – c.£0.25m to 2020/21;
- Additional savings arising from phases 1 and 2 of the Senior Management Review – c.£0.5m over 3 years;
- Reduced Benefits costs, increased grants and reduced bad debt provision, £0.25m p.a.
- Work is progressing to understand the impact of the recent pay award and associated changes to pay scales arising from implementation of the national living wage – at this stage no additional costs have been included.

### *Issues for the Medium Term*

The Forecast projects a General Fund shortfall of £1.8m over 3 years (£6.4m over 5 years), including the minimum approved level of £0.5m – assuming annual Council Tax increases of £5 p.a. - in line with the cap set by the MHCLG for 2017/18.

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

It is currently estimated that further savings of around £0.6m p.a. will be required over the next 3 years (based on annual £5 increases in Council Tax) with savings of £1.3m p.a. required over 5 years.

On an annualised basis this would equate to a year on year ongoing saving of £0.3m over 3 years (£0.4m over 5 years).

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

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

We took the opportunity to increase the vacancy allowance from 5% to 7.5% by 2021/22 c. £45k p.a. year on year for the General Fund, c.£14k p.a. for the 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 £1.8m underspend in 2017/18 – although much of this arose from windfall income, c. £1m was lower level underspends).

A review of the underspend position is planned with a view to driving out as many savings as possible.

- 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. 4 to 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 Diversified Property Funds – a savings target to return c.4% p.a. from £12m invested has already been included from 2019/20.

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 (including ensuring adequate provision for the funding uncertainties) / creation of a fund for transformation (if needed).
- Targeted Savings – to identify potential areas for review in future years.
- Review and rationalisation of IT systems.

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

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

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

### **Housing Revenue Account**

*Forecast* – When the budget for 2018/19, and indicative budgets for 2019/20 to 2022/23, were approved by Council in February 2018 it was anticipated that balances would remain above the minimum approved level of £0.5m for the 5-year period, with significant planned contributions to a regeneration reserve.

#### *Base Budget*

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

- The final outturn for 2017/18 and a projected underspend of £169k for 2018/19 has been included;
- Savings arising from phases 1 and 2 of the Senior Management Review – c.£0.1m p.a.;
- Additional rent income, £0.5m over 3 years;
- Additional interest income due to higher level of balances, £0.25m over 3 years;
- Changes arising from the updated HRA Business plan.

The current forecast projects a Housing Revenue Account (HRA) balances of £2.3m over 3 years with a balances of £1.2m over 5 years including the minimum recommended balances of £0.5m.

## Detailed Considerations

### Base Budget Forecasts 2019/20 to 2023/24

Revisions / updates have been made to the 2018/19 base budget in order to produce an adjusted base for 2019/20 and forecast base for 2020/21 onwards. These changes, known as technical adjustments, have been informed by feedback from budget managers and calculated to take account of:

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

### General Fund – Technical Adjustments Summary

| Technical Adjustments   | 2019/20<br>£'000 | 2020/21<br>£'000 | 2021/22<br>£'000 | 2022/23<br>£'000 | 2023/24<br>£'000 |
|---|------------------|------------------|------------------|------------------|------------------|
| Base Budget B/Fwd   | 10,270           | 8,898            | 8,579            | 8,700            | 8,861            |
| Committee Decisions   | (1,624)          | (44)             | 52               | (15)             | -                |
| Inflation   | 38               | 38               | 39               | 39               | 41               |
| Other   | (45)             | (590)            | (245)            | (122)            | 134              |
| Pay Adjustments (Including pay award / reduction of 5% for vacancy allowance) | 135              | 277              | 275              | 259              | 245              |
| Revised charges for non-general fund activities                               | 124              | -                | -                | -                | -                |
| <b>Total / Revised Base Budget</b>  | <b>8,898</b>     | <b>8,579</b>     | <b>8,700</b>     | <b>8,861</b>     | <b>9,281</b>     |

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

## Future Revenue Support Grant & Business Rate Income

The Local Government Finance Settlement figures for 2018/19 to 2019/20 were confirmed on 8<sup>th</sup> February 2018 following an announcement in Parliament on 8<sup>th</sup> February – with only minor changes from those confirmed in February 2017 as part of the Government’s confirmed offer of a four-year funding settlement.

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

The National Core Spending Power figures are detailed below and include the Settlement Funding Assessment (SFA); Council Tax; the Improved Better Care Fund; New Homes Bonus (NHB); Transitional Grant; Rural Services Delivery Grant; and the Adult Social Care Support Grant. The table shows the national changes to Core Spending Power between 2016/17 and 2019/20. It shows an increase of 1.9% for 2018/19 and an overall increase for the period 2016/17 to 2019/20 of 2.1%.

| <b>Core Spending Power<br/>National Position</b> | <b>2015/16<br/>£m</b> | <b>2016/17<br/>£m</b> | <b>2017/18<br/>£m</b> | <b>2018/19<br/>£m</b> | <b>2019/20<br/>£m</b> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Settlement Funding Assessment                    | 21,250                | 18,601                | 16,632                | 15,574                | 14,398                |
| Under-indexing the business rates multiplier     | 165                   | 165                   | 175                   | 275                   | 375                   |
| 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                 | 948                   | 900                   |
| Rural Services Delivery Grant                    | 16                    | 81                    | 65                    | 81                    | 65                    |
| Transition Grant                                 | -                     | 150                   | 150                   | -                     | -                     |
| Adult Social Care Support Grant                  | -                     | -                     | 241                   | 150                   | -                     |
| <b>Core Spending Power</b>                       | <b>44,666</b>         | <b>43,729</b>         | <b>44,296</b>         | <b>45,127</b>         | <b>45,622</b>         |
| <b>Change %</b>                                  |                       | <b>(2.1)%</b>         | <b>1.3%</b>           | <b>1.9%</b>           | <b>1.1%</b>           |
| <b>Cumulative change %</b>                       |                       | <b>(2.1)%</b>         | <b>(0.8)%</b>         | <b>1.0%</b>           | <b>2.1%</b>           |

For future years, it has been assumed that there will be a reduction in Revenue Support Grant to 2019/20 in line with that notified within the Final LGFS for 2016/17, confirmed as unchanged as part of the 2018/19 LGFS, as detailed below.

| <b>BASE BUDGET</b>    | <b>2018/19<br/>£</b> | <b>2019/20<br/>£</b> | <b>2020/21<br/>£</b> | <b>2021/22<br/>£</b> | <b>2022/23<br/>£</b> | <b>2023/24<br/>£</b> |
|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Revenue Support Grant | 493,964              | 184,529              | -                    | -                    | -                    | -                    |
| % Reduction           | <b>(36)%</b>         | <b>(63)%</b>         | <b>(100)%</b>        | -                    | -                    | -                    |

## Business Rates

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

The 2019/20 finance settlement represents the seventh year in which the Business Rates Retention (BRR) scheme is the principal form of local government funding. As in the previous years, the provisional settlement provides authorities with a combination of provisional grant allocations and their baseline figures within the BRR scheme.

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

The Council received additional business rates during 2013/14 (above forecast / baseline) and had to pay a levy of £356k to the Greater Birmingham & Solihull Local Enterprise Partnership (GBSLEP). No levy was payable for 2014/15 due to the significant increase in appeals during March 2015 – which meant an increase in the provision from £1m to almost £4m. The Council received additional business rates during 2015/16, 2016/17 and 2017/18 (above forecast / baseline) and had to pay a levy of £534k, £612k and £1.17m respectively.

The latest estimates for 2018/19 indicate additional business rates receivable above the baseline – of which the Council will receive 40% less the Government set tariff payment of c.£10m (and a 20% levy on any surplus over the baseline to the GBSLEP - after deduction of the 50% Central Share, 9% County & 1% Fire & Rescue Authority shares).

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

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

| <b>Levy / Section 31 Grant</b>    | <b>2018/19<br/>£</b> | <b>2019/20<br/>£</b> | <b>2020/21<br/>£</b> | <b>2021/22<br/>£</b> | <b>2022/23<br/>£</b> | <b>2023/24<br/>£</b> |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| NNDR Levy payment to GBSLEP (20%) | 906,093              | 1,054,810            | -                    | -                    | -                    | -                    |
| Section 31 Grant income           | (762,968)            | (752,760)            | -                    | -                    | -                    | -                    |



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

| <b>BASELINE</b>                              | <b>2019/20</b>  | <b>2020/21</b>  | <b>2021/22</b>  | <b>2022/23</b>  | <b>2023/24</b>  |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
|  | <b>£</b>        | <b>£</b>        | <b>£</b>        | <b>£</b>        | <b>£</b>        |
| <b>February 2018 MTFS:</b>                   |                 |                 |                 |                 |                 |
| Retained Business Rates                      | 12,565,929      | 12,816,353      | 13,082,242      | 13,341,439      | 13,341,439      |
| Less: Tariff payable                         | (10,231,634)    | (10,426,035)    | (10,634,556)    | (10,847,247)    | (10,847,247)    |
| Total  | 2,334,295       | 2,390,318       | 2,447,686       | 2,494,192       | 2,494,192       |
| % Increase                                   | 3.56%           | 2.40%           | 2.40%           | 1.90%           | -               |
| <b>Base Budget Forecast (November 2018):</b> |                 |                 |                 |                 |                 |
| Retained Business Rates                      | 12,530,991      | 14,279,743      | 14,560,973      | 14,815,263      | 15,113,978      |
| Less: Tariff payable                         | (10,231,634)    | (11,936,698)    | (12,173,977)    | (12,405,147)    | (12,653,250)    |
| Total  | 2,299,357       | 2,343,045       | 2,386,996       | 2,410,116       | 2,460,728       |
| % Increase                                   | 2.22%           | 1.90%           | 1.88%           | 0.97%           | 2.10%           |
| <b>Increase / (Decrease)</b>                 | <b>(34,938)</b> | <b>(47,273)</b> | <b>(60,690)</b> | <b>(84,076)</b> | <b>(33,464)</b> |

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

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

| <b>BASE BUDGET</b>                           | <b>2019/20</b>  | <b>2020/21</b>     | <b>2021/22</b>     | <b>2022/23</b>     | <b>2023/24</b>     |
|--|-----------------|--------------------|--------------------|--------------------|--------------------|
|  | <b>£</b>        | <b>£</b>           | <b>£</b>           | <b>£</b>           | <b>£</b>           |
| <b>February 2018 MTFS:</b>                   |                 |                    |                    |                    |                    |
| Retained Business Rates                      | 14,070,290      | 14,353,777         | 14,646,104         | 14,939,916         | 14,939,916         |
| Less: Tariff payable                         | (10,231,634)    | (10,426,035)       | (10,634,556)       | (10,847,247)       | (10,847,247)       |
| Total  | 3,838,656       | 3,927,742          | 4,011,548          | 4,092,669          | 4,092,669          |
| % Increase<br>(Decrease)                     | 21.51%          | 2.32%              | 2.13%              | 2.02%              | -                  |
| <b>Base Budget Forecast (November 2018):</b> |                 |                    |                    |                    |                    |
| Retained Business Rates                      | 14,014,371      | 14,279,743         | 14,563,883         | 14,842,850         | 15,139,707         |
| Less: Tariff payable                         | (10,231,634)    | (11,936,698)       | (12,173,977)       | (12,405,147)       | (12,653,250)       |
| Total  | 3,782,737       | 2,343,045          | 2,389,906          | 2,437,703          | 2,486,457          |
| % Increase /<br>(Decrease)                   | 19.74%          | (38.06)%           | 2.00%              | 2.00%              | 2.00%              |
| <b>Increase / (Decrease)</b>                 | <b>(55,919)</b> | <b>(1,584,697)</b> | <b>(1,621,642)</b> | <b>(1,654,966)</b> | <b>(1,606,212)</b> |
| <b>Total</b>                                 |                 | <b>(1,640,616)</b> | <b>(3,262,258)</b> | <b>(4,917,224)</b> | <b>(6,523,436)</b> |

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

| <b>BASE BUDGET</b>                           | <b>2019/20</b>   | <b>2020/21</b>     | <b>2021/22</b>     | <b>2022/23</b>     | <b>2023/24</b>     |
|--|------------------|--------------------|--------------------|--------------------|--------------------|
|  | <b>£</b>         | <b>£</b>           | <b>£</b>           | <b>£</b>           | <b>£</b>           |
| <b>February 2018 MTFS:</b>                   |                  |                    |                    |                    |                    |
| Revenue Support Grant                        | 184,529          | -                  | -                  | -                  | -                  |
| Business Rates Levy                          | (1,103,750)      | (1,126,790)        | (1,136,240)        | (1,146,960)        | (1,146,960)        |
| Business Rates S31 Grants                    | 672,950          | 687,710            | 699,020            | 712,350            | 712,350            |
| Retained Business Rates                      | 14,070,290       | 14,353,777         | 14,646,104         | 14,939,916         | 14,939,916         |
| Less: Tariff payable                         | (10,231,634)     | (10,426,035)       | (10,634,556)       | (10,847,247)       | (10,847,247)       |
| <b>Total (a)</b>                             | <b>3,592,385</b> | <b>3,488,662</b>   | <b>3,574,328</b>   | <b>3,658,059</b>   | <b>3,658,059</b>   |
| <b>% Increase / (Decrease)</b>               |                  | <b>(2.89)%</b>     | <b>2.46%</b>       | <b>2.34%</b>       | <b>-</b>           |
| <b>Base Budget Forecast (November 2018):</b> |                  |                    |                    |                    |                    |
| Revenue Support Grant                        | 184,529          | -                  | -                  | -                  | -                  |
| Business Rates Levy                          | (1,054,810)      | -                  | -                  | -                  | -                  |
| Business Rates S31 Grants                    | 752,760          | -                  | -                  | -                  | -                  |
| Retained Business Rates                      | 14,014,371       | 14,279,743         | 14,563,883         | 14,842,850         | 15,139,707         |
| Less: Tariff payable                         | (10,231,634)     | (11,936,698)       | (12,173,977)       | (12,405,147)       | (12,653,250)       |
| <b>Total (b)</b>                             | <b>3,665,216</b> | <b>2,343,045</b>   | <b>2,389,906</b>   | <b>2,437,703</b>   | <b>2,486,457</b>   |
| <b>% Increase / (Decrease)</b>               |                  | <b>(36.07)%</b>    | <b>2.00%</b>       | <b>2.00%</b>       | <b>2.00%</b>       |
| <b>Increase / (Decrease) (b – a)</b>         | <b>72,831</b>    | <b>(1,145,617)</b> | <b>(1,184,422)</b> | <b>(1,220,356)</b> | <b>(1,171,602)</b> |

The table shows that overall funding should be c.£1.2m p.a. less than expected over 5 years arising from the anticipated business rates baseline reset and fair funding review.

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

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

- The level of inflation affecting the future increases to the multiplier and the tariff payment;
- 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;
- Finalisation of the ongoing treatment of Section 31 grant funding (including Small Business Rate Relief Grant); and
- The impact of the Business Rates Retention scheme review, Baseline reset (the Council's baseline need level), the Fair Funding Review and the Spending Review planned for 2019 on the likely tariff levels for future years.

In addition, the next planned national Business Rates Revaluation will take effect from 2021/22 – with latest indications that the Government will also aim to introduce a centralised system for business rate appeals at the same time to cover future changes arising from the 2021 valuation list.

While we are aware of these forthcoming changes, little to no information is available on the potential impact for individual Councils' finances.

A summary of the indicative Government timetable for the reviews is shown below:

| Date                   | Issues  |
|------------------------|---|
| May 2018               | Risk and gearing; appeals and loss payments; updates on Pool prospectus; update on FFR consultation.  |
| July 2018              | Resets and measuring growth; Revaluation; BRR transitional arrangements; Pooling; FFR – structure of needs assessment, treatment of relative resources, principles for transitional arrangements. |
| Oct 2018               | Overall short term package and future reform; update on SR 2019; Potential consultation on BRR Baseline reset.  |
| Early 2019             | Technical BRR consultation and links to FFR; SR 2019 emerging issues; Potential consultation on BRR Baseline reset.   |
| Mid 2019               | Results of consultations (hopefully); SR 2019 emerging issues.  |
| Later 2019             | Indicative impact of systemic changes potentially this late   |
| Late 2019 / Early 2020 | Provisional Local Government Finance Settlement detailing impact for Councils   |

### **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 was reduced to 4 years for 2018/19 onwards;
- From 2018/19, the government will consider withholding payments from local authorities that are not “*planning effectively, by making positive decisions on planning applications and delivering housing growth*”; and
- A consultation was planned regarding withholding payments for homes that are built following an appeal.
- The allocations for 2018/19 and 2019/20 are indicative and will be reliant on any further changes to the scheme and growth locally.
- It had been assumed that a ‘deadweight’ factor of 0.25% would be implemented, in line with the consultation but, from 2017/18, the national baseline for housing growth below which New Homes Bonus will not be paid was set at 0.4% (reflecting a percentage of housing that would have been built anyway). The Government retain the option of making adjustments to the baseline in future years to reflect significant and unexpected housing growth – a factor of 0.6% has been assumed for 2019/20 onwards.

There remains significant uncertainty over the future operation of the scheme with recent announcements that it will be considered as part of the review of Fair Funding review and the Business Rates retention scheme.

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

| <b>BASE BUDGET<br/>NHB</b>              | <b>2018/19<br/>£</b> | <b>2019/20<br/>£</b> | <b>2020/21<br/>£</b> | <b>2021/22<br/>£</b> | <b>2022/23<br/>£</b> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Risk Weighting applied<br>– MTFS 2018   | 100%                 | 75%                  | 75%                  | 50%                  | 50%                  |
| MTFS 2018 Budget                        | 230,750              | 414,140              | 561,990              | 695,660              | 695,660              |
| Base Budget Forecast                    | 257,200              | 293,800              | 401,750              | 457,920              | 399,250              |
| <b>Increased /<br/>(Reduced) income</b> | 26450                | (120,340)            | (160,240)            | (237,740)            | (296,410)            |
| Revised Risk<br>Weighting applied       | 100%                 | 37.5%                | 37.5%                | 25%                  | 25%                  |

**This results in an overall loss to the MTFS of £0.25m over 3 years (£0.8m over 5 years).**

## Forecast

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

| Summary  | 2019/20<br>£'000 | 2020/21<br>£'000 | 2021/22<br>£'000 | 2022/23<br>£'000 | 2022/23<br>£'000 |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>Estimated Net Cost of Services</b>                    | <b>8,898</b>     | <b>8,579</b>     | <b>8,700</b>     | <b>8,861</b>     | <b>9,281</b>     |
| Proposed Policy Changes /<br>Additional Costs Identified | 281              | 298              | 193              | 183              | 183              |
| Net Expenditure  | 9,179            | 8,877            | 8,893            | 9,044            | 9,464            |
| <b>Financing:</b>  |                  |                  |                  |                  |                  |
| RSG  | 185              | -                | -                | -                | -                |
| Collection Fund Surplus - NNDR                           | 33               | 33               | 33               | 33               | 33               |
| Tariff Payable   | (10,232)         | (11,937)         | (12,174)         | (12,405)         | (12,653)         |
| Non Domestic Ratepayers                                  | 14,014           | 14,280           | 14,564           | 14,843           | 15,140           |
| Council Tax Income (Model 1)                             | 3,835            | 4,022            | 4,206            | 4,381            | 4,551            |
| Gross Financing  | 7,835            | 6,398            | 6,629            | 6,852            | 7,071            |
| Surplus(-)/Deficit                                       | 1,344            | 2,479            | 2,264            | 2,192            | 2,393            |
| Balances Remaining (-) /<br>Overdrawn                    | (3,407)          | (928)            | 1,336            | 3,528            | 5,921            |
| Per Council, 27 <sup>th</sup> February 2018              | (1,846)          | (551)            | -                | -                | -                |
| Band D Equivalents                                       | 21,695           | 22,131           | 22,521           | 22,849           | 23,129           |

Indicating a potential shortfall in General fund balances of approx. £1.8m over 3 years (£3.9m over 4 years & £6.4m over the 5 year period) - including the minimum approved level of £0.5m.

Balances are forecast to be £4.75m at 31<sup>st</sup> March 2019.

A detailed summary of the budget for 2019/20 is attached at **Appendix F** with 5 years attached at **Appendix G**.

## Future Strategy

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

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

For future years potential 'capping' of the increase by the Government or a proposed local council tax referendum/veto needs to be considered when setting future Council Tax increases. The Council's Council Tax is currently £171.75.

The indication is that the 'capping' threshold for District Councils will be the higher of £5 or 3.0% - following a freeze in 2011/12 & 2012/13 and a below 2% increase from 2013/14 to 2016/17. The impact of a £5 p.a. increase (Band D) is outlined below:

#### Model 1 Impact of £5 increase in Council Tax in 2019/20 (followed by £5 p.a.)

| Year:                                     | 2019/20        | 2020/21      | 2021/22      | 2022/23      | 2023/24      |
|---|----------------|--------------|--------------|--------------|--------------|
| Forecast:                                 | £'000          | £'000        | £'000        | £'000        | £'000        |
| Surplus (-) /Deficit                      | 1,344          | 2,479        | 2,264        | 2,192        | 2,393        |
| <b>Balances Remaining (-) / Overdrawn</b> | <b>(3,407)</b> | <b>(928)</b> | <b>1,336</b> | <b>3,528</b> | <b>5,921</b> |
|   |                |              |              |              |              |
| £ Increase                                | 5.00           | 5.00         | 5.00         | 5.00         | 5.00         |
| % Increase                                | 2.91%          | 2.83%        | 2.75%        | 2.68%        | 2.61%        |
| Note: Resulting Band D Council Tax        | 176.75         | 181.75       | 186.75       | 191.75       | 196.75       |

which indicates a potential shortfall in balances of £1.8m over 3 years (£6.4m over 5 years) further savings of approx. £0.6m per annum over 3 years would have to be identified.

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

**Model 2 Impact of 2.99% increase in Council Tax in 2019/20 (followed by increases of 2.99% thereafter)**

| Year:                                     | 2019/20        | 2020/21      | 2021/22     | 2022/23     | 2023/24     |
|---|----------------|--------------|-------------|-------------|-------------|
| Forecast:                                 | £'000          | £'000        | £'000       | £'000       | £'000       |
| <b>(Increase) in Council Tax £</b>        | <b>(3)</b>     | <b>(9)</b>   | <b>(19)</b> | <b>(33)</b> | <b>(51)</b> |
| Revised Surplus (-) /Deficit              | 1,341          | 2,470        | 2,245       | 2,159       | 2,343       |
| <b>Balances Remaining (-) / Overdrawn</b> | <b>(3,410)</b> | <b>(940)</b> | 1,305       | 3,464       | 5,807       |
|   |                |              |             |             |             |
| £ Increase                                | 5.14           | 5.29         | 5.45        | 5.61        | 5.78        |
| % Increase                                | 2.99%          | 2.99%        | 2.99%       | 2.99%       | 2.99%       |
| Note: Resulting Band D Council Tax        | 176.89         | 182.18       | 187.63      | 193.24      | 199.02      |

which indicates a potential shortfall in balances of £1.8m over 3 years (with a shortfall of £6.3m over 5 years) further savings of approx. £0.6m per annum over 3 years would have to be identified.

**Model 3 Impact of 0% increase in Council Tax in 2019/20 (followed by increases of 2.99% thereafter)**

| Year:                                     | 2019/20        | 2020/21      | 2021/22   | 2022/23   | 2023/24   |
|---|----------------|--------------|-----------|-----------|-----------|
| Forecast:                                 | £'000          | £'000        | £'000     | £'000     | £'000     |
| <b>Reduction in Council Tax £</b>         | <b>108</b>     | <b>105</b>   | <b>98</b> | <b>88</b> | <b>74</b> |
| Revised Surplus (-) /Deficit              | 1,452          | 2,584        | 2,362     | 2,280     | 2,468     |
| <b>Balances Remaining (-) / Overdrawn</b> | <b>(3,299)</b> | <b>(715)</b> | 1,647     | 3,927     | 6,395     |
|   |                |              |           |           |           |
| £ Increase                                | 0.00           | 5.14         | 5.29      | 5.45      | 5.61      |
| % Increase                                | 0.00%          | 2.99%        | 2.99%     | 2.99%     | 2.99%     |
| Note: Resulting Band D Council Tax        | 171.75         | 176.89       | 182.18    | 187.63    | 193.24    |

which indicates a potential shortfall in balances of £2.1m over 3 years (£6.98m over 5 years) further savings of approx. £0.7m per annum over 3 years would have to be identified.

**Model 4 Impact of 2.5% increase in Council Tax in 2019/20 (followed by increases of 2.5% thereafter)**

| Year:                                     | 2019/20        | 2020/21      | 2021/22 | 2022/23 | 2023/24 |
|---|----------------|--------------|---------|---------|---------|
| Forecast:                                 | £'000          | £'000        | £'000   | £'000   | £'000   |
| <b>Reduction in Council Tax £</b>         | 15             | 28           | 39      | 47      | 53      |
| Revised Surplus (-) /Deficit              | 1,359          | 2,507        | 2,303   | 2,239   | 2,447   |
| <b>Balances Remaining (-) / Overdrawn</b> | <b>(3,392)</b> | <b>(885)</b> | 1,418   | 3,657   | 6,104   |
|   |                |              |         |         |         |
| £ Increase                                | 4.30           | 4.40         | 4.52    | 4.63    | 4.74    |
| % Increase                                | 2.5%           | 2.5%         | 2.5%    | 2.5%    | 2.5%    |
| Note: Resulting Band D Council Tax        | 176.05         | 180.45       | 184.97  | 189.60  | 194.34  |

which indicates a potential shortfall in balances of £1.9m over 3 years (£6.6m over 5 years) further savings of approx. £0.8million per annum would have to be identified.

**Model 5 Impact of 0% increase in Council Tax in 2019/20 (followed by increases of 0% thereafter)**

| Year:                                     | 2019/20        | 2020/21      | 2021/22 | 2022/23 | 2023/24 |
|---|----------------|--------------|---------|---------|---------|
| Forecast:                                 | £'000          | £'000        | £'000   | £'000   | £'000   |
| <b>Reduction in Council Tax £</b>         | 108            | 219          | 332     | 446     | 562     |
| Revised Surplus (-) /Deficit              | 1,452          | 2,698        | 2,596   | 2,638   | 2,956   |
| <b>Balances Remaining (-) / Overdrawn</b> | <b>(3,299)</b> | <b>(601)</b> | 1,995   | 4,633   | 7,589   |
|   |                |              |         |         |         |
| £ Increase                                | 0.00           | 0.00         | 0.00    | 0.00    | 0.00    |
| % Increase                                | 0.00%          | 0.00%        | 0.00%   | 0.00%   | 0.00%   |
| Note: Resulting Band D Council Tax        | 171.75         | 171.75       | 171.75  | 171.75  | 171.75  |

which indicates a potential shortfall in balances of £2.5m over 3 years (£8.1m over 5 years) further savings of approx. £0.8million per annum would have to be identified.



**Model 6 Impact of 1% increase in Council Tax in 2019/20 (followed by increases of 1% thereafter)**

|   | 2019/20        | 2020/21      | 2021/22 | 2022/23 | 2023/24 |
|---|----------------|--------------|---------|---------|---------|
| Year:                                     |                |              |         |         |         |
| Forecast:                                 | £'000          | £'000        | £'000   | £'000   | £'000   |
| <b>Reduction in Council Tax £</b>         | 71             | 143          | 216     | 290     | 364     |
| Revised Surplus (-) /Deficit              | 1,415          | 2,622        | 2,480   | 2,482   | 2,758   |
| <b>Balances Remaining (-) / Overdrawn</b> | <b>(3,336)</b> | <b>(714)</b> | 1,766   | 4,248   | 7,006   |
|   |                |              |         |         |         |
| £ Increase                                | 1.72           | 1.74         | 1.76    | 1.77    | 1.79    |
| % Increase                                | 1.00%          | 1.00%        | 1.00%   | 1.00%   | 1.00%   |
| Note: Resulting Band D Council Tax        | 173.47         | 175.21       | 176.97  | 178.74  | 180.53  |

which indicates a potential shortfall in balances of £2.3m over 3 years (£7.5m over 5 years) further savings of approx. £0.75million per annum would have to be identified.

2) *Potential Savings / additional costs*

Potential revenue policy changes are highlighted below:

| <b>Policy Changes Identified</b>   | <b>2019/20<br/>£'000</b> | <b>2020/21<br/>£'000</b> | <b>2021/22<br/>£'000</b> | <b>2022/23<br/>£'000</b> | <b>2023/24<br/>£'000</b> |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| To make the Training Officer post permanent  | 26.0                     | -                        | -                        | -                        | -                        |
| To extend the temporary contract for Customer Service Assistants for 12 months   | 56.5                     | (56.5)                   | -                        | -                        | -                        |
| Further delays in Assembly Rooms Project resulting in delay to opening   | 30.0                     | (30.0)                   | -                        | -                        | -                        |
| Proposed 75% reduction in the funding from SCC re highway verge mowing   | 126.0                    | -                        | -                        | -                        | -                        |
| Reduction in staffing and equipment to reflect reduced SCC funding   | (95.0)                   | -                        | -                        | -                        | -                        |
| Amington Community Woodlands ongoing revenue and maintenance costs funded by S106 income   | TBC                      | -                        | -                        | -                        | -                        |
| To add the post of Benefits Apprentice to the establishment, on a temporary two year basis   | 14.34                    | -                        | (14.34)                  | -                        | -                        |
| Funding for apprentice - saving in vacant Benefits Advisor hours / Government grant  | (14.34)                  | -                        | 14.34                    | -                        | -                        |
| To add the post of Revenues Apprentice to the establishment  | 14.34                    | -                        | -                        | -                        | -                        |
| Funding for apprentice - Contribution from bailiff / Increased court cost income budget  | (14.34)                  | -                        | -                        | -                        | -                        |
| Review of Underspent Budgets and Contingencies   | TBC                      | -                        | -                        | -                        | -                        |
| Civil Contingencies Unit (CCU) support - additional CCU Officer time   | 7.0                      | (7.0)                    | -                        | -                        | -                        |
| Removal of planned income from letting accommodation in Marmion House  | 46.0                     | 46.0                     | -                        | -                        | -                        |
| Review of the Tamworth Local Plan 2006-2031 - required to be reviewed at least every five years  | 40.0                     | 65.0                     | (105.0)                  | -                        | -                        |
| Planning fees increased by 20% on 17th January 2018 on the understanding that the increase was reinvested in Planning Services         | 34.0                     | -                        | -                        | -                        | -                        |
| £10k per annum for 3 financial years to match fund against a European funded project, to enable businesses and individuals to start up | 10.0                     | -                        | -                        | (10.0)                   | -                        |
| <b>Total New Items / Amendments</b>  | <b>280.5</b>             | <b>17.5</b>              | <b>(105.0)</b>           | <b>(10.0)</b>            | <b>-</b>                 |
| <b>Cumulative</b>  | <b>280.5</b>             | <b>298.0</b>             | <b>193.0</b>             | <b>183.0</b>             | <b>183.0</b>             |

As part of the planned review & scrutiny process leading up to formal presentation of the budget, Executive Management Team will consider feedback received from the Budget Consultation process, the Joint Scrutiny Budget workshop and the Joint Budget Scrutiny Committee (planned for 30<sup>th</sup> January 2019) in order to inform the next stages of the budget process:

- a review of the proposals including:
  - Reference to the Council's corporate priorities together with the feedback & issues raised by the budget consultation exercise, and
  - Consideration of how the limited resources can be 'rationed' (& whether service improvements in a priority area should be met from service reductions elsewhere).
- Inclusion of any further potential savings in order to mitigate the forecast budget shortfall. This process is ongoing and will be reported as policy changes in the next phase of the budget process in order to formulate a balanced medium term financial strategy for approval by Cabinet & Council in February 2019.

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

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

We took the opportunity to increase the vacancy allowance from 5% to 7.5% by 2021/22 c. £45k p.a. year on year for the General Fund, c.£14k p.a. for the 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 £1.8m underspend in 2017/18 – although much of this arose from windfall income, c. £1m was lower level underspends).

A review of the underspend position is planned with a view to driving out as many savings as possible.

- 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. 4 to 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 Diversified Property Funds – a savings target to return c.4% p.a. from £12m invested has already been included from 2019/20.

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 (including ensuring adequate provision for the funding uncertainties) / creation of a fund for transformation (if needed).
- Targeted Savings – to identify potential areas for review in future years.
- Review and rationalisation of IT systems.

## Housing Revenue Account – Technical Adjustments Summary

| Technical Adjustments   | 2019/20<br>£'000 | 2020/21<br>£'000 | 2021/22<br>£'000 | 2022/23<br>£'000 | 2023/24<br>£'000 |
|---|------------------|------------------|------------------|------------------|------------------|
| Base Budget B/Fwd   | 3,806            | 52               | 240              | 42               | (110)            |
| Committee Decisions   | (3,146)          | 29               | (37)             | (7)              | -                |
| Inflation   | 144              | 147              | 152              | 155              | 159              |
| Other   | (761)            | (77)             | (399)            | (381)            | (399)            |
| Pay Adjustments (Including pay award / reduction for vacancy allowance) | 81               | 89               | 86               | 81               | 78               |
| Revised charges for non-general fund activities                         | (72)             | -                | -                | -                | -                |
| <b>Total / Revised Base Budget</b>                                      | <b>52</b>        | <b>240</b>       | <b>42</b>        | <b>(110)</b>     | <b>(272)</b>     |

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

| Summary   | 2019/20<br>£'000 | 2020/21<br>£'000 | 2021/22<br>£'000 | 2022/23<br>£'000 | 2023/24<br>£'000 |
|---|------------------|------------------|------------------|------------------|------------------|
| <b>Estimated Net (Surplus) / Deficit</b>              | 52               | 240              | 42               | (110)            | (272)            |
| Proposed Policy Changes / Additional Costs Identified | 169              | 169              | 169              | 1,395            | 169              |
| Surplus (-) / Deficit                                 | 221              | 409              | 211              | 1,285            | (103)            |
| Balances Remaining (-) / Overdrawn                    | (2,956)          | (2,547)          | (2,336)          | (1,051)          | (1,154)          |

|   |         |         |         |       |   |
|---|---------|---------|---------|-------|---|
| Per Council, 27 <sup>th</sup> February 2018 | (2,223) | (1,566) | (1,049) | (698) | - |
|---|---------|---------|---------|-------|---|

Indicating Housing Revenue Account (HRA) balances of £2.3m over 3 years (with balances of £1.2m over the next 5 years) including the minimum recommended balances of £0.5m.

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

Potential revenue policy changes for the HRA are highlighted below:

| <b>Policy Changes Identified</b>   | <b>2019/20<br/>£'000</b> | <b>2020/21<br/>£'000</b> | <b>2021/22<br/>£'000</b> | <b>2022/23<br/>£'000</b> | <b>2023/24<br/>£'000</b> |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Revised spend on Housing Repairs in line with the updated HRA Business Plan approved by Cabinet on 27th September 2018 | 3435.82                  | -                        | -                        | 1,226.30                 | (1,226.30)               |
| Remove current repairs budgets   | (4,266.88)               | -                        | -                        | -                        | -                        |
| Additional Revenue Contribution to Capital Programme   | 1,000.00                 |                          | -                        | -                        | -                        |
| <b>Total New Items / Amendments</b>  | <b>168.94</b>            | <b>-</b>                 | <b>-</b>                 | <b>1,226.30</b>          | <b>(1,226.30)</b>        |

## 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 30<sup>th</sup> 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 2019/20, rents will be set in line with the approved policy.

## Corporate Capital Strategy

The Council has an ongoing capital programme of over £55m for 2018/19 and an asset base valued at £219m (as at 31<sup>st</sup> March 2018).

This strategy sets out the Council's approach to capital investment and the approach that will be followed in making decisions in respect of the Council's Capital assets.

Capital investment is an important ingredient in ensuring the Council's vision is achieved and given that capital resources are limited it is critical that the Council makes best use of these resources.

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 will:

- Reflect Members' priorities as set out in the Corporate Plan;
- Balance the need to maintain the Council's existing asset base against its future ambition and associated long term asset needs and consolidate assets where appropriate;
- Recognise that growth is the strategic driver for financial self-sufficiency;
- Be affordable in the context of the Council's MTFS;
- Seek to ensure value for money through achieving a return on investment or by supporting service efficiency and effectiveness;
- Be flexible to respond to evolving service delivery needs;
- Seek to maximise investment levels through the leveraging of external investment;
- Recognise the value of assets for delivering long-term growth as opposed to being sold to finance capital expenditure;
- Recognise the financial benefits and risks from growth generated through investment to support investment decisions; and
- Reflect the service delivery costs associated with growth when assessing the level of resources available for prudential borrowing.

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.



All proposed schemes requiring capital investment should have as a minimum the following information:

- A description of the scheme;
- The estimated financial implications, both capital and revenue;
- The expected outputs, outcomes and contribution to corporate objectives;
- The nature and outcome of consultation with stakeholders and customers (as applicable);
- Any impacts on efficiency and value for money;
- Risk assessment implications and potential mitigations; and
- Any urgency considerations (e.g. statutory requirements or health and safety issues).

All capital bids should be prepared in light of the following list of criteria, and the proposed investment should address and be 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.

It is important that capital investment decisions are not made in isolation and instead are considered in the round through the annual budget setting process.

Corporate Management Team and Service Managers identify the potential need for capital investment. This will take account of issues including the condition of council owned assets (including reference to the council's Asset Management Plan), health and safety requirements, statutory obligations of the council, operational considerations and emerging opportunities for investment including possible sources of external financing.

The Asset Strategy Steering Group (ASSG) review capital bids prior to consideration by Members. Once capital bids have been prioritised, Executive Management Team will review the outcome of the deliberations of the ASSG and will make recommendations to Cabinet through an updated Medium Term Financial Strategy (MTFS) report on a proposed budget package which will include capital budget proposals.

The MTFS report (including capital budget proposals) will ultimately be considered by Budget Setting Council each year.

Following a review of the Capital Programme approved by Council on 27<sup>th</sup> February 2018, 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, **£35k** remains in current year GF contingency funds and **£100k** remains in current year HRA contingency funds (which will be re-profiled into 2019/20 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 increase in net funding has been proposed which means that insufficient resources are available to finance all of the GF schemes submitted therefore, 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.); or
- 3) The spend could be funded from revenue through a direct contribution to the capital programme.

The minimum approved level of GF capital balances is £0.5million which, should the programme progress without amendment, would mean over £1.1m in borrowing would be needed (or use of the capital receipt) over the next 3 years (£2.1m over 5 years).

### 1) **Technology Replacement – Infrastructure upgrade/Network Security/Refresh of Thin Clients**

#### **Project Score: 72**

A revised capital submission had been prepared for £60kp.a. (no change from the provisionally approved programme) for ongoing, large scale upgrade and maintenance to the TBC infrastructure, in line with agreed device lifecycles.

*The Council is also on a journey towards digital self service for customers and demand for flexible resilient and available IT services to support this requires continued investment into the authority's hardware and related software.*

External factors including legislative requirements from central government in the guise of the Public Sector Network (PSN) Code of Connection, *and the increase in required investment into cyber security to keep the council's network secure and available*. It should be noted that corporate applications are excluded from this schedule of planned work.

*No savings / payback from the investment have been identified.*

*In light of the ongoing priority review of ICT systems, the minimum budget requirement for 2019/20 was requested – including a detailed breakdown of the proposed spend.*

*Future year's budgets removed – as this will be informed by the conclusions of the priority review and ICT Strategy.*

## **2) Disabled Facilities Grants (DFG)**

### ***Project Score: 72***

The provisional programme included £360k p.a. fully funded by redistributed Better Care Fund (BCF) grant. A revised capital submission has been received to increase this to £650k p.a. part funded by £400k BCF grant – net additional cost of £250k p.a.

During the 2018/19 budget process, it was noted that a Government review of the approach to DFGs was planned during 2018 and so it was agreed that the 2018/19 financial year budget be increased to £650k to deal with the immediate demand/backlog.

*The additional £250k p.a. net funding would need to be funded via capital receipts (with an associated revenue loss of investment interest), borrowing (with revenue interest/debt repayment costs) or a revenue contribution.*

## **3) Replacement of Castle Grounds Play Area**

### ***Project Score: 60***

A new capital submission had been prepared for potential spend of £375k in 2021/22 (net of £25k S106 funding).

Replacement of the existing play area within the Castle grounds, the existing facility was installed in May 2006 and although well maintained will need to be replaced to ensure facilities are retained for the public.

*The additional £375k net funding would need to be funded via capital receipts (with an associated revenue loss of investment interest), borrowing (with revenue interest/debt repayment costs) or a revenue contribution.*

## **4) With regard to the provisional programme:**

### **a) CCTV Camera Renewals**

An updated appraisal has not been prepared for the provisional funding of £15k p.a. – budget removed pending the conclusions from the priority review. £15k remains available in 2018/19 and could be carried forward if required.

### **b) 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.

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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.

A significant increase in replacements has been included for 2023/24 at a cost of £584k. The proportion relating to HRA lighting is to be identified.

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

An updated appraisal has not been prepared following inclusion of a rolling programme with an annual spend of £75k required from 2017/18 for 5 years.

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

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

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

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

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**d) Gateways Project**

An updated appraisal has not been prepared following inclusion of £70k p.a. for 3 years from 2018/19 (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).

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**e) Amington Community Woodland**

An updated appraisal has not been prepared following inclusion of £50k p.a. for 5 years from 2018/19 on the creation of a community woodland on 7.5ha of the ex-municipal golf course - funded by the S106 income.

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**6) General Fund Capital Contingency Budget**

The remaining 2018/19 contingency budget of £35k will be rolled forward to 2019/20.

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## Housing

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

Updated Capital programme schemes have been proposed amounting to £35.34m over 4 years, £44.5m over 5 years (including the provisionally approved £2m p.a. relating to the Development Housing on Garage Sites; £0.5m p.a. for Other Acquisitions; and £0.5m Retention of Garage Sites budget). This compares to the total provisionally approved programme over 4 years of £28.67m – additional costs of £6.67m, partially offset by lower repairs costs in the HRA.

The minimum approved level of HRA capital balances is £0.5million which, any 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 had previously 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.

However, it should be noted following the recent announcement by the Prime Minister, the Housing Revenue Account borrowing cap is being removed to enable councils to build more homes. They intend to remove the borrowing cap by issuing a determination revoking previous determinations that specified a local authority's limits on indebtedness - with further details confirmed in the Budget at the end of October 2018.

The capital programme has been reviewed and updated:

### Housing Revenue Account

Cabinet on 27<sup>th</sup> September 2018 authorised that £298m detailed in the HRA Business Plan Investment plan be considered as part of the budget setting process for 2019/20 to 2024/25 noting updates to the stock condition modelling and other financial HRA impacts can be assessed through the process and the financial position adjusted accordingly. The Capital Programme has been updated to reflect the HRA Business Plan Investment plan.

#### With regard to the provisional programme:

##### 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.

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

Funding of £2m 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.

*No spend is likely in 2018/19 for redevelopment of Garage Sites and so the planned £2m programme will be deferred by 1 year.*

## Main Assumptions

| Inflationary Factors        | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
|-----------------------------|---------|---------|---------|---------|---------|
| Inflation Rate - Pay Awards | 2.00%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   |
| National Insurance          | 9.50%   | 9.50%   | 9.50%   | 9.50%   | 9.50%   |
| Superannuation              | 16.50%  | 16.50%  | 16.50%  | 16.50%  | 16.50%  |
| Inflation Rate (RPI)        | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   |
| Inflation Rate (CPI)        | 2.10%   | 2.08%   | 2.03%   | 2.10%   | 2.10%   |
| Investment Rates            | 1.00%   | 1.50%   | 1.75%   | 2.0%    | 2.00%   |
| Base Interest Rates         | 1.00%   | 1.25%   | 1.50%   | 2.00%   | 2.00%   |

1. Pay award – it had previously been assumed that public sector pay will be capped at 1% for 4 years from 2016/17, however, The public sector pay this cap was lifted from 2018/19 with a 2% increase agreed. For 2019/20 a 2% increase was agreed and included the introduction of a new pay spine on 1st April 2019 based on a bottom rate of £17,364 with additions, deletions and changes to other spinal column points. This could have a significant impact in terms of current grading and a review is underway to assess the impact of the assimilation and implementation of the new pay spine from 1st April 2019.
2. Overall Fees and Charges will rise generally by 2.5% annually except where a proposal has otherwise been made (car parking charges, corporate & industrial property rental income, statutory set planning fees, leisure fees);
3. Revised estimates for rent allowance / rent rebate subsidy levels have been included;
4. Changes to the level of recharges between funds has been included;
5. A reduction in Revenue Support Grant levels to zero by 2020 following the 4 year Local Government Finance Settlement. The impact for the Council will be confirmed by MHCLG as part of the *Local Government Finance Settlement* with a provisional announcement in December 2018.
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. Higher investment income returns due to forecast interest rate increases;
8. An increase of £5 p.a. in Council Tax - current indications are that increases of 3% or £5 and above risk 'capping' (confirmed as 3% or £5 for District Councils for 2018/19);
9. The major changes to the previously approved policy changes are included within this forecast – Assistant Directors were issued with the provisional information in August to review, confirm & resubmit by the end of September;
10. Annual year-on-year pension cost increases of c. £200k p.a. via the pension lump sum element for past liabilities have been included for the 3 years commencing 2017/18 (following initial indications from the SCC triennial review in 2016).

11. Reduction in rent levels by 1% per the statutory requirement & current indications that sales of council houses will be approximately 50 per annum.
12. Forecasts have been informed by the Bank of England Inflation report (August 2018), HM Treasury – Forecasts for the UK Economy (August 2018), Office for Budget Responsibility Economic & Fiscal Outlook (March 2018). Any significant variances will be considered later in the budget setting process.

## Technical Adjustments Analysis – General Fund 2019/20

| Activity  | £        | £         | £                |
|---|----------|-----------|------------------|
| <b>Chief Executive</b>  |          |           |                  |
| Virements   |          | 108,200   |                  |
| Committee Decisions   |          |           |                  |
| 2017/18 Policy Change Vacancy Allowance Increase                  | (4,950)  |           |                  |
| Council 6/6/18 Senior Management Review                           | (86,900) | (91,850)  |                  |
| Inflation   |          | (4,980)   |                  |
| Other   |          |           |                  |
| 2015/16 BWP 036 Waste Management                                  | 9,730    |           |                  |
| 2019/20 BWP 008 Gas and Electricity Charges                       | (10)     |           |                  |
| 2019/20 BWP 017 NNDR Charges for TBC Properties                   | 30       |           |                  |
| 2019/20 BWP 030 Car Allowances                                    | (320)    |           |                  |
| 2019/20 BWP 039 Insurances  | 1,220    | 10,650    |                  |
| Pay Adjustments   |          | 21,730    |                  |
| Changes in Recharges  |          | (75,000)  |                  |
|   |          |           | <b>(31,250)</b>  |
| <b>AD Growth &amp; Regeneration</b>                               |          |           |                  |
| Virements   |          | -         |                  |
| Committee Decisions   |          |           |                  |
| 2017/18 Policy Change Vacancy Allowance Increase                  | (8,360)  |           |                  |
| 2017/18 Policy Change AE 2 Charge Project Officer Post to Capital | (45,000) |           |                  |
| 2017/18 Policy Change AE 8 Tamworth Enterprise Centre             | 1,150    |           |                  |
| 2017/18 Policy Change AE 9 Additional Income                      | (7,360)  |           |                  |
| Council 6/6/18 Senior Management Review                           | (25,150) |           |                  |
| 2018/19 Policy Change AE 1 Tamworth Castle Condition Survey       | (45,000) |           |                  |
| 2018/19 Policy Changes AE 4 Tamworth Enterprise Centre            | (6,300)  |           |                  |
| 2018/19 Policy Change AE 11 Vacant Posts Review                   | (1,270)  | (137,290) |                  |
| Inflation   |          | (6,510)   |                  |
| Other   |          |           |                  |
| 2017/18 BWP 042 Environmental Health Income - DBS Checks          | 12,680   |           |                  |
| 2017/18 Policy Change Vacancy Allowance Increase                  | (1,990)  |           |                  |
| 2018/19 BWP 034 National Minimum Wage Increase                    | 470      |           |                  |
| 2018/19 BWP 038 Depreciation                                      | 16,430   |           |                  |
| 2019/20 BWP 006 Income  | (86,000) |           |                  |
| 2019/20 BWP 008 Gas and Electricity Charges                       | (810)    |           |                  |
| 2019/20 BWP 017 NNDR Charges for TBC Properties                   | 870      |           |                  |
| 2019/20 BWP 026 Bank Charges                                      | (170)    |           |                  |
| 2019/20 BWP 039 Insurances  | 1,020    | (57,500)  |                  |
| Pay Adjustments   |          | 25,450    |                  |
| Changes in Recharges  |          | (105,910) |                  |
|   |          |           | <b>(281,760)</b> |



| Activity   | £        | £         | £               |
|--|----------|-----------|-----------------|
| <b>ED Organisation</b>   |          |           |                 |
| Virements  |          | 3,820     |                 |
| Committee Decisions  |          |           |                 |
| 2017/18 Policy Change Vacancy Allowance Increase                   | (1,260)  |           |                 |
| Council 6/6/18 Senior Management Review                            | (59,850) |           |                 |
| 2018/19 Policy Change SOL 1 Democratic Services Restructure        | 1,100    | (60,010)  |                 |
| Inflation  |          | 8,240     |                 |
| Other  |          |           |                 |
| 2019/20 BWP 004 Land Charges                                       | 550      |           |                 |
| 2019/20 BWP 026 Bank Charges                                       | 20       |           |                 |
| 2019/20 BWP 027 Members Allowances                                 | (3,580)  |           |                 |
| 2019/20 BWP 030 Car Allowances                                     | (1,640)  |           |                 |
| 2019/20 BWP 031 Mayor & Deputy Allowances                          | (150)    |           |                 |
| 2019/20 BWP 039 Insurances   | (50)     | (4,850)   |                 |
| Pay Adjustments  |          | (2,940)   |                 |
| Changes in Recharges   |          | 35,350    |                 |
|  |          |           | <b>(20,390)</b> |
| <b>AD People</b>   |          |           |                 |
| Virements  |          | -         |                 |
| Committee Decisions  |          |           |                 |
| 2015/16 Policy Change TCP 1 Revised Staffs Connects Contribution   | (2,300)  |           |                 |
| 2017/18 Policy Change TC 1 Training Staff Costs                    | (18,000) |           |                 |
| 2017/18 Policy Change TCP 2 Revenue Implications of Capital Scheme | (62,000) |           |                 |
| 2017/18 Policy Change TC 2 Training Income                         | 18,000   |           |                 |
| 2017/18 Policy Change TCP 4 Customer Services Staffing             | (91,550) |           |                 |
| 2017/18 Policy Change Vacancy Allowance Increase                   | (3,100)  |           |                 |
| Council 6/6/18 Senior Management Review                            | (41,600) |           |                 |
| 2018/19 Policy Change TC 2 Healthshield                            | (7,000)  |           |                 |
| 2018/19 Policy Change TC 3 GDPR Temp Officer                       | (7,000)  |           |                 |
| 2018/19 Policy Change TC 4 Disaster Recovery                       | 8,000    | (206,550) |                 |
| Inflation  |          | 15,970    |                 |
| Other  |          |           |                 |
| 2018/19 BWP 031 Staffs Connects Contribution                       | 2,300    |           |                 |
| 2018/19 BWP 038 Depreciation                                       | (36,150) |           |                 |
| 2019/20 BWP 015 Procurement Savings                                | (2,000)  |           |                 |
| 2019/20 BWP 026 Bank Charges                                       | 760      |           |                 |
| 2019/20 BWP 030 Car Allowances                                     | (2,090)  |           |                 |
| 2019/20 BWP 034 Staff Health Insurance                             | 2,590    |           |                 |
| 2019/20 BWP 039 Insurances   | 90       |           |                 |
| 2019/20 BWP 040 Leases   | 790      | (33,710)  |                 |
| Pay Adjustments  |          | 8,370     |                 |
| Changes in Recharges   |          | 294,010   |                 |
|  |          |           | <b>78,090</b>   |

| Activity  | £         | £         | £               |
|---|-----------|-----------|-----------------|
| <b>AD Operations &amp; Leisure</b>                                  |           |           |                 |
| Virements   |           | -         |                 |
| Committee Decisions   |           |           |                 |
| 2015/16 Policy Change CPP 5 Revenue Impact of Capital Schemes       | (39,900)  |           |                 |
| 2017/18 Policy Change Vacancy Allowance Increase                    | (10,540)  |           |                 |
| Council 6/6/18 Senior Management Review                             | (48,480)  |           |                 |
| 2018/19 Policy Change AE 8 Assembly Rooms Revised Budgets           | (74,180)  |           |                 |
| 2018/19 Policy Change AE 11 Vacant Posts Review                     | (1,400)   | (174,500) |                 |
| Inflation   |           | 7,370     |                 |
| Other   |           |           |                 |
| 2018/19 BWP 034 National Minimum Wage Increase                      | 610       |           |                 |
| 2018/19 BWP 038 Depreciation  | 23,960    |           |                 |
| 2019/20 BWP 008 Gas and Electricity Charges                         | 1,630     |           |                 |
| 2019/20 BWP 017 NNDR Charges for TBC Properties                     | 13,130    |           |                 |
| 2019/20 BWP 026 Bank Charges  | 870       |           |                 |
| 2019/20 BWP 039 Insurances  | (430)     |           |                 |
| 2019/20 BWP 040 Leases  | (4,800)   | 34,970    |                 |
| Pay Adjustments   |           | 86,290    |                 |
| Changes in Recharges  |           | (52,660)  |                 |
|   |           |           | <b>(98,530)</b> |
| <b>ED Finance</b>   |           |           |                 |
| Virements   |           | -         |                 |
| Committee Decisions   |           |           |                 |
| 2017/18 Policy Change Vacancy Allowance Increase                    | (730)     | (730)     |                 |
| Inflation   |           | 130       |                 |
| Other   |           |           |                 |
| 2019/20 BWP 030 Car Allowances                                      | (640)     |           |                 |
| 2019/20 BWP 039 Insurances  | 1,060     | 420       |                 |
| Pay Adjustments   |           | 1,440     |                 |
| Changes in Recharges  |           | (870)     |                 |
|   |           |           | <b>390</b>      |
| <b>AD Finance</b>   |           |           |                 |
| Virements   |           | -         |                 |
| Committee Decisions   |           |           |                 |
| 2015/16 Policy Change CCP 6 Revenue Impact of Capital Scheme        | 55,000    |           |                 |
| 2015/16 Policy Change DF 4 Business Rates Section 31 Grant Income   | (11,980)  |           |                 |
| 2015/16 Policy Change DF 5 Business Rates Levy                      | (72,000)  |           |                 |
| 2016/17 Policy Change DF 2 Contribution from Transformation Reserve | (600,000) |           |                 |

| Activity   | £         | £         | £                  |
|--|-----------|-----------|--------------------|
| 2016/17 Policy Change DF 4 Business Rates Levy                       | (16,680)  |           |                    |
| 2016/17 Policy Change DF 5 Business Rates Section 31 Grant Income    | 11,200    |           |                    |
| 2017/18 Policy Change DF 5 New Homes Bonus                           | (100,610) |           |                    |
| 2017/18 Policy Change DF 6 Pension Cost Savings                      | 120,000   |           |                    |
| 2017/18 Policy Change DF 7 Interest on Golf Course Capital Receipt   | 49,000    |           |                    |
| 2017/18 Policy Change DF 10 Revenue Implications from Capital Scheme | (200)     |           |                    |
| 2017/18 Policy Change DF 12 Business Rates Levy                      | 154,000   |           |                    |
| 2017/18 Policy Change DF 13 Business Rates Section 31 Grant Income   | (1,000)   |           |                    |
| 2017/18 Policy Change Vacancy Allowance Increase                     | (8,750)   |           |                    |
| 2018/19 Policy Change DF 3 Property Fund Revenue Implications        | (600,000) |           |                    |
| 2018/19 Policy Change DF 2 Property Funds Investment                 | (180,000) |           |                    |
| 2018/19 Policy Change DF 4 Loss of Investment Income                 | 9,000     |           |                    |
| 2018/19 Policy Change DF 7 CIS Feasibility                           | (50,000)  |           |                    |
| 2018/19 Policy Change DF 8 New Homes Bonus                           | 12,700    |           |                    |
| 2018/19 Policy Change DF 9 Business Rates Levy                       | 315,890   |           |                    |
| 2018/19 Policy Change DF 10 Business Rates Section 31 Grant Income   | (8,970)   |           |                    |
| Council 6/6/18 Senior Management Review                              | 62,050    | (861,350) |                    |
| Inflation  |           | 5,280     |                    |
| Other  |           |           |                    |
| 2018/19 BWP 038 Depreciation   | (1,000)   |           |                    |
| 2019/20 BWP 005 Welfare Benefits                                     | 83,830    |           |                    |
| 2019/20 BWP 007 Benefits Estimates                                   | (221,250) |           |                    |
| 2019/20 BWP 016 Treasury Management                                  | (201,630) |           |                    |
| 2019/20 BWP 022 Contingencies  | 25,000    |           |                    |
| 2019/20 BWP 023 Pensions   | (50,140)  |           |                    |
| 2019/20 BWP 024 New Homes Bonus                                      | (20,900)  |           |                    |
| 2019/20 BWP 025 NNDR Estimates                                       | 400,230   |           |                    |
| 2019/20 BWP 026 Bank Charges   | 890       |           |                    |
| 2019/20 BWP 028 Audit Fee  | (15,040)  |           |                    |
| 2019/20 BWP 030 Car Allowances                                       | (1,770)   |           |                    |
| 2019/20 BWP 032 Superannuation Allowances                            | (3,350)   |           |                    |
| 2019/20 BWP 033 NNDR Cost of Collection Grant                        | 580       |           |                    |
| 2019/20 BWP 037 Apprenticeship Levy                                  | (2,000)   |           |                    |
| 2019/20 BWP 039 Insurances   | 2,000     | (4,550)   |                    |
| Pay Adjustments  |           | (54,060)  |                    |
| Changes in Recharges   |           | (87,120)  |                    |
|  |           |           | <b>(1,001,800)</b> |

| Activity   | £         | £         | £               |
|--|-----------|-----------|-----------------|
| <b>AD</b>  |           |           |                 |
| <b>Assets</b>  |           |           |                 |
| Virements  |           | (112,020) |                 |
| Committee Decisions  |           |           |                 |
| 2017/18 Policy Change Vacancy Allowance Increase                 | (1,460)   |           |                 |
| 2018/19 Policy Change AE 12 Marmion House Income                 | (46,000)  |           |                 |
| 11/04/18 Council Meeting Town Centre Land Acquisition            | (106,000) |           |                 |
| Council 6/6/18 Senior Management Review                          | (13,880)  | (167,340) |                 |
| Inflation  |           | 13,160    |                 |
| Other  |           |           |                 |
| 2017/18 BWP 027 Marmion House Rents and Service Charges          | (2,080)   |           |                 |
| 2018/19 BWP 038 Depreciation                                     | 2,080     |           |                 |
| 2019/20 BWP 008 Gas and Electricity Charges                      | 7,660     |           |                 |
| 2019/20 BWP 017 NNDR Charges for TBC Properties                  | 14,710    |           |                 |
| 2019/20 BWP 039 Insurances                                       | 490       | 22,860    |                 |
| Pay Adjustments  |           | 13,250    |                 |
| Changes in Recharges   |           | 188,240   |                 |
|  |           |           | <b>(41,850)</b> |
| <b>AD Neighbourhoods</b>   |           |           |                 |
| Virements  |           | 37,380    |                 |
| Committee Decisions  |           |           |                 |
| 2017/18 Policy Changes DHH 1 Homelessness Prevention             | (70,500)  |           |                 |
| 2017/18 Policy Change Vacancy Allowance Increase                 | (5,840)   |           |                 |
| 2018/19 Policy Change TC 2 Civil Contingencies                   | (14,000)  |           |                 |
| 2018/19 Policy Change DHH 1 Homelessness Prevention Grant        | (20,000)  |           |                 |
| 2018/19 Policy Change DHH 2 Homelessness Prevention Services     | 140,000   |           |                 |
| 2018/19 Policy Change DHH 4 Funding for Homelessness through S31 | 2,000     |           |                 |
| 2018/19 Policy Change DHH 6 Homelessness Reduction Act Staff     | 70,000    |           |                 |
| 2018/19 Policy Change DHH 7 Homelessness Reduction Act           | 20,000    | 121,660   |                 |
| Inflation  |           | (440)     |                 |
| Other  |           |           |                 |
| 2019/20 BWP 008 Gas and Electricity Charges                      | 60        |           |                 |
| 2019/20 BWP 018 Bad Debt Provision                               | 1,200     |           |                 |
| 2019/20 BWP 039 Insurances                                       | 50        | 1,310     |                 |
| Pay Adjustments  |           | 9,540     |                 |
| Changes in Recharges   |           | 41,880    |                 |
|  |           |           | <b>211,330</b>  |

| Activity   | £        | £         | £           |
|--|----------|-----------|-------------|
| <b>AD Partnerships</b>                                   |          |           |             |
| Virements  |          | (37,380)  |             |
| Committee Decisions                                      |          |           |             |
| 2017/18 Policy Change Vacancy Allowance Increase         | 4,270    |           |             |
| 2018/19 Policy Change AE 11 Vacant Posts Review          | (2,270)  |           |             |
| 2018/19 Policy Change DHH 5 Community Development Review | (3,920)  |           |             |
| Council 6/6/18 Senior Management Review                  | (44,500) | (46,420)  |             |
| Inflation  |          | (350)     |             |
| Other  |          |           |             |
| 2018/19 BWP 038 Depreciation                             | (5,320)  |           |             |
| 2019/20 BWP 008 Gas and Electricity Charges              | (570)    |           |             |
| 2019/20 BWP 015 Procurement Savings                      | (1,130)  |           |             |
| 2019/20 BWP 019 Private Sector Leasing Scheme            | (700)    |           |             |
| 2019/20 BWP 026 Bank Charges                             | 80       |           |             |
| 2019/20 BWP 039 Insurances                               | (970)    |           |             |
| 2019/20 BWP 042 Community Development                    | (5,570)  | (14,180)  |             |
| Pay Adjustments  |          | 25,620    |             |
| Changes in Recharges                                     |          | (113,940) |             |
|  |          |           | (186,650)   |
|  |          |           |             |
| Total  |          |           | (1,372,420) |

( ) denotes saving

| Activity   | £           | £           | £                  |
|--|-------------|-------------|--------------------|
| <b>HRA</b>   |             |             |                    |
| <b>Summary</b>   |             |             |                    |
| Virements  |             | -           |                    |
| Committee Decisions  |             |             |                    |
| 2015/16 Policy Change HRA 4A Revenue Impact of Capital Schemes   | (150,000)   |             |                    |
| 2015/16 Policy Change HRA 5 B Increase in RCCO                   | 500,000     |             |                    |
| 2015/16 Policy Change HRA 6 Rent Increase                        | (2,690)     |             |                    |
| 2016/17 Policy Change HRA 1 Reduction in Social Housing Rents    | 720,000     |             |                    |
| 2016/17 Policy Change HRA 3 Reduced Contribution to Regeneration | (2,000,000) |             |                    |
| 2017/18 Policy Change HRA 2 Pension Cost Savings                 | 37,000      |             |                    |
| 2018/19 Policy Change HRA 5 Additional Contribution re MRA       | (2,100,000) | (2,995,690) |                    |
| Inflation  |             | 109,880     |                    |
| Other  |             |             |                    |
| 2018/19 BWP 027 Debt Management                                  | (180)       |             |                    |
| 2019/20 BWP 012 Housing Rents                                    | (611,760)   |             |                    |
| 2019/20 BWP 013 Garage Rents                                     | (17,550)    |             |                    |
| 2019/20 BWP 016 Treasury Management                              | (104,640)   |             |                    |
| 2019/20 BWP 018 Bad Debt Provision                               | 3,800       |             |                    |
| 2019/20 BWP 021 Interest SOCH/HAA                                | 310         |             |                    |
| 2019/20 BWP 022 Contingencies                                    | 30,000      |             |                    |
| 2019/20 BWP 023 Pensions   | (15,860)    |             |                    |
| 2019/20 BWP 029 Service Charges                                  | (5,350)     | (721,230)   |                    |
| Pay Adjustments  |             | -           |                    |
| Changes in Recharges   |             | -           |                    |
|  |             |             | <b>(3,607,040)</b> |
| <b>ED Communities</b>  |             |             |                    |
| Virements  |             | 106,550     |                    |
| Committee Decisions  |             | -           |                    |
| Inflation  |             | 50          |                    |
| Other  |             | -           |                    |
| Pay Adjustments  |             | -           |                    |
| Changes in Recharges   |             | (106,530)   |                    |
|  |             |             | <b>70</b>          |
| <b>AD Operations &amp; Leisure</b>                               |             |             |                    |
| Virements  |             | -           |                    |
| Committee Decisions  |             |             |                    |
| 2017/18 Policy Change HRA 3 Increase Vacancy Allowance           | (2,510)     | (2,510)     |                    |
| Inflation  |             | 2,230       |                    |
| Other  |             |             |                    |
| 2019/20 BWP 008 Gas and Electricity Charge                       | (12,750)    |             |                    |
| 2019/20 BWP 017 NNDR Charges For TBC Properties                  | 80          |             |                    |
| 2019/20 BWP 039 Insurances                                       | (510)       |             |                    |

| Activity   | £        | £         | £                  |
|--|----------|-----------|--------------------|
| 2019/20 BWP 040 Leases                                   | (120)    | (13,300)  |                    |
| Pay Adjustments  |          | 26,790    |                    |
| Changes in Recharges                                     |          | (10,600)  |                    |
|  |          |           | <b>2,610</b>       |
| <b>AD Assets</b>   |          |           |                    |
| Virements  |          | -         |                    |
| Committee Decisions                                      |          |           |                    |
| 2017/18 Policy Change Vacancy Allowance Increase         | (4,240)  |           |                    |
| Council 6/6/18 Senior Management Review                  | (40,420) | (44,660)  |                    |
| Inflation  |          | 640       |                    |
| Other  |          |           |                    |
| 2019/20 BWP 039 Insurances                               | 70       | 70        |                    |
| Pay Adjustments  |          | 17,360    |                    |
| Changes in Recharges                                     |          | 29,570    |                    |
|  |          |           | <b>2,980</b>       |
| <b>AD Neighbourhoods</b>                                 |          |           |                    |
| Virements  |          | (106,550) |                    |
| Committee Decisions                                      |          |           |                    |
| 2017/18 Policy Change Vacancy Allowance Increase         | (14,890) |           |                    |
| 2018/19 Policy Change HRA 7 Removal of Vacant Admin Post | (1,000)  |           |                    |
| Council 6/6/18 Senior Management Review                  | (86,900) | (102,790) |                    |
| Inflation  |          | 30,750    |                    |
| Other  |          |           |                    |
| 2019/20 BWP 008 Gas and Electricity Charges              | 490      |           |                    |
| 2019/20 BWP 014 Sheltered Housing Heating Charges        | 1,530    |           |                    |
| 2019/20 BWP 017 NNDR Charges For TBC Properties          | (3,050)  |           |                    |
| 2019/20 BWP 020 Alarm Call Contract                      | 10,370   |           |                    |
| 2019/20 BWP 026 Bank Charges                             | 1,390    |           |                    |
| 2019/20 BWP 028 Audit Fee                                | (4,130)  |           |                    |
| 2019/20 BWP 029 Service Charges                          | (11,700) |           |                    |
| 2019/20 BWP 032 Superannuation Allowances                | (10)     |           |                    |
| 2019/20 BWP 034 Staff Health Insurance                   | 1,220    |           |                    |
| 2019/20 BWP 036 Enhanced Housing Management Charges      | (7,790)  |           |                    |
| 2019/20 BWP 039 Insurances                               | (15,310) | (26,990)  |                    |
| Pay Adjustments  |          | 36,540    |                    |
| Changes in Recharges                                     |          | 16,030    |                    |
|  |          |           | <b>(153,010)</b>   |
| <b>Total</b>   |          |           | <b>(3,754,390)</b> |

( ) denotes saving

## General Fund – Technical Adjustments 2019/20

| <i>Figures exclude internal recharges<br/>which have no bottom line impact</i> | Budget<br>2018/19 | Technical Adjustments |                             |                |                 |                         |                                 | Total<br>Adjusted<br>Base<br>2019/20 |                           |
|--|-------------------|-----------------------|-----------------------------|----------------|-----------------|-------------------------|---------------------------------|--------------------------------------|---------------------------|
|  |                   | Virements<br>£        | Committee<br>Decisions<br>£ | Inflation<br>£ | Other<br>£      | Pay<br>Adjustments<br>£ | Changes<br>in<br>Recharges<br>£ |                                      | Total<br>Adjustments<br>£ |
| Chief Executive  | 1,475,460         | 108,200               | (91,850)                    | (4,980)        | 10,650          | 21,730                  | 17,470                          | 61,220                               | 1,536,680                 |
| AD Growth & Regeneration   | 1,235,470         | -                     | (137,290)                   | (6,510)        | (57,500)        | 25,450                  | -                               | (175,850)                            | 1,059,620                 |
| ED Organisation  | 493,140           | 3,820                 | (60,010)                    | 8,240          | (4,850)         | (2,940)                 | (26,510)                        | (82,250)                             | 410,890                   |
| AD People  | 1,852,270         | -                     | (206,550)                   | 15,970         | (33,710)        | 8,370                   | 170,770                         | (45,150)                             | 1,807,120                 |
| AD Operations & Leisure  | 2,333,080         | -                     | (174,500)                   | 7,370          | 34,970          | 86,290                  | (16,560)                        | (62,430)                             | 2,270,650                 |
| ED Finance   | 89,080            | -                     | (730)                       | 130            | 420             | 1,440                   | (4,840)                         | (3,580)                              | 85,500                    |
| AD Finance   | 1,114,670         | -                     | (861,350)                   | 5,280          | (4,550)         | (54,060)                | (47,320)                        | (962,000)                            | 152,670                   |
| AD Assets  | (562,340)         | (112,020)             | (167,340)                   | 13,160         | 22,860          | 13,250                  | 11,000                          | (219,090)                            | (781,430)                 |
| AD Neighbourhoods  | 1,089,740         | 37,380                | 121,660                     | (440)          | 1,310           | 9,540                   | (38,550)                        | 130,900                              | 1,220,640                 |
| AD Partnerships  | 1,149,640         | (37,380)              | (46,420)                    | (350)          | (14,180)        | 25,620                  | 58,520                          | (14,190)                             | 1,135,450                 |
| <b>Grand Total</b>   | <b>10,270,210</b> | <b>-</b>              | <b>(1,624,380)</b>          | <b>37,870</b>  | <b>(44,580)</b> | <b>134,690</b>          | <b>123,980</b>                  | <b>(1,372,420)</b>                   | <b>8,897,790</b>          |



## Housing Revenue Account – Technical Adjustments 2019/20

| <i>Figures exclude internal recharges<br/>which have no bottom line impact</i> | Technical Adjustments |                |                             |                |                  |                         |                                 |                           | Total<br>Adjusted<br>Base<br>2019/20 |
|--|-----------------------|----------------|-----------------------------|----------------|------------------|-------------------------|---------------------------------|---------------------------|--------------------------------------|
|  | Budget<br>2018/19     | Virements<br>£ | Committee<br>Decisions<br>£ | Inflation<br>£ | Other<br>£       | Pay<br>Adjustments<br>£ | Changes<br>in<br>Recharges<br>£ | Total<br>Adjustments<br>£ |                                      |
| HRA Summary  | (356,030)             | -              | (2,995,690)                 | 109,880        | (721,230)        | -                       | -                               | (3,607,040)               | (3,963,070)                          |
| ED Communities   | -                     | 106,550        | -                           | 50             | -                | -                       | (84,720)                        | 21,880                    | 21,880                               |
| AD Operations & Leisure  | 508,220               | -              | (2,510)                     | 2,230          | (13,300)         | 26,790                  | 3,170                           | 16,380                    | 524,600                              |
| AD Assets  | (85,340)              | -              | (44,660)                    | 640            | 70               | 17,360                  | 24,620                          | (1,970)                   | (87,310)                             |
| AD Neighbourhoods  | 3,738,970             | (106,550)      | (102,790)                   | 30,750         | (26,990)         | 36,540                  | (14,600)                        | (183,640)                 | 3,555,330                            |
| Housing Repairs  | -                     | -              | -                           | -              | -                | -                       | -                               | -                         | -                                    |
| <b>Grand Total</b>   | <b>3,805,820</b>      | <b>-</b>       | <b>(3,145,650)</b>          | <b>143,550</b> | <b>(761,450)</b> | <b>80,690</b>           | <b>(71,530)</b>                 | <b>(3,754,390)</b>        | <b>51,430</b>                        |

## General Fund Summary Budgets – 2019/20

| <i>Figures exclude internal recharges which have no bottom line impact.</i> | <b>Base Budget<br/>2018/19<br/>£</b> | <b>Technical<br/>Adjustments<br/>£</b> | <b>Policy<br/>Changes<br/>£</b> | <b>Budget<br/>2019/20<br/>£</b> |
|---|--------------------------------------|--|---------------------------------|---------------------------------|
| Chief Executive   | 1,475,460                            | 61,220                                 | -                               | 1,536,680                       |
| AD Growth & Regeneration  | 1,235,470                            | (175,850)                              | 84,000                          | 1,143,620                       |
| ED Organisation   | 493,140                              | (82,250)                               | -                               | 410,890                         |
| AD People   | 1,852,270                            | (45,150)                               | 82,500                          | 1,889,620                       |
| AD Operations & Leisure   | 2,333,080                            | (62,430)                               | 61,000                          | 2,331,650                       |
| ED Finance  | 89,080                               | (3,580)                                | -                               | 85,500                          |
| AD Finance  | 1,114,670                            | (962,000)                              | -                               | 152,670                         |
| AD Assets   | (562,340)                            | (219,090)                              | 46,000                          | (735,430)                       |
| AD Neighbourhoods   | 1,089,740                            | 130,900                                | 7,000                           | 1,227,640                       |
| AD Partnerships   | 1,149,640                            | (14,190)                               | -                               | 1,135,450                       |
| <b>Total Cost of Services</b>   | <b>10,270,210</b>                    | <b>(1,372,420)</b>                     | <b>280,500</b>                  | <b>9,178,290</b>                |
| Transfer to / (from) Balances   | (3,077,541)                          | 1,734,108                              | -                               | (1,343,433)                     |
| Revenue Support Grant   | (493,964)                            | 309,435                                | -                               | (184,529)                       |
| Retained Business Rates   | (13,094,597)                         | (919,774)                              | -                               | (14,014,371)                    |
| Less: Tariff payable  | 9,935,598                            | 296,036                                | -                               | 10,231,634                      |
| Collection Fund Surplus (Council Tax)                                       | (80,065)                             | 47,065                                 | -                               | (33,000)                        |
| Collection Fund Surplus (Business Rates)                                    | 222,336                              | (222,336)                              | -                               | -                               |
| <b>Council Tax Requirement</b>  | <b>(3,681,977)</b>                   | <b>127,886</b>                         | <b>(280,500)</b>                | <b>(3,834,591)</b>              |

General Fund Summary Budgets – 2018/19 to 2023/24

| <i>Figures exclude internal recharges which have no bottom line impact.</i> | <b>Base Budget 2018/19</b> | <b>Budget 2019/20</b> | <b>Budget 2020/21</b> | <b>Budget 2021/22</b> | <b>Budget 2022/23</b> | <b>Budget 2023/24</b> |
|---|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | £                          | £                     | £                     | £                     | £                     | £                     |
| Chief Executive   | 1,475,460                  | 1,536,680             | 1,542,660             | 1,547,300             | 1,553,120             | 1,559,890             |
| AD Growth & Regeneration  | 1,235,470                  | 1,143,620             | 1,238,860             | 1,123,910             | 1,094,310             | 1,166,580             |
| ED Organisation   | 493,140                    | 410,890               | 426,840               | 443,340               | 461,580               | 478,800               |
| AD People   | 1,852,270                  | 1,889,620             | 1,884,330             | 1,922,910             | 1,977,660             | 2,035,680             |
| AD Operations & Leisure   | 2,333,080                  | 2,331,650             | 2,313,070             | 2,369,000             | 2,433,990             | 2,501,980             |
| ED Finance  | 89,080                     | 85,500                | 87,670                | 89,870                | 92,730                | 95,880                |
| AD Finance  | 1,114,670                  | 152,670               | (238,200)             | (170,480)             | (203,480)             | (79,160)              |
| AD Assets   | (562,340)                  | (735,430)             | (719,010)             | (701,670)             | (681,310)             | (659,820)             |
| AD Neighbourhoods   | 1,089,740                  | 1,227,640             | 1,202,670             | 1,112,980             | 1,142,550             | 1,173,470             |
| AD Partnerships   | 1,149,640                  | 1,135,450             | 1,138,040             | 1,155,570             | 1,172,490             | 1,190,380             |
| <b>Total Cost of Services</b>   | <b>10,270,210</b>          | <b>9,178,290</b>      | <b>8,876,930</b>      | <b>8,892,730</b>      | <b>9,043,640</b>      | <b>9,463,680</b>      |
| Transfer to / (from) Balances   | (3,077,541)                | (1,343,433)           | (2,478,576)           | (2,264,027)           | (2,191,641)           | (2,393,592)           |
| Revenue Support Grant   | (493,964)                  | (184,529)             | (0)                   | (0)                   | (0)                   | (0)                   |
| Retained Business Rates   | (13,094,597)               | (14,014,371)          | (14,279,743)          | (14,563,883)          | (14,842,850)          | (15,139,707)          |
| Less: Tariff payable  | 9,935,598                  | 10,231,634            | 11,936,698            | 12,173,977            | 12,405,147            | 12,653,250            |
| Collection Fund Surplus (Council Tax)                                       | (80,065)                   | (33,000)              | (33,000)              | (33,000)              | (33,000)              | (33,000)              |
| Collection Fund Surplus (Business Rates)                                    | 222,336                    | -                     | -                     | -                     | -                     | -                     |
| <b>Council Tax Requirement</b>  | <b>(3,681,977)</b>         | <b>(3,834,591)</b>    | <b>(4,022,309)</b>    | <b>(4,205,797)</b>    | <b>(4,381,296)</b>    | <b>(4,550,631)</b>    |

\* Figures include proposed Policy Changes

## Housing Revenue Account 2018/19 to 2023/24

| <i>Figures exclude internal recharges which have no bottom line impact.</i> | <b>Base Budget 2018/19</b><br>£ | <b>Budget 2019/20</b><br>£ | <b>Budget 2020/21</b><br>£ | <b>Budget 2021/22</b><br>£ | <b>Budget 2022/23</b><br>£ | <b>Budget 2023/24</b><br>£ |
|---|---------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| HRA Summary   | (356,030)                       | (3,794,130)                | (3,701,890)                | (3,978,650)                | (3,008,180)                | (4,504,890)                |
| ED Communities  | 0                               | 21,880                     | 24,730                     | 27,640                     | 30,630                     | 33,700                     |
| AD Operations & Leisure   | 508,220                         | 524,600                    | 533,940                    | 542,760                    | 553,670                    | 565,740                    |
| AD Assets   | (85,340)                        | (87,310)                   | (74,160)                   | (150,610)                  | (141,640)                  | (39,250)                   |
| AD Neighbourhoods   | 3,738,970                       | 3,555,330                  | 3,626,280                  | 3,769,540                  | 3,850,570                  | 3,842,020                  |
| Housing Repairs   | 0                               | 0                          | 0                          | 0                          | 0                          | 0                          |
| <b>Grand Total</b>  | <b>3,805,820</b>                | <b>220,370</b>             | <b>408,900</b>             | <b>210,680</b>             | <b>1,285,050</b>           | <b>(102,680)</b>           |

\* Figures include proposed Policy Changes

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

| <b>General Fund<br/>Capital Programme</b>                        | <b>2019/20<br/>£</b> | <b>2020/21<br/>£</b> | <b>2021/22<br/>£</b> | <b>2022/23<br/>£</b> | <b>2023/24<br/>£</b> | <b>Total<br/>£</b> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|--------------------|
| Gateways   | 120,000              | 190,000              | -                    | -                    | -                    | <b>310,000</b>     |
| Technology Replacement   | 60,000               | -                    | -                    | -                    | -                    | <b>60,000</b>      |
| Street Lighting  | 28,200               | 115,300              | -                    | -                    | 583,890              | <b>727,390</b>     |
| Amington Community Woodland                                      | 50,000               | 50,000               | 50,000               | 50,000               | -                    | <b>200,000</b>     |
| Replacement Castle Grounds<br>Play Area                          | -                    | -                    | 375,000              | -                    | -                    | <b>375,000</b>     |
| Private Sector Grants - Disabled<br>Facilities Grants            | 650,000              | 650,000              | 650,000              | 650,000              | 650,000              | <b>3,250,000</b>   |
| Energy Efficiency Upgrades to<br>Commercial and Industrial Units | 75,000               | 75,000               | 75,000               | 75,000               | 75,000               | <b>375,000</b>     |
| <b>Total General Fund Capital</b>                                | <b>983,200</b>       | <b>1,080,300</b>     | <b>1,150,000</b>     | <b>775,000</b>       | <b>1,308,890</b>     | <b>5,297,390</b>   |
| <b><u>Proposed Financing:</u></b>                                |                      |                      |                      |                      |                      |                    |
| Grants - Disabled Facilities                                     | 400,000              | 400,000              | 400,000              | 400,000              | 400,000              | <b>2,000,000</b>   |
| Section 106 Receipts   | 100,000              | 140,000              | 50,000               | 50,000               | -                    | <b>340,000</b>     |
| Sale of Council House Receipts                                   | 188,200              | 190,300              | 175,000              | 155,000              | 150,000              | <b>858,500</b>     |
| Community Infrastructure Levy                                    | -                    | 30,000               | -                    | -                    | -                    | <b>30,000</b>      |
| <b>Unsupported Borrowing</b>                                     | <b>295,000</b>       | <b>320,000</b>       | <b>525,000</b>       | <b>170,000</b>       | <b>758,890</b>       | <b>2,068,890</b>   |
| Total  | <b>983,200</b>       | <b>1,080,300</b>     | <b>1,150,000</b>     | <b>775,000</b>       | <b>1,308,890</b>     | <b>5,297,390</b>   |

## Draft Housing Revenue Account Capital Programme 2019/20 to 2023/24

| <b>Housing Revenue Account<br/>Capital Programme</b>         | <b>2019/20<br/>£</b> | <b>2020/21<br/>£</b> | <b>2021/22<br/>£</b> | <b>2022/23<br/>£</b> | <b>2023/24<br/>£</b> | <b>TOTAL<br/>£</b> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|--------------------|
| Heating Distribution   | 179,200              | 179,200              | 179,200              | 179,200              | 179,200              | <b>896,000</b>     |
| Roof finishes  | 854,400              | 854,400              | 854,400              | 854,400              | 854,400              | <b>4,272,000</b>   |
| Windows  | 347,500              | 347,500              | 347,500              | 347,500              | 347,500              | <b>1,737,500</b>   |
| Fascias, Soffits & Bargeboards                               | 57,000               | 57,000               | 57,000               | 57,000               | 57,000               | <b>285,000</b>     |
| External Doors   | 301,400              | 301,400              | 301,400              | 301,400              | 301,400              | <b>1,507,000</b>   |
| Communal Doors   | -                    | -                    | -                    | -                    | 83,000               | <b>83,000</b>      |
| Bathroom   | 567,800              | 567,800              | 567,800              | 567,800              | 567,800              | <b>2,839,000</b>   |
| Kitchens   | 1,037,500            | 1,037,500            | 1,037,500            | 1,037,500            | 1,037,500            | <b>5,187,500</b>   |
| Heating Systems  | 501,700              | 501,700              | 501,700              | 501,700              | 501,700              | <b>2,508,500</b>   |
| Electric Heating Systems                                     | -                    | -                    | -                    | -                    | 302,900              | <b>302,900</b>     |
| Rewire   | 362,200              | 362,200              | 362,200              | 362,200              | 362,200              | <b>1,811,000</b>   |
| Lift Renewals  | -                    | -                    | 180,000              | -                    | -                    | <b>180,000</b>     |
| Rainwater Goods  | -                    | -                    | -                    | -                    | 284,800              | <b>284,800</b>     |
| Warden Call Systems  | -                    | -                    | -                    | -                    | 40,000               | <b>40,000</b>      |
| CO/Smoke detectors   | 64,000               | 64,000               | 64,000               | 64,000               | 64,000               | <b>320,000</b>     |
| External Stores etc.   | 106,800              | 106,800              | 106,800              | 106,800              | 106,800              | <b>534,000</b>     |
| Insulation   | 17,900               | 17,900               | 17,900               | 17,900               | 17,900               | <b>89,500</b>      |
| Independent Fires  | 4,600                | 4,600                | 4,600                | 4,600                | 4,600                | <b>23,000</b>      |
| Soil Vent Pipes  | -                    | -                    | 945,000              | -                    | -                    | <b>945,000</b>     |
| Fire Alarm Systems   | -                    | -                    | -                    | -                    | 16,000               | <b>16,000</b>      |
| Disabled Adaptations   | 212,500              | 212,500              | 212,500              | 212,500              | 212,500              | <b>1,062,500</b>   |
| Fencing Renewals   | 142,400              | 142,400              | 142,400              | 142,400              | 142,400              | <b>712,000</b>     |
| Structural Works   | 300,000              | 300,000              | 300,000              | 300,000              | 300,000              | <b>1,500,000</b>   |
| Estate Works   | 216,600              | 216,600              | 216,600              | 216,600              | 216,600              | <b>1,083,000</b>   |
| Environmental Works  | 283,300              | 283,300              | 283,300              | 283,300              | 283,300              | <b>1,416,500</b>   |
| Improvement to Sheltered Schemes                             | 100,000              | 100,000              | 100,000              | 100,000              | 100,000              | <b>500,000</b>     |
| Energy Efficiency Works                                      | 70,000               | 70,000               | 70,000               | 70,000               | 70,000               | <b>350,000</b>     |
| Capital Salaries   | 200,000              | 200,000              | 200,000              | 200,000              | 200,000              | <b>1,000,000</b>   |
| Retention of Garage Sites                                    | 500,000              | -                    | -                    | -                    | -                    | <b>500,000</b>     |
| Removal of Office at Eringden                                | -                    | 10,000               | -                    | -                    | -                    | <b>10,000</b>      |
| Redevelopment of Garage sites                                | 2,000,000            | 2,000,000            | 2,000,000            | 2,000,000            | 2,000,000            | <b>10,000,000</b>  |
| Other Acquisitions   | 500,000              | 500,000              | 500,000              | 500,000              | 500,000              | <b>2,500,000</b>   |
| <b>Total HRA Capital</b>                                     | <b>8,926,800</b>     | <b>8,436,800</b>     | <b>9,551,800</b>     | <b>8,426,800</b>     | <b>9,153,500</b>     | <b>44,495,700</b>  |
| <b>Proposed Financing:</b>                                   |                      |                      |                      |                      |                      |                    |
| Major Repairs Reserve  | 3,482,060            | 5,482,060            | 4,498,500            | 4,482,060            | 4,482,400            | <b>22,427,080</b>  |
| HRA Capital Receipts   | 2,150,000            | 551,440              | -                    | 551,440              | 1,000,000            | <b>4,252,880</b>   |
| Regeneration Revenue Reserves                                | 1,744,740            | 1,603,300            | 4,203,300            | 2,593,300            | 3,021,100            | <b>13,165,740</b>  |
| Capital Receipts from Additional Council House Sales (1-4-1) | 650,000              | 450,000              | 500,000              | 450,000              | 300,000              | <b>2,350,000</b>   |
| Regeneration Reserve   | 900,000              | 350,000              | 350,000              | 350,000              | 350,000              | <b>2,300,000</b>   |
| <b>Total</b>   | <b>8,926,800</b>     | <b>8,436,800</b>     | <b>9,551,800</b>     | <b>8,426,800</b>     | <b>9,153,500</b>     | <b>44,495,700</b>  |

**Contingencies 2019/20 - 2023/24**

| <b>Revenue</b>                                   | 2019/20    | 2020/21    | 2021/22    | 2022/23    | 2023/24    |
|--|------------|------------|------------|------------|------------|
| Specific Earmarked &                             | £'000      | £'000      | £'000      | £'000      | £'000      |
| <b>General</b>                                   |            |            |            |            |            |
| <b>General Fund</b>                              |            |            |            |            |            |
| <b>Specific Contingencies</b>                    |            |            |            |            |            |
|  |            |            |            |            |            |
| <b>Waste Management</b>                          | <b>50</b>  | <b>50</b>  | <b>50</b>  | <b>50</b>  | <b>50</b>  |
| <b>Restructure</b>                               | <b>75</b>  | <b>75</b>  | <b>75</b>  | <b>75</b>  | <b>75</b>  |
| <i>General Contingency</i>                       | 100        | 100        | 100        | 100        | 100        |
| <i>General Contingency re<br/>Income Targets</i> | 97         | 190        | 264        | 264        | 264        |
| <b>Total General<br/>Contingency</b>             | <b>197</b> | <b>290</b> | <b>364</b> | <b>364</b> | <b>364</b> |
| <b>Total GF Revenue</b>                          | <b>322</b> | <b>415</b> | <b>489</b> | <b>489</b> | <b>489</b> |
|  |            |            |            |            |            |
| <b>Housing Revenue<br/>Account</b>               |            |            |            |            |            |
| <b>Restructure</b>                               | <b>30</b>  | <b>30</b>  | <b>30</b>  | <b>30</b>  | <b>30</b>  |
| <i>HRA - General Contingency</i>                 | 100        | 100        | 100        | 100        | 100        |
|  |            |            |            |            |            |
| <b>Total HRA Revenue</b>                         | <b>130</b> | <b>130</b> | <b>130</b> | <b>130</b> | <b>130</b> |

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