

28th November 2019

REPORT OF THE LEADER OF THE COUNCIL

DRAFT BASE BUDGET FORECASTS 2020/21 to 2024/25

Purpose

To inform Members of the re-priced base budget for 2020/21, base budget forecasts for the period 2020/21 to 2024/25 (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 2020/21 & indicative budgets to 2024/25 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 2020/21, 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 2020/21 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 2020/21 to 2024/25.

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. General Fund balances of £1m over 3 years (compared with a forecast shortfall in the February 2018 MTFS projections of £0.9m) – with a shortfall of £2.5m to 2023/24 increasing to £5.6m over 5 years (the shortfall was previously forecast at £3.8m in 2023/24), including the minimum approved level of £0.5m;
2. HRA balances of £4.8m over 3 years (compared with a forecast in February of £2.1m) with balances of £5.9m over the 4 years to 2023/24 increasing to £7.2m in 2024/25 (balances were previously forecast at £2.3m in 2023/24) including the minimum recommended balances of £0.5m.

Further savings of around £1.1m p.a. will be required over the next 5 years (based on annual £5 increases in Council Tax). On an annualised basis this would equate to a year on year ongoing saving of £0.4m over 5 years.

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

- 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. The following reforms were planned to be in place by 2020/21 but given announcements following the 2019 Spending Round these have been deferred until 2021/22.

The Government previously stated its intention to hold a new Spending Review in 2019, covering the period 2020/21 to 2022/23. However, a one-year Spending Round has been carried out, covering the financial year 2020/21; and this will be followed in 2020 by a full Spending Review, reviewing public spending as a whole and setting multi-year budgets.

In addition, the Government have said that, given the need to provide certainty and stability for next year, the longer-term reforms for the local government finance system, including business rates retention and fairer funding (Review of Relative Needs and Resources), have been delayed until 2021/22.

➤ **Fair Funding Review (FFR)** of the distribution methodology (now from 2021/22) 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.
- **Spending Review 2020 (SR20)** – 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** (now from 2021/22) – the Government announced that Councils will be able to retain 75% of business rates collected 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;
 - The planned **reset of the Business Rates baseline** for each Council and redistribution of the growth achieved since 2013 of over £1m p.a. (now from 2021/22);
 - 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 Councils no longer receive grant). The Government have confirmed that the 4-year legacy payments for New Homes Bonus (NHB) will continue to be paid after 2020/21, but there still remains uncertainty regarding new payments.

It is the Government’s intention to look again at the New Homes Bonus scheme for 2021/22 and explore the most effective way to incentivise housing growth. They plan to consult widely on proposals prior to implementation. As the roll forward is for one year, with any funding beyond 2020/21 subject to the 2020 Spending Review and potential new proposals, the Government have said that the new allocations in 2020/21 will not result in legacy payments being made in subsequent years on those allocations.

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.

- In 2016-17, at the start of the four-year offer made to local government, the Government introduced a separate council tax referendum principle for shire districts, to address particular pressures on these authorities. This principle meant that districts could increase council tax by the core principle (now announced as 2% for 2020/21 – this was previously 3%) or £5, whichever is greater.

The Government continued to grant this flexibility in 2017/18, 2018/19 and 2019/20 and is likely to continue for 2020/21.

- 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 – the results from the 2019 triennial review, carried out by the Actuary employed by the Pension Fund, are due to be confirmed in December - indicative *ongoing* annual increases in Employer's contributions of c. £150k p.a. (1% p.a. increase) have been included from 2020/21 for 3 years (followed by increases of 2% p.a.). This 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. Given the uncertain economic situation and arising from the Councils position in its participation in the Fund's contribution stability mechanism, the indicative option to freeze contribution levels for 3 years has been communicated to the Pension Fund Actuary. This would lower costs in the short term - should the actuary confirm it would not have an unsustainable impact on the pension fund. There will also be a saving of c.£183k in lump sum costs by making an advance payment of the 3 year costs in April 2020.
- While the Government announced a pay cap for 2014/15 & 2015/16, a 2.2% increase (plus other changes) was agreed from 1st January 2015. In addition, from April 2016, a new compulsory National Living Wage (NLW) for the over 25s was introduced to replace the National Minimum Wage. 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 1st April 2019 based on a bottom rate of £17,364 with additions, deletions and changes to other spinal column points. A 2.5% p.a. increase from 2020/21 has been assumed.

- 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 risk on the current grant funding for Disabled Facilities Grants (DFG) is highlighted. A grant of £400k p.a. has been assumed;
- Review and finalisation of the revised budgets/policy changes and feedback from the scrutiny process – including the Council Tax increase for 2020/21.

Options Considered

As part of the budget setting process a number of options for the council tax increase levels for 2020/21 and future years have been modelled / considered.

Council Tax	Option Modelled / Considered
Model 1	£5.00 increase in Council tax in 2020/21 (followed by increases of £5.00 p.a.)
Model 2	2.99% increase in Council tax in 2020/21 (followed by increases of c.2.99% p.a.)
Model 3	£1 increase in Council tax in 2020/21 (followed by increases of £1 p.a.)
Model 4	2.5% increase in Council tax in 2020/21 (followed by increases of 2.5% thereafter)
Model 5	0% increase in Council tax in 2020/21 (followed by increases of 0% thereafter)
Model 6	1.99% increase in Council tax in 2020/21 (followed by increases of 1.99% thereafter)
Rent	Option Modelled / Considered
CPI plus 1%	The Government has now confirmed that social housing rents can increase to include 'up to' a factor of the consumer price index (CPI) measure of inflation plus 1% for five years from 2020, following the conclusion of a consultation on the new rent standard
CPI	General increase in line with CPI
No increase	No general increase in annual rent

Resource Implications

The detailed financial & budgetary implications are outlined within the report.

The Forecast projects General Fund balances of £1m over 3 years – with a shortfall of £2.5m to 2023/24 increasing to £5.6m 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).

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

- The final outturn for 2018/19 – additional balances of £0.3m from a higher than forecast underspend position of £2.3m. A projected underspend of £1.8m for 2019/20 has been included - including;
 - Due to the Staffordshire pilot arrangement, there are no requirements to pay c.£1m levy in 2019/20;
 - Returned business rates levy for 2018/19 from GBSLEP of £0.3m following finalisation of the audit process plus £0.4m from the Staffordshire business rates pilot for 2019/20;

- Lower treasury management investment interest of £0.2m over 3 years from 2020/21 – forecast increases in the Bank of England base rate have been delayed due to the ongoing uncertainty regarding the Brexit process. This has also delayed some of the planned property fund investments with an associated reduction in planned income of £0.2m in 2021/22;
- £1.4m in additional retained Business rates in 2020/21 (net of levy payment / s.31 grant income) due to retention of the growth since 2013, following the deferral of the planned Local Government funding reviews to 2021/22;
- Returned levy in 2020/21 of c.£0.6m from pooling in the Staffordshire pool;
- The potential impact from the funding reforms in 2021/22 including the Business Rates Baseline reset and c. £1.4m p.a. reduced income / increased tariff from 2021/22 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 2020 have been included given the uncertainty;
- Revised new homes bonus levels - future levels included based on legacy payments only;
- Revised lump sum contribution to the pension fund following the 2019 triennial review – an increase of 1% p.a. for 3 years (followed by 2% p.a. thereafter);
- A 2.5% p.a. pay award increase has been included within the MTFS – no change has been assumed;
- Costs / savings from the CCTV service review.
- The Bank of England has already indicated that should the UK leave the EU with no deal then this could adversely affect the economy and measures would need to be taken – this could have a significant impact on the finances of the Council but cannot be accurately quantified at this stage (impact on base rate / investment interest, local economy / business rates income, council tax income etc.).

The current forecast projects Housing Revenue Account (HRA) balances of £4.8m over 3 years with balances of £5.9m over the 4 years to 2023/24 increasing to £7.2m in 2024/25 including the minimum recommended balances of £0.5m.

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

- The final outturn for 2018/19 – additional balances of £0.9m from a higher than forecast underspend position of £1.5m. No material variance from budget for 2019/20 has been included;
- Revised lump sum contribution to the pension fund following the 2019 triennial review – an increase of 1% p.a. for 3 years (followed by 2% p.a. thereafter) has been assumed under the central case forecast, £60k over 3 years;

- Increased Housing rental income due to lower levels of right to buy sales, the completion of Tinkers Green and Kerria Housing developments – as well as increases in rents of CPI plus 1% from 2020/21;
- A 2.5% p.a. pay award increase has been included within the MTFS – no change has been assumed;
- No changes have been assumed regarding from the planned stock condition survey and ongoing repairs contract arrangements (additional cost pressures in these areas of c.£1m p.a. had previously been assumed under the worse case forecast).

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 4th December 2019.

In order to allow Scrutiny Committees to respond to the Cabinet on the outcome of their deliberations, a meeting of the Scrutiny Committee (Budget) has been arranged for 30th January 2020.

Proposed amendments to the 2019/20 base budget, approved by Council on 26th February 2019, are detailed within the report.

Key Risks

- Uncertain economic conditions within the UK economy, following the decision to leave the EU – potential impact on interest rates, business rates growth and employment.
- Achievement of the anticipated growth in business rates income – in line with the assumed baseline and tariff levels set.
- The Government have said that, given the need to provide certainty and stability for next year, the longer-term reforms for the local government finance system, including business rates retention and fairer funding (Review of Relative Needs and Resources), have been delayed until 2021/22. **There is a high risk that these reforms, including the planned Business Rates Reset (when a proportion of the growth in business rates achieved since 2013/14 will be redistributed), will have a significant effect on the Council's funding level from 2021/22;**
- 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 received over the period 2016 – 2018 from the sale of the former golf course (to support the MTFS in the long term);

- Uncertainty over the ongoing funding for the **New Homes Bonus scheme**, 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. The Government have confirmed that the 4-year legacy payments for New Homes Bonus (NHB) will continue to be paid after 2020/21, but there still remains uncertainty regarding new payments.

It is the Government's intention to look again at the New Homes Bonus scheme for 2021/22 and explore the most effective way to incentivise housing growth. They plan to consult widely on proposals prior to implementation. As the roll forward is for one year, with any funding beyond 2020/21 subject to the 2020 Spending Review and potential new proposals, the Government have said that the new allocations in 2020/21 will not result in legacy payments being made in subsequent years on those allocations.

- Challenge to continue to achieve high collection rates for council tax, business rates and housing rents – in light of welfare benefit reforms, economic conditions and uncertainty.

Risks to Capital and Revenue Forecasts:

Risk	Control Measure
Major variances to the level of grant / subsidy from the Government (including specific grants e.g. Benefits administration, Business Rates Section 31 funding); (High)	Sensitivity modelling undertaken to assess the potential impact in the estimation of future grant levels; (High / Medium)
New Homes Bonus grant levels lower than estimated; Continuation of the scheme for 2020/21 has been confirmed – doubt over its continuation in future years; (High/Medium)	Future levels included based on legacy payments only; (Medium/Low)
Potential 'capping' of council tax increases by the Government or local Council Tax veto / referendum; (Medium)	Current indications are that increases of 2% or £5 and above risk 'capping' (3% or £5 for District Councils in 2019/20); (Low)
The achievement / delivery of substantial savings / efficiencies will be needed to ensure sufficient resources will be available to deliver the Council's objectives through years 4 to 5. Ongoing; (High)	A robust & critical review of savings proposals will be required / undertaken before inclusion within the forecast; (High/Medium)
Pay awards greater than forecast; (Medium)	Public sector pay cap was lifted from 2018/19 with pay awards of 2% p.a. for 2 years. Increases of 2.5% p.a. assumed from 2020/21; (Medium / Low)
Pension costs higher than planned / adverse performance of pension fund; (Medium)	Regular update meetings with Actuary; Indicative increases of c.£150k p.a. in the 'lump sum' element have been included with triennial review due during 2019 to inform 3 years from 2020/21; (Medium/Low)

Risk	Control Measure
<p>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;</p> <p>New burdens (Section 31) grant funding for Central Government policy changes – including impact on levy calculation;</p> <p>Potential changes to the Business Rates Retention system following the announcement for Councils to keep 75% (previously up to 100%) of the business rates collected from 2021/22; (High)</p>	<p>Robust estimates included to arrive at collection target. Ongoing proactive management & monitoring will continue;</p> <p>Business Rates Collection Reserve - provision of reserve funding to mitigate impact of any changes in business rate income levels;</p> <p>Monitoring of the situation / regular reporting;</p> <p>(High / Medium)</p>
<p>Local Council Tax Reduction scheme implementation – potential yield changes and maintenance of collection levels;</p> <p>(High)</p>	<p>Robust estimates included. Ongoing proactive management & monitoring (including a quarterly healthcheck on the implications on the organisation – capacity / finance) will continue; (High / Medium)</p>
<p>Achievement of income streams in line with targets e.g. treasury management interest, car parking, planning, commercial & industrial rents etc.; (High / Medium)</p>	<p>Robust estimates using a zero based budgeting approach have been included;</p> <p>(Medium)</p>
<p>Delivery of the capital programme (GF / HRA – including Regeneration schemes) dependent on funding through capital receipts and grants (including DFG funding through the Better Care Fund); (High / Medium)</p>	<p>Robust monitoring and evaluation – should funds not be available then schemes would not progress;</p> <p>(Medium)</p>
<p>Dependency on partner organisation arrangements and contributions e.g. Waste Management (SCC/LDC). (High / Medium)</p>	<p>Memorandum of Understanding in place with LDC.</p> <p>(Medium)</p>
<p>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. (High/Medium)</p>	<p>The main issue seems to be the increased risks associated with those Councils who are borrowing large sums to invest in commercial property activities.</p> <p>(Medium)</p>
<p>Maintenance and repairs backlog for corporate assets – and planned development of long term strategic plan to address such. (High / Medium)</p>	<p>Planned development of long term strategic corporate capital strategy and asset management plan to consider the requirements and associated potential funding streams. (Medium)</p>
<p>Significant financial penalties arising from the implementation of the General Data Protection Regulations (GDPR). (High / Medium)</p>	<p>Implementation plan in place with corporate commitment and good progress.</p> <p>(Medium)</p>

Risk	Control Measure
<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>(High/Medium)</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>The Council will also endeavour to use the secondary market for purchases to potentially gain access to a fund at a lower level of cost than via the primary route. Mitigation regulations are in place to defer any potential principal loss for 5 years.</p> <p>(Medium)</p>

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 2019/20, Council 26 th February 2019
	Budget and Medium Term Financial Planning Process, Cabinet 15 th August 2019
	Budget Consultation Report, Cabinet 7 th November 2019

Base Budget Forecast 2020/21 to 2024/25

Revisions / updates have been made to the 2019/20 base budget in order to produce an adjusted base for 2020/21 and forecast base for 2021/22 onwards.

General Fund Revenue

Forecast – When the budget for 2019/20, and indicative budgets for 2020/21 to 2021/22, were approved by Council in February 2019 it was anticipated that balances would remain above the minimum approved level of £0.5m for the 3 year period.

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

- The final outturn for 2018/19 – additional balances of £0.3m from a higher than forecast underspend position of £2.3m. A projected underspend of £1.8m for 2019/20 has been included - including;
 - Due to the Staffordshire pilot arrangement, there are no requirements to pay c.£1m levy in 2019/20;
 - Returned business rates levy for 2018/19 from GBSLEP of £0.3m following finalisation of the audit process plus £0.4m from the Staffordshire business rates pilot for 2019/20;
- Lower treasury management investment interest of £0.2m over 3 years from 2020/21 – forecast increases in the Bank of England base rate have been delayed due to the ongoing uncertainty regarding the Brexit process. This has also delayed some of the planned property fund investments with an associated reduction in planned income of £0.2m in 2021/22;
- £1.4m in additional retained Business rates in 2020/21 (net of levy payment / s.31 grant income) due to retention of the growth since 2013, following the deferral of the planned Local Government funding reviews to 2021/22;
- Returned levy in 2020/21 of c.£0.6m from pooling in the Staffordshire pool;
- The potential impact from the funding reforms in 2021/22 including the Business Rates Baseline reset and c. £1.4m p.a. reduced income / increased tariff from 2021/22 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 2020 have been included given the uncertainty;
- Revised new homes bonus levels - future levels included based on legacy payments only;
- Revised lump sum contribution to the pension fund following the 2019 triennial review – an increase of 1% p.a. for 3 years (followed by 2% p.a. thereafter);
- A 2.5% p.a. pay award increase has been included within the MTFs – no change has been assumed;

- Costs / savings from the CCTV service review.
- The Bank of England has already indicated that should the UK leave the EU with no deal then this could adversely affect the economy and measures would need to be taken – this could have a significant impact on the finances of the Council but cannot be accurately quantified at this stage (impact on base rate / investment interest, local economy / business rates income, council tax income etc.).

Issues for the Medium Term

The Forecast projects General Fund balances of £1m over 3 years – with a shortfall of £2.5m to 2023/24 increasing to £5.6m 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).

Implications & Options

It is currently estimated that further savings of around £1.1m p.a. will be required over the next 5 years (based on annual £5 increases in Council Tax). On an annualised basis this would equate to a year on year ongoing saving of £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).
- Recruitment freeze – 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 – A review of the underspend position has been undertaken with a view to drive out as many savings as possible – and has identified annual savings of c.£160k p.a. from 2020/21. There was a £2.3m underspend in 2018/19 – although much of this arose from windfall income, c. £0.7m was lower level underspends.
- Alternative investment options arising from the Commercial Investment Strategy (as well as the Treasury Management Investment Strategy) to generate improved returns of c. 4% to 5% p.a. (plus asset growth);

A savings target to return c.4% p.a. from the planned investment of £12m in Diversified Property Funds has already been included from 2020/21.

- Review of reserves (including ensuring adequate provision for the funding uncertainties) / creation of fund for transformation costs (if needed);
- Targeted Savings – to identify potential areas for review in future years; and
- 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 2019/20, and indicative budgets for 2020/21 to 2023/24, were approved by Council in February 2019 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 2018/19 – additional balances of £0.9m from a higher than forecast underspend position of £1.5m. No material variance from budget for 2019/20 has been included;
- Revised lump sum contribution to the pension fund following the 2019 triennial review – an increase of 1% p.a. for 3 years (followed by 2% p.a. thereafter) has been assumed under the central case forecast, £60k over 3 years;
- Increased Housing rental income due to lower levels of right to buy sales, the completion of Tinkers Green and Kerria Housing developments – as well as increases in rents of CPI plus 1% from 2020/21;
- A 2.5% p.a. pay award increase has been included within the MTFs – no change has been assumed;

- No changes have been assumed regarding from the planned stock condition survey and ongoing repairs contract arrangements (additional cost pressures in these areas of c.£1m p.a. had previously been assumed under the worse case forecast).

The current forecast projects Housing Revenue Account (HRA) balances of £4.8m over 3 years with balances of £5.9m over the 4 years to 2023/24 increasing to £7.2m in 2024/25 including the minimum recommended balances of £0.5m.

Detailed Considerations

Base Budget Forecasts 2020/21 to 2024/25

Revisions / updates have been made to the 2019/20 base budget in order to produce an adjusted base for 2020/21 and forecast base for 2021/22 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	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Base Budget B/Fwd	9,403	8,267	8,645	8,850	9,551
Committee Decisions	(517)	(356)	25	67	0
Inflation	24	38	37	39	40
Other	(1,177)	394	(150)	317	126
Pay Adjustments (Including pay award / reduction for vacancy allowance)	534	302	293	278	267
Revised charges for non-general fund activities	-	-	-	-	-
Total / Revised Base Budget	8,267	8,645	8,850	9,551	9,984

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 2019/20 were confirmed on 29th January 2019 – with only minor changes from those confirmed in February 2018 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 updated National Core Spending Power figures are detailed below and include the Settlement Funding Assessment (SFA); Council Tax; the Improved Better Care Fund; New Homes Bonus (NHB); Transitional Grant; Rural Services Delivery Grant; and the Adult Social Care Support Grant. The table shows the national changes to Core Spending Power between 2016/17 and 2019/20. It shows an increase of 2.8% for 2019/20 and an overall increase for the period 2016/17 to 2019/20 of 3.8%.

Core Spending Power	2015/16	2016/17	2017/18	2018/19	2019/20
National Position	£m	£m	£m	£m	£m
Settlement Funding Assessment	21,250	18,602	16,633	15,574	14,560
Under-indexing business rates multiplier	165	165	175	275	400
Council Tax	22,036	23,247	24,666	26,332	27,927
Improved Better Care Fund	-	-	1,115	1,499	1,837
New Homes Bonus	1,200	1,485	1,252	947	918
Rural Services Delivery Grant	16	81	65	81	81
Transition Grant	-	150	150	-	-
Adult Social Care Support Grant	-	-	241	150	-
Winter pressures Grant	-	-	-	240	240
Social Care Support Grant	-	-	-	-	410
Core Spending Power	44,666	43,730	44,296	45,098	46,373
Change %		(2.1)%	1.3%	1.8%	2.8%
Cumulative change %		(2.1)%	(0.8)%	1.0%	3.8%

However, there remains a high degree of uncertainty arising from the most significant changes in Local Government funding for a generation. The planned reforms were due to be in place by 2020/21 but given announcements following the *2019 Spending Round* these have been deferred until 2021/22.

The government previously stated its intention to hold a new Spending Review in 2019, covering the period 2020/21 to 2022/23. However, a one-year Spending Round has been carried out, covering the financial year 2020/21; and this will be followed in 2020 by a full Spending Review, reviewing public spending as a whole and setting multi-year budgets.

In addition, the Government have said that, given the need to provide certainty and stability for next year, the longer-term reforms for the local government finance system, including business rates retention and fairer funding (Review of Relative Needs and Resources), have been delayed until 2021/22.

The Government recently issued the Local Government Finance Settlement 2020/21 Technical Consultation paper which proposes that the 2019/20 Settlement Funding Assessment amounts will increase in line with the small business non-domestic rating multiplier for 2020/21. This will mean that they will increase by the September CPI amount (since confirmed as 1.7%) unless it is capped.

Authorities will therefore see CPI increases in both their Baseline Need and Revenue Support Grant amounts. This is the first time both elements will increase by CPI, as in previous years RSG was reduced (in order to offset the funding gain from Baseline Need increases).

For Baseline Need to increase by CPI, NNDR Baseline and Top up / Tariff amounts will also increase by CPI (as in previous years).

For future years (post 2020/21), it has been assumed that there will be a reduction in Revenue Support Grant to nil following the planned reforms, as detailed below.

BASE BUDGET	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£	£	£	£	£	£
Revenue Support Grant	- *	188,220	-	-	-	-
% Reduction	(63)%	2%	(100)%	-	-	-

* Due to successful Staffordshire 75% Business Rates Pilot arrangement for 2019/20, RSG of £184,529 was 'rolled in' and deducted from the tariff payment.

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 2020/21 finance settlement represents the eighth 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, 2017/18 and 2018/19 (above forecast / baseline) and had to pay a levy of £534k, £612k, £1.17m and £992k respectively.

The latest estimates for 2019/20 indicate additional business rates receivable above the baseline – of which the Council will receive 40% less the Government set tariff payment of c.£10m (plus an agreed share of the surplus from the Staffordshire Pilot arrangement - after deduction of the 25% Central Share, 34% County & 1% Fire & Rescue Authority shares).

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

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

Levy / Section 31 Grant	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £
NNDR Levy payment	965,810	1,374,950	-	-	-	-
Section 31 Grant income	(1,086,640)	(1,108,390)	-	-	-	-

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

BASELINE	2020/21	2021/22	2022/23	2023/24	2024/25
	£	£	£	£	£
February 2019 MTFS:					
Retained Business Rates	14,279,743	14,563,883	14,842,850	15,139,707	15,442,501
Less: Tariff payable	(11,936,698)	(12,173,977)	(12,405,147)	(12,653,250)	(12,906,315)
Total SFA	2,343,045	2,389,906	2,437,703	2,486,457	2,536,186
% Reduction	(5.7)%	2.0%	2.0%	2.0%	2.0%
Base Budget Forecast (November 2019):					
Retained Business Rates	12,778,290	15,403,818	15,704,865	16,011,414	16,331,642
Less: Tariff payable	(10,433,555)	(13,041,378)	(13,294,366)	(13,582,302)	(13,853,948)
Total SFA	2,344,735	2,362,440	2,410,499	2,429,112	2,477,694
% Reduction	(5.7)%	0.8%	2.0%	0.8%	2.0%
Increase / (Decrease)	1,690	(27,466)	(27,204)	(57,345)	(58,492)

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:

BASE BUDGET	2020/21	2021/22	2022/23	2023/24	2024/25
	£	£	£	£	£
February 2019 MTFS:					
Retained Business Rates	14,279,743	14,563,883	14,842,850	15,139,707	15,442,501
Less: Tariff payable	(11,936,698)	(12,173,977)	(12,405,147)	(12,653,250)	(12,906,315)
Total	2,343,045	2,389,906	2,437,703	2,486,457	2,536,186
% Reduction	(29.6)%	2.0%	2.0%	2.0%	2.0%
Base Budget Forecast (November 2019):					
Retained Business Rates	14,432,332	15,403,818	15,704,865	16,011,414	16,331,642
Less: Tariff payable	(10,443,794)	(13,041,378)	(13,294,366)	(13,582,302)	(13,853,948)
Total	3,988,538	2,362,440	2,410,499	2,429,112	2,477,694
% Reduction	19.8%	(40.8)%	2.0%	0.8%	2.0%
Increase / (Decrease)	1,645,493	(27,466)	(27,204)	(57,345)	(58,492)

Based on this Government financial support is shown below:

DRAFT MTFS	2020/21	2021/22	2022/23	2023/24	2024/25
	£	£	£	£	£
February 2019 MTFS:					
Revenue Support Grant	-	-	-	-	-
Business Rates Levy	-	-	-	-	-
Business Rates S31 Grants	-	-	-	-	-
Retained Business Rates	14,279,743	14,563,883	14,842,850	15,139,707	15,442,501
Less: Tariff payable	(11,936,698)	(12,173,977)	(12,405,147)	(12,653,250)	(12,906,315)
Total	2,343,045	2,389,906	2,437,703	2,486,457	2,536,186
% Reduction	(29.6)%	2.0%	2.0%	2.0%	2.0%
Base Budget Forecast (November 2019):					
Revenue Support Grant	188,220	-	-	-	-
Business Rates Levy	(1,374,950)	-	-	-	-
Business Rates S31 Grants	1,108,390	-	-	-	-
Retained Business Rates	£14,432,332	£15,403,818	£15,704,865	£16,011,414	£16,331,642
Less: Tariff payable	(10,443,794)	(13,041,378)	(13,294,366)	(13,582,302)	(13,853,948)
Total	3,910,198	2,362,440	2,410,499	2,429,112	2,477,694
% Reduction	17.4%	(39.6)%	2.0%	0.8%	2.0%
Increase / (Decrease)	1,567,153	(27,466)	(27,204)	(57,345)	(58,492)

The table shows that overall funding should be c.£1.6m p.a. higher than expected in 2020/21 (net £1.4m Business Rates / £0.2m RSG) arising from the deferral of the anticipated business rates baseline reset and fair funding review.

A levy redistribution of c.£0.55m from the Staffordshire Pool has also been included.

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

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 – deferred until 2021/22.

The Government have now confirmed that the 4-year legacy payments for New Homes Bonus (NHB) will continue to be paid after 2020/21, but there still remains uncertainty regarding new payments.

It is the Government’s intention to look again at the New Homes Bonus scheme for 2021/22 and explore the most effective way to incentivise housing growth. They plan to consult widely on proposals prior to implementation. As the roll forward is for one year, with any funding beyond 2020/21 subject to the 2020 Spending Review and potential new proposals, the Government have said that the new allocations in 2020/21 will not result in legacy payments being made in subsequent years on those allocations.

New Homes Bonus income forecasts have subsequently been updated and included within the base budget as follows – with future levels included based on legacy payments only.

BASE BUDGET	2020/21	2021/22	2022/23	2023/24	2024/25
NHB	£	£	£	£	£
Risk Weighting applied – MTFS 2019	37.5%	37.5%	25%	25%	25%
MTFS 2019 Budget	293,800	401,750	457,920	399,250	399,250
Base Budget Forecast	614,820	230,910	211,750	-	-
Increased / (Reduced) income	321,020	(170,840)	(246,170)	(399,250)	(399,250)
Revised Risk Weighting applied (legacy payments only)	100%	100%	100%	0%	0%

This results in an overall loss to the MTFS of £0.1m over 3 years (£0.9m over 5 years).

Forecast

Using the funding forecast and assuming increases in Council Tax of £5 per annum for 2019/20 onwards, the five year base budget forecast is as follows:

Summary	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Estimated Net Cost of Services	8,267	8,645	8,850	9,551	9,984
Proposed Policy Changes / Additional Costs Identified	568	395	418	487	420
Net Expenditure	8,835	9,040	9,268	10,038	10,404
Financing:					
RSG	188	-	-	-	-
Collection Fund Surplus - NNDR	33	33	33	33	33
Tariff Payable	(10,444)	(13,041)	(13,294)	(13,582)	(13,854)
Non Domestic Ratepayers	14,432	15,404	15,705	16,011	16,332
Council Tax Income (Model 1)	4,037	4,221	4,397	4,567	4,739
Gross Financing	8,246	6,617	6,841	7,029	7,250
Surplus(-)/Deficit	589	2,423	2,427	3,009	3,154
Balances Remaining (-) / Overdrawn	(5,874)	(3,451)	(1,024)	1,985	5,139
Per Council, 26 th February 2019	(2,362)	(518)	-	-	-
Band D Equivalents	22,197	22,587	22,915	23,195	23,475

Indicating potential General fund balances of approx. £1m over 3 years (with a shortfall of £2.5m over 4 years & £5.6m over the 5 year period) - including the minimum approved level of £0.5m.

Balances are forecast to be £6.5m at 31st March 2020.

A detailed summary of the budget for 2020/21 is attached at **Appendix F** with 5 years attached at **Appendix G**.

Future Strategy

Due to the adverse financial forecast in the longer term, 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 £176.89.

The indication is that the 'capping' threshold for District Councils will be the higher of £5 or 2.0% (previous indications were that this would continue at 3%) - 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 2020/21 (followed by £5 p.a.)

Year:	2020/21	2021/22	2022/23	2023/24	2024/25
Forecast:	£'000	£'000	£'000	£'000	£'000
Surplus (-) /Deficit	589	2,423	2,427	3,009	3,154
Balances Remaining (-) / Overdrawn	(5,874)	(3,451)	(1,024)	1,985	5,139
£ Increase	5.00	5.00	5.00	5.00	5.00
% Increase	2.83%	2.75%	2.68%	2.61%	2.54%
Note: Resulting Band D Council Tax	181.89	186.89	191.89	196.89	201.89

Indicating potential General fund balances of approx. £1m over 3 years (with a shortfall of £2.5m over 4 years & £5.6m over the 5 year period) - including the minimum approved level of £0.5m. Further savings of approx. £1.1m per annum over 5 years would have to be identified.

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

Model 2 Impact of 2.99% increase in Council Tax in 2020/21 (followed by increases of 2.99% p.a. thereafter)

Year:	2020/21	2021/22	2022/23	2023/24	2024/25
Forecast:	£'000	£'000	£'000	£'000	£'000
(Increase) in Council Tax £	(6)	(16)	(30)	(48)	(71)
Revised Surplus (-) /Deficit	583	2,407	2,397	2,961	3,083
Balances Remaining (-) / Overdrawn	(5,880)	(3,473)	(1,076)	1,885	4,968
£ Increase	5.29	5.45	5.61	5.78	5.96
% Increase	2.99%	2.99%	2.99%	2.99%	2.99%
Note: Resulting Band D Council Tax	182.18	187.63	193.24	199.02	204.98

Indicating potential General fund balances of approx. £1.1m over 3 years (with a shortfall of £2.4m over 4 years & £5.5m over the 5 year period) - including the minimum approved level of £0.5m. Further savings of approx. £1.1m per annum over 5 years would have to be identified.

Model 3 Impact of £1 increase in Council Tax in 2020/21 (followed by increases of £1 p.a. thereafter)

Year:	2020/21	2021/22	2022/23	2023/24	2024/25
Forecast:	£'000	£'000	£'000	£'000	£'000
Reduction in Council Tax £	89	179	271	364	458
Revised Surplus (-) /Deficit	678	2,602	2,698	3,373	3,612
Balances Remaining (-) / Overdrawn	(5,785)	(3,183)	(485)	2,888	6,500
£ Increase	1.00	1.00	1.00	1.00	1.00
% Increase	0.57%	0.56%	0.56%	0.56%	0.55%
Note: Resulting Band D Council Tax	177.89	178.89	179.89	180.89	181.89

Indicating potential General fund balances of approx. £0.5m over 3 years (with a shortfall of £3.4m over 4 years & £7m over the 5 year period) - including the minimum approved level of £0.5m. Further savings of approx. £1.4m per annum over 5 years would have to be identified.

Model 4 Impact of 2.5% increase in Council Tax in 2020/21 (followed by increases of 2.5% p.a. thereafter)

Year:	2020/21	2021/22	2022/23	2023/24	2024/25
Forecast:	£'000	£'000	£'000	£'000	£'000
Reduction in Council Tax £	13	23	31	36	39
Revised Surplus (-) /Deficit	602	2,446	2,458	3,045	3,193
Balances Remaining (-) / Overdrawn	(5,861)	(3,415)	(957)	2,088	5,281
£ Increase	4.43	4.54	4.65	4.77	4.89
% Increase	2.5%	2.5%	2.5%	2.5%	2.5%
Note: Resulting Band D Council Tax	181.32	185.86	190.51	195.28	200.17

Indicating potential General fund balances of approx. £1m over 3 years (with a shortfall of £2.6m over 4 years & £5.8m over the 5 year period) - including the minimum approved level of £0.5m. Further savings of approx. £1.2m per annum over 5 years would have to be identified.

Model 5 Impact of 0% increase in Council Tax in 2020/21 (followed by increases of 0% thereafter)

Year:	2020/21	2021/22	2022/23	2023/24	2024/25
Forecast:	£'000	£'000	£'000	£'000	£'000
Reduction in Council Tax £	111	224	339	455	572
Revised Surplus (-) /Deficit	700	2,647	2,766	3,464	3,726
Balances Remaining (-) / Overdrawn	(5,763)	(3,116)	(350)	3,114	6,840
£ 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	176.89	176.89	176.89	176.89	176.89

Indicating potential General fund balances of approx. £0.3m over 3 years (with a shortfall of £3.6m over 4 years & £7.3m over the 5 year period) - including the minimum approved level of £0.5m. Further savings of approx. £1.5m per annum over 5 years would have to be identified.

Model 6 Impact of 1.99% increase in Council Tax in 2020/21 (followed by increases of 1.99% p.a. thereafter)

Year:	2020/21	2021/22	2022/23	2023/24	2024/25
Forecast:	£'000	£'000	£'000	£'000	£'000
Reduction in Council Tax £	33	65	95	124	152
Revised Surplus (-) /Deficit	622	2,488	2,522	3,133	3,306
Balances Remaining (-) / Overdrawn	(5,841)	(3,353)	(831)	2,302	5,608
£ Increase	3.52	3.59	3.67	3.74	3.81
% Increase	1.99%	1.99%	1.99%	1.99%	1.99%
Note: Resulting Band D Council Tax	180.41	184.00	187.67	191.41	195.22

Indicating potential General fund balances of approx. £0.8m over 3 years (with a shortfall of £2.8m over 4 years & £6.1m over the 5 year period) - including the minimum approved level of £0.5m. Further savings of approx. £1.2m per annum over 5 years would have to be identified.

2) *Potential Savings / additional costs*

Potential revenue policy changes are highlighted below:

Item No	Policy Changes Identified	20/21 £'000	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000
PE1	Review of Call out and Standby arrangements	TBA	-	-	-	-
PE2	To increase the number of Apprentice posts from 6 to 8 across the Council	42.00	-	-	-	-
PE3	Make permanent the existing temporary 4.68 FTE Customer Services Assistant (CSA) posts	106.43	-	-	-	-
PE4	Permanently establish 1 FTE Senior Customer Service Officer – TIC and increase the current 3.04 FTE Customer Service Officers allocated to the TIC to 4.5 FTE on a temporary basis	45.97	-	(40.97)	-	-
OPS1	Weed Control on all SCC assets - 3 treatments p.a.	125.00	(10.70)	-	-	-
OPS2	Reinstated funding from SCC re highway verge mowing	(128.32)	-	-	-	-
OPS3	Increase in staffing and equipment to reflect reinstated SCC funding	96.24	-	-	-	-
OPS4	Additional post within Street scene to support the Operations Manager in delivering the service	41.40	-	-	-	-
OPS5	Assembly Rooms - Additional costs from latest projections of Assembly Rooms costs and income	124.50	-	-	-	-
FIN1	Reduced contingency budget	(95.00)	-	-	-	-
NEI1	To permanently appoint the Housing Solutions Review Officer	35.50	-	-	-	-
NEI2	Use of flexible homelessness support grant to part fund the post on an ongoing	(15.00)	-	-	-	-
AST1	Condition Surveys and Asset Management database to support the refresh of the Councils Asset Management Strategy.	3.50	-	-	-	-
AST2	Condition survey of Corporate/Commercial & Industrial properties - £100k every 10 years	100.00	(100.00)	-	-	-
AST3	Financial modelling toolkit	2.50	-	-	-	-
AST4	Cleaning Services Review	41.00	-	-	-	-
AST5	Cleaning Costs have changed since the Cabinet Report due to a requirement to provide additional cleaning services with the Assembly Rooms. Additional Cleaning duties are also required for the Town Centre Public Conveniences.	29.20	-	-	-	-
AST6	Marmion House Accommodation	55.30	0.80	0.90	1.00	1.00
A&G1	Review of Elections budgets from a zero-base, factoring in the known schedule of elections	4.80	(63.00)	63.00	68.00	(68.00)
WM1	Potential Waste Management cost increases	TBA	-	TBA	-	-
G&R1	Reduction in the Planning Application Fees income budget to reflect the fact that income received in recent years has included a number of large schemes	50.00	-	-	-	-
ALL	Review of Underspent Budgets and Contingencies	(96.77)				
	Total New Items / Amendments	568.25	(172.90)	22.93	69.00	(67.00)
	Cumulative	568.25	395.35	418.28	487.28	420.28

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 29th January 2020) 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 2020.

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).
- Recruitment freeze – 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 – A review of the underspend position has been undertaken with a view to drive out as many savings as possible – and has identified annual savings of c.£160k p.a. from 2020/21. There was a £2.3m underspend in 2018/19 – although much of this arose from windfall income, c. £0.7m was lower level underspends.
- Alternative investment options arising from the Commercial Investment Strategy (as well as the Treasury Management Investment Strategy) to generate improved returns of c. 4% to 5% p.a. (plus asset growth);
A savings target to return c.4% p.a. from the planned investment of £12m in Diversified Property Funds has already been included from 2020/21.
- Review of reserves (including ensuring adequate provision for the funding uncertainties) / creation of fund for transformation costs (if needed);
- Targeted Savings – to identify potential areas for review in future years; and
- Review and rationalisation of IT systems.

Housing Revenue Account – Technical Adjustments Summary

Technical Adjustments	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Base Budget B/Fwd	115	(429)	(892)	121	(1,294)
Committee Decisions	58	(53)	1,226	(1,226)	0
Inflation	125	127	162	135	139
Other	(744)	(639)	(458)	(412)	(414)
Pay Adjustments (Including pay award / reduction for vacancy allowance)	17	102	83	88	82
Revised charges for non-general fund activities	-	-	-	-	-
Total / Revised Base Budget	(429)	(892)	121	(1,294)	(1,487)

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 increases in Rent in line with the maximum allowed by the Government's Rent Standard (CPI plus 1% p.a.) in order to support investment in the housing stock, the five year base budget forecast is as follows:

Summary	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Estimated Net (Surplus) / Deficit	(429)	(892)	121	(1,294)	(1,487)
Proposed Policy Changes / Additional Costs Identified	602	154	126	191	191
Surplus (-) / Deficit	173	(738)	247	(1,103)	(1,296)
Balances Remaining (-) / Overdrawn	(4,325)	(5,063)	(4,816)	(5,919)	(7,215)
Per Council, 26 th February 2019	(3,227)	(3,168)	(2,057)	(2,326)	-

Indicating Housing Revenue Account (HRA) balances of £4.8m over 3 years (with balances of £7.2m over the next 5 years) including the minimum recommended balances of £0.5m.

However, no changes have been assumed regarding from the planned stock condition survey and ongoing repairs contract arrangements (additional cost pressures in these areas of c.£1m p.a. had previously been assumed under the worse case forecast).

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:

Item No	Policy Changes Identified	20/21 £'000	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000
HRA1	Condition Surveys and Asset Management database to support the refresh of the Councils Asset Management Strategy	3.50	-	-	-	-
HRA2	Condition Survey of structural parts of high-rise blocks - £75k every 5 years(HRA Revenue)	75.00	(75.00)	-	-	-
HRA3	Condition Survey of Non-Traditional Properties - £50k every 5 years (HRA Revenue)	50.00	(50.00)	-	-	-
HRA4	Condition Survey of Housing Stock - £60k every 5 years (HRA Revenue)	60.00	(60.00)	-	-	-
HRA5	Financial modelling toolkit - £5k per annum (GF & HRA Revenue)	2.50	-	-	-	-
HRA6	Cleaning Services Review	(4.00)	-	-	-	-
HRA7	Fire Safety in High Rise Residential Buildings in response to the Governments proposals around 'Building a Safer Future'. • Software to manage fire safety surveys £90k year one (Capital) + £5k every year for license	5.00	-	-	-	-
HRA8	• Detailed Measured Surveys & 3D building Scans	140.00	(140.00)	-	-	-
HRA9	• Type 4 Fire Risk Assessments £65k every 3 years	65.00	-	-	65.00	-
HRA10	• Production of Building Fire Safety Manuals	70.00	(70.00)	-	-	-
HRA11	• Building Fire Safety Manager £40k per annum	40.00	-	-	-	-
HRA12	Housing Repairs - Call Handling Service	49.57	(9.49)	(27.31)	-	-
HRA13	Permanent full-time post `Income Officer` within HRA Neighbourhoods Rents Income Team	32.00	-	-	-	-
HRA14	Funding from Universal Credit Support Budget towards cost of Income Officer	(25.00)	-	-	-	-
HRA15	Retention of temporary post `Resident Support Worker` at Eringden Block for a further year until March 2021	32.00	(32.00)	-	-	-
HRA16	Former Tenancy Arrears Officer within Revenues to address the recovery of HRA's wide range of former arrears - initially until March 2021 subject to review/impact assessment	26.00	(26.00)	-	-	-
HRA17	Repairs and Investment Budgets	TBA	-	-	-	-
HRA18	Improvements to Retained Garage Sites (Revenue impact of Capital Programme)	13.60	13.60	-	-	-
HRA19	Improvements to Retained Garage Sites (Revenue impact of Capital Programme)	30.00	-	-	-	-
HRA20	Review of Underspent Budgets and Contingencies	(62.69)	-	-	-	-
Total New Items / Amendments		602.48	(448.89)	(27.31)	65.00	-
Cumulative		602.48	153.59	126.28	191.28	191.28

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.

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.

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 effect of the reduction in Social Housing Rents announced in the Summer Budget 2015 means that rents have been reduced by 1% a year for the four years from 2016/17.

The Government has now confirmed that social housing rents can increase to include 'up to' a factor of the consumer price index (CPI) measure of inflation plus 1% for five years from 2020, following the conclusion of a consultation on the new rent standard.

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

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

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

For 2020/21 (and in the medium term), rents will be set in line with the approved policy including a general increase of the consumer price index (CPI) measure of inflation of plus 1% - equating to a 2.7% increase.

The following options have been modelled:

	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £
Option 1: CPI + 1%						
Rent (52 Weeks)	79.03	81.17	83.60	86.11	88.69	91.36
Rent (48 Weeks)	85.62	87.93	90.57	93.29	96.09	98.97
% Increase		2.70%	3.00%	3.00%	3.00%	3.00%
Option 2: CPI						
Rent (52 Weeks)	79.03	80.38	81.98	83.62	85.30	87.00
Rent (48 Weeks)	85.62	87.08	88.82	90.59	92.41	94.25
% Increase		1.70%	2.00%	2.00%	2.00%	2.00%
Reduced Rent compared to Option 1		177,200	364,140	556,670	756,580	964,100
				5 year impact		2,818,690
Option 3: No increase						
Rent (52 Weeks)	79.03	79.03	79.03	79.03	79.03	79.03
Rent (48 Weeks)	85.62	85.62	85.62	85.62	85.62	85.62
% Increase		0%	0%	0%	0%	0%
Reduced Rent compared to Option 1		478,440	1,028,390	1,584,550	2,151,530	2,729,540
				5 year impact		7,972,450
Inflation at CPI + 1%	-1.00%	2.70%	3.00%	3.00%	3.00%	3.00%

Corporate Capital Strategy

The Council has an ongoing capital programme of over £50m for 2019/20 and an asset base valued at £236m (as at 31st March 2019).

The 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 26th February 2019, 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 2020/21 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 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) Fund the spend 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 **£2.7m in borrowing would be needed (or use of the capital receipt) over the next 5 years (£1.8m over 3 years, £2.3m over 4 years)**. The provisionally approved programme assumed borrowing of £1m over 3 years (£1.8m over the 4 years to 2023/24).

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

Project Score: 72

A capital submission had been prepared for £60k.p.a. 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 to digital self service for customers and demand for flexible resilient and available ICT services to support this requires continued investment into the Authority's hardware and associated 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 councils network secure and available means continued investment is essential.* It should be noted that corporate applications are excluded from this schedule of planned work.

A one off £60k budget was approved for 2019/20 as there was an expectation that budgets from 2020/21 onwards would be informed by the conclusions of the priority review and ICT Strategy (including a detailed breakdown of the proposed spend).

No savings / payback from the investment have been identified. The section for Equalities Impact Assessment, Consultation and project plan has not been completed.

2) Member Device Refresh

Project Score: 84

A new capital submission had been prepared for potential spend of £20k in 2020/21.

The majority of members devices are now approaching 5 years old. In line with our hardware replacement policy many are due for refresh to ensure continued reliability, compliance and fit for purpose technology to support member duties.

The section for Equalities Impact Assessment, Consultation and project plan has not been completed.

3) Endpoint Protection and Web-Email Filter

Project Score: 60

A new capital submission had been prepared for potential spend of £40k in 2020/21 (& £40k in 2023/24).

Our 3 year contracts for Endpoint Protection covering Anti Virus, Anti Malware and Encryption and the contract for Web and Email filtering expire in Oct 2020. Currently these are all provided under one agreement with Sophos but a procurement exercise will be required to either replace or renew these contracts.

Which budget was the cost of this met from in the past? Is it capital? No savings / payback from the investment have been identified. The section for Equalities Impact Assessment, Consultation and project plan has not been completed.

4) Major repair to Castle Elevations

Project Score: 8

A new capital submission had been prepared for potential spend of £250k in 2020/21 and £150k in 2021/22 for major repairs to castle elevation walls, roof areas and walkways.

The brief description on the form needs updating – it relates to garage sites. The section for Consultation has not been completed

5) Asset management Database

A policy change has been received for Condition Surveys (Revenue) and an Asset Management database (Capital - £150k) to support the refresh of the Council's Asset Management Strategy.

At present the Council holds very limited condition data on its non-housing assets and the information that is held has not been refreshed in a number of years. Repairs and investment budgets are currently set based on available funds as opposed to the investment requirements. Collecting accurate data and holding it a database which is updated regularly combined with financial modelling of performance data will allow the Council to make informed decisions on the future of its assets.

Will the database hold HRA asset management information & therefore share the cost?

6) With regard to the provisional programme:

a) Disabled Facilities Grants (DFG)

The provisional programme included £650k p.a. part funded by redistributed Better Care Fund (BCF) grant of £400k.

No savings / payback from the investment have been identified – there is currently a vacant post associated with the administration of DFGs currently carried out through an outsourced contract. An update regarding the Government review is requested (including options for managing / mitigating costs (e.g. use of the Regulatory Reform Order – RRO - approach).

The £250k p.a. net funding needs 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.

b) CCTV Upgrades

Following approval of the Shared Service, Capital budgets of £45,714 p.a. have been included from 2021/22 – part funded by OPCC grant of £24k p.a. For 2020/21, capital investment of £197,534 is required to be part funded by a reduction in the Invest to save capital contingency budget of £140k and OPCC grant of £24k.

c) Street Lighting

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

d) 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.

e) 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).

f) 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

g) Replacement Castle Grounds Play Area

An updated appraisal has not been prepared following inclusion of £375k for 2021/22.

7) General Fund Capital Contingency Budget

The remaining 2019/20 contingency budget of £35k will be rolled forward to 2020/21.

Housing

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

The majority of the Housing capital programme has not changed from that provisionally approved – however a number of new schemes have been proposed. It has also been updated to include the new year 5 costs for 2024/25 (at the same level as 2023/24).

Without amendment, the current proposals would require an additional revenue contribution or additional HRA borrowing of £0.3m which would, if incurred, impact on the revenue budget through interest costs on the debt at c.2 to 3% p.a. - but it should be noted that there are no debt repayment costs for the HRA and the Government has now lifted the previous 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. Due to receipt of Homes England grant of c.£5m, it is likely that this planned borrowing will be reduced to c.£2m.

However, the uncommitted capital resources of £1.1m (excluding the £0.5m minimum approved balances) remains unspent from 1 for 1 capital receipts – this would either need to be repaid or the capital programme increased by c.£2.7m (representing the Council’s 70% contribution) to fund the development or acquisition of new dwellings.

The capital programme has been reviewed and updated:

Housing Revenue Account

1) Improvements to Retained Garage Sites

Project Score: 12

A new capital submission had been prepared for potential spend of £700k p.a. for the refurbishment of garage sites identified for retention by Members. (£500k p.a. for the 2 years 2018/19 & 2019/20 had previously been included to invest in retained garages to meet demand and to provide alternative uses including parking areas).

A revenue impact of £27.2k p.a. is identified (£13.6k in 2020/21) for additional staff to provide marketing and management of completed garage sites.

Can this be done by existing staff? How are garages managed at present?

An additional £30k p.a. will also be required for ongoing routine maintenance costs.

Whole Life Costing – the notional life for a modular garage and the surrounding parking areas is 25 years as such there will be two full renewals over a 30 year period. Taking into account inflationary impacts it is anticipated that in order for the project to break even through rental income there would need to be a sustained level of occupancy in excess of 90% (93%). Once occupation rates fall below this the scheme no longer breaks even over the 30 year period. At 80% occupancy there is a deficit of £1.3m, at 50% occupant the deficit would in the region of £4.5m over the 30 year period.

The figures on the form need converting to £'000. The section for Consultation has not been completed.

2) Installation of Fire Doors To High Rise Blocks

Project Score: 36

A new capital submission had been prepared for potential spend of £1.545m in 2020/21 for the Installation of new fire doors to flats and common areas of the 6 high-rise blocks and Eringden.

Income of £85k from service charge recharge to Leaseholders will reduce the cost to £1.46m.

The section for Consultation has not been completed.

3) Software to manage fire safety surveys

A policy change has been received for Fire Safety in High Rise Residential Buildings in response to the Governments proposals around 'Building a Safer Future' including Software to manage fire safety surveys (Capital - £90k).

This is a direct response to the 'Building a safer future' legislation being introduced by the Government. This goes much further than current legislation relating to fire safety in buildings and is much more prescriptive than the current legislation.

With regard to the changes to the provisional programme:

a) Re-development of Garage Sites

Funding of £2m p.a. from 2020/21 had been provisionally approved for redevelopment of Garage Sites for housing.

This has been reduced to £250k for 2020/21 with a further £1m p.a. thereafter.

b) Other Acquisitions

Funding of £0.5m p.a. for housing acquisitions had been provisionally approved.

This has been increased to £750k p.a.

Main Assumptions

Inflationary Factors	2020/21	2021/22	2022/23	2023/24	2024/25
Inflation Rate - Pay Awards	2.50%	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)	2.00%	2.00%	2.00%	2.00%	2.00%
Investment Rates	1.00%	1.00%	1.50%	1.50%	1.75%
Base Interest Rates	0.75%	1.00%	1.00%	1.50%	1.75%

1. While the Government announced a pay cap for 2014/15 & 2015/16, a 2.2% increase (plus other changes) was agreed from 1st January 2015. In addition, from April 2016, a new compulsory National Living Wage (NLW) for the over 25s was introduced to replace the National Minimum Wage. 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 1st April 2019 based on a bottom rate of £17,364 with additions, deletions and changes to other spinal column points. A 2.5% p.a. increase from 2020/21 has been assumed.
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. At this stage no changes to the level of recharges between funds has been included;
5. A reduction in Revenue Support Grant levels to zero from 2021/22 following the 4 year Local Government Finance Settlement & the one year deferral of the funding reforms. The impact for the Council will be confirmed by MHCLG as part of the *Local Government Finance Settlement* with a provisional announcement in December 2019.
6. Only continuation of the New Homes Bonus scheme legacy payments relating to 2017/18 and 2018/19 pending consultation on the future of the scheme;
7. Lower investment income returns due to delayed forecast interest rate increases;
8. An increase of £5 p.a. in Council Tax - current indications are that increases of 2% or £5 and above risk 'capping' (confirmed as 3% or £5 for District Councils for 2019/20);

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. Future Pension contribution levels – the results from the 2019 triennial review, carried out by the Actuary employed by the Pension Fund, are due to be confirmed in December - indicative *ongoing* annual increases in Employer's contributions of c. £150k p.a. (1% p.a. increase) have been included from 2020/21 for 3 years (followed by increases of 2% p.a.). This 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.
11. Increase in rent levels by CPI plus 1% - the Government has confirmed that social housing annual rent increases can rise by up to the consumer price index (CPI) measure of inflation plus 1% for five years from 2020, following the conclusion of a consultation on the new rent standard. Current indications that sales of council houses will be approximately 30 per annum.
12. Forecasts have been informed by the Bank of England Inflation report (August 2019), HM Treasury – Forecasts for the UK Economy (August 2019), Office for Budget Responsibility Economic & Fiscal Outlook (March 2019). Any significant variances will be considered later in the budget setting process.

Technical Adjustments Analysis – General Fund 2020/21

	£	£	£
Chief Executive			
Virements		19,630	
Committee Decisions			
2017/18 Policy Change CE 1 Vacancy Allowance Increase	(4,850)		
2019/20 Policy Change ACE 1 Elections Costs	(20,000)		
2019/20 Policy Change CEXEC 1 Revised Waste Management Costs	20,690	(4,160)	
Inflation		(5,170)	
Other			
2020/21 BWP 037 Gas And Electricity Charges	30		
2020/21 BWP 032 NNDR Council Properties	30	60	
Pay Adjustments		19,730	
Changes in Recharges		0	
			30,090
Assistant Director Growth and Regeneration			
Virements		18,190	
Committee Decisions			
2017/18 Policy Change AE Vacancy Allowance Increase	(8,320)		
2018/19 Policy Change AE 11 Vacant Posts Review	(1,310)		
2018/19 Policy Change AE 3 Tamworth Local Plan	(40,000)		
2018/19 Policy Change AE 6 Planning Trainee	(18,000)		
2018/19 Policy Change AE 7 New Burdens Funding for Trainee	18,000		
2018/19 Policy Changes AE 4 Tamworth Enterprise Centre	17,230		
2019/20 Policy Change GROW 1 Review of the Tamworth Local Plan 2006-2031	65,000	32,600	
Inflation		(8,100)	
Other			
2017/18 BWP 042 Environmental Health Income	(12,680)		
2020/21 BWP 010 Bank Charges and Cash Collection	(100)		
2020/21 BWP 025 Depreciation	14,560		
2020/21 BWP 032 NNDR Council Properties	120		
2020/21 BWP 037 Gas And Electricity Charges	3,920	5,820	
Pay Adjustments		22,070	
Changes in Recharges		0	
			70,580

	£	£	£
Executive Director Organisation			
Virements		(9,510)	
Committee Decisions			
2017/18 Policy Change TCP Vacancy Allowance Increase	(2,470)	(2,470)	
Inflation		8,350	
Other			
2019/20 BWP 031 Mayor & Deputy Allowances	(10)		
2020/21 BWP 010 Bank Charges and Cash Collection	(60)		
2020/21 BWP 012 Members Allowances	(1,360)		
2020/21 BWP 014 Mayor & Deputy Mayor's Allowance	(40)	(1,470)	
Pay Adjustments		23,210	
Changes in Recharges		0	
			18,110
Assistant Director People			
Virements		132,790	
Committee Decisions			
2017/18 Policy Change TCP Vacancy Allowance Increase	(15,710)		
2019/20 Policy Change PEO 2 To extend the temporary contract for Customer Service Assistants for 12 months to 31st March 2020	(56,500)	(72,210)	
Inflation		16,210	
Other			
2020/21 BWP 010 Bank Charges and Cash Collection	220		
2020/21 BWP 025 Depreciation	9,300		
2020/21 BWP 043 Staff Health Insurance	770	10,290	
Pay Adjustments		25,500	
Changes in Recharges		0	
			112,580
Assistant Director Operations and Leisure			
Virements		(111,880)	
Committee Decisions			
2017/18 Policy Change AE Vacancy Allowance Increase	(18,970)		
2018/19 Policy Change AE 11 Vacant Posts Review	(1,460)		
2018/19 Policy Change AE 8 Revised Assembly Rooms Budgets	(44,270)		
2019/20 Policy Change OPS 1 Further delays in Assembly Rooms Project resulting in delay to opening	(30,000)		
2019/20 Policy Change OPS 2 Proposed 75% reduction in the funding from SCC re highway verge mowing	126,000		

	£	£	£
Inflation			
Other			
2019/20 Policy Change OPS 3 Reduction in staffing and equipment to reflect reduced SCC funding	(95,000)	(63,700)	
		8,320	
2020/21 BWP 010 Bank Charges and Cash Collection	3,840		
2020/21 BWP 025 Depreciation	7,200		
2020/21 BWP 032 NNDR Council Properties	18,370		
2020/21 BWP 037 Gas And Electricity Charges	3,340		
2020/21 BWP 040 Car Parking Income	(25,000)		
2020/21 BWP 041 Assembly Rooms	(114,550)		
2020/21 BWP 042 Outdoor Events	8,950	(97,850)	
Pay Adjustments		287,270	
Changes in Recharges		0	
			22,160
Executive Director Finance			
Virements		0	
Committee Decisions			
2017/18 Policy Change ED Vacancy Allowance Increase	(670)	(670)	
Inflation		120	
Other		0	
Pay Adjustments		2,800	
Changes in Recharges		0	
			2,250
Assistant Director Finance			
Virements		(42,130)	
Committee Decisions			
2015/16 Policy Change DF 4 Business Rates Section 31 Grant Income	9,880		
2016/17 Policy Change DF 2 Contribution from Transformation Reserve	300,000		
2016/17 Policy Change DF 4 Business Rates Levy Payment			
£89,000 2019/20 Policy Change FIN 7 Business Rates Levy payment	13,210		
2017/18 Policy Change DF 10 Revenue Implications from Capital Scheme	(200)		
2017/18 Policy Change DF 12 Business Rates Levy	61,000		
2017/18 Policy Change DF 13 Business Rates Section 31 Grant Income	7,000		
2017/18 Policy Change DF 2 Apprenticeship Levy	1,000		
2017/18 Policy Change DF Vacancy Allowance Increase	(5,290)		
2017/18 Policy Change DF5 New Homes Bonus	19,160		
2018/19 Polic Change DF 7 CIS Feasibility	(75,000)		

	£	£	£
2018/19 Policy Change DF 10 Business Rates Section 31 Grant Income	(8,660)		
2018/19 Policy Change DF 2 Property Funds Investment	(180,000)		
2018/19 Policy Change DF 4 Loss on Investment Income	6,000		
2018/19 Policy Change DF 9 Business Rates Levy	59,830		
2018/19 Policy Change DF8 New Homes Bonus	1,200		
2019/20 Policy Change FIN 10 Contingency for Pay award impact 2019/20	(8,000)		
2019/20 Policy Change FIN 11 Projected savings from Organisational Review - Focus on the Future	(700)		
2019/20 Policy Change FIN 4 Revised New Homes Bonus	79,100		
2019/20 Policy Change FIN 5 Revenue Implications of Capital Programme	8,000		
2019/20 Policy Change FIN 6 Revenue Implications of Capital Programme	13,000		
2019/20 Policy Change FIN 7 Business Rates Levy payment	89,000		
2019/20 Policy Change FIN 8 Business Rates Section 31 Grant Income	333,880		
2019/20 Policy Change FIN 9 Contribution to Contingency Reserve	<u>(1,200,000)</u>	(476,590)	
Inflation		(8,580)	
Other			
2019/20 BWP 005 Welfare Benefits	550		
2019/20 BWP 025 NNDR Estimates	(300,000)		
2020/21 BWP 004 Contingencies	93,000		
2020/21 BWP 005 Pensions Lump Sum	146,000		
2020/21 BWP 006 New Homes Bonus	(377,990)		
2020/21 BWP 007 NNDR Forecast - Levy payment	(714,320)		
2020/21 BWP 010 Bank Charges and Cash Collection	3,200		
2020/21 BWP 016 Superannuation Allowances	560		
2020/21 BWP 017 Treasury Mgt Debt Mgt Expenses	170,100		
2020/21 BWP 025 Depreciation	(41,270)		
2020/21 BWP 026 Audit Fee	3,270		
2020/21 BWP 030 Benefits Estimates	(17,500)		
2020/21 BWP 033 NNDR Cost Of Collection Grant	1,800		
2020/21 BWP 034 Revenues Court Costs Income	(2,000)		
2020/21 BWP 035 Benefits Estimates	(8,210)		
2020/21 BWP 044 Apprenticeship Levy	<u>(200)</u>	(1,043,010)	
Pay Adjustments		37,190	
Changes in Recharges		0	
			<u>(1,533,120)</u>

	£	£	£
Assistant Director Assets			
Virements		4,460	
Committee Decisions			
2017/18 Policy Change AE Vacancy Allowance Increase	(2,180)	(2,180)	
Inflation		13,290	
Other			
2020/21 BWP 025 Depreciation	10,210		
2020/21 BWP 027 Commercial & Industrial Rents	(38,780)		
2020/21 BWP 032 NNDR Council Properties	13,730		
2020/21 BWP 037 Gas And Electricity Charges	(4,830)		
2020/21 BWP 039 Marmion House Rents and Service Charges	22,710		
2020/21 BWP 045 Car Allowances (ADASS & ADNEI)	1,480	4,520	
Pay Adjustments		6,040	
Changes in Recharges		0	
			26,130
Assistant Director Neighbourhoods			
Virements		151,060	
Committee Decisions			
2017/18 Policy Change AE Vacancy Allowance Increase	5,460		
2018/19 Policy Change DHH 3 Homelessness Reduction Act Staff	(35,500)		
2018/19 Policy Change DHH 4 Funding for Homelessness through S31	(8,000)		
2019/20 Policy Change NEI 1 Civil Contingencies Unit (CCU) support	(7,000)		
Cabinet 02/07/19 CCTV - Service Review Setting Out Future Delivery Options	144,400	99,360	
Inflation		1,500	
Other			
2020/21 BWP 022 Bad Debt Provision	(18,700)		
2020/21 BWP 037 Gas And Electricity Charges	(1,360)		
2020/21 BWP 045 Car Allowances (ADASS & ADNEI)	10,200	(9,860)	
Pay Adjustments		56,620	
Changes in Recharges		0	
			298,680
Assistant Director Partnerships			
Virements		(162,610)	
Committee Decisions			
2017/18 Policy Change DHH Vacancy Allowance Increase	8,740		
2018/19 Policy Change DHH 3 Homelessness Reduction Act Staff	(35,500)	(26,760)	

	£	£	£
Inflation		(2,590)	
Other			
2020/21 BWP 010 Bank Charges and Cash			
Collection	(430)		
2020/21 BWP 023 Private Sector Leasing Scheme	(800)		
	7,110		
	<u>(51,250)</u>	(45,370)	
Pay Adjustments		53,630	
Changes in Recharges		0	
			<u>(183,700)</u>
Total			(1,136,240)

() denotes saving

	£	£	£
HRA Summary			
Virements		143,720	
Committee Decisions			
2017/18 Policy Change HRA 1 Apprenticeship Levy	1,000		
2016/17 Policy Change HRA 1 Reduction in Social housing rents by 1% a year for four years from 2016/17	49,000	50,000	
Inflation		91,660	
Other			
2018/19 BWP 027 Debt Management	270		
2019/20 BWP 016 Treasury Mgt	290		
2020/21 BWP 005 Pensions Lump Sum	44,610		
2020/21 BWP 018 Housing Rents	(803,570)		
2020/21 BWP 019 HRA Garage Rents	7,320		
2020/21 BWP 022 Bad Debt Provision	(12,300)		
2020/21 BWP 024 HRA Service Charges	(20,500)		
2020/21 BWP 025 Depreciation	56,200		
2020/21 BWP 044 Apprenticeship Levy	(1,100)	(728,780)	
Pay Adjustments			-
Changes in Recharges			0
			<u>(443,400)</u>
ED Communities			
Virements		0	
Committee Decisions			
2017/18 Policy Change HRA 3 Increase Vacancy Allowance	(750)	(750)	
Inflation		50	
Other		-	
Pay Adjustments		2,800	
Changes in Recharges		0	
			<u>2,100</u>
AD Operations & Leisure			
Virements		140	
Committee Decisions			
2017/18 Policy Change HRA 3 Increase Vacancy Allowance	(1,310)	(1,310)	
Inflation		260	
Other			
2020/21 BWP 020 Alarm Call Contract	(110)	(110)	
Pay Adjustments		2,230	
Changes in Recharges		0	
			<u>1,210</u>
AD Assets			
Virements		36,400	
Committee Decisions			
2017/18 Policy Change HRA 3 Increase Vacancy	(3,380)		

	£	£	£
Allowance			
Inflation		(3,380)	
Other		2,720	
2020/21 BWP 020 Alarm Call Contract	(440)		
2020/21 BWP 032 NNDR Council Properties	100		
2020/21 BWP 037 Gas And Electricity Charges	4,450		
2020/21 BWP 045 Car Allowances (ADASS & ADNEI)	2,750	6,860	
Pay Adjustments		15,100	
Changes in Recharges		0	
			57,700
AD Neighbourhoods			
Virements		(180,260)	
Committee Decisions			
2017/18 Policy Change HRA 3 Increase Vacancy Allowance	13,080		
		13,080	
Inflation		30,360	
Other			
2019/20 BWP 014 Sheltered Housing Heating Charges	1,530		
2020/21 BWP 010 Bank Charges and Cash Collection	2,670		
2020/21 BWP 016 Superannuation Allowances	(250)		
2020/21 BWP 020 Alarm Call Contract	(4,400)		
2020/21 BWP 024 HRA Service Charges	(10,100)		
2020/21 BWP 026 Audit Fee	460		
2020/21 BWP 031 Enhanced Housing Management Charges	(13,410)		
2020/21 BWP 032 NNDR Council Properties	(170)		
2020/21 BWP 037 Gas And Electricity Charges	10,610		
2020/21 BWP 043 Staff Health Insurance	(580)		
2020/21 BWP 045 Car Allowances (ADASS & ADNEI)	(8,600)	(22,240)	
Pay Adjustments		(3,030)	
Changes in Recharges		0	
			(162,090)
Total			(544,480)

() denotes saving

General Fund – Technical Adjustments 2020/21

	Technical Adjustments								
	Budget 2019/20	Virements £	Committee Decisions £	Inflation £	Other £	Pay Adjustments £	Changes in Recharges £	Total Adjustments £	Total Adjusted Base 2020/21
Chief Executive	1,488,840	19,630	(4,160)	(5,170)	60	19,730	-	30,090	1,518,930
AD Growth & Regeneration	1,072,430	18,190	32,600	(8,100)	5,820	22,070	-	70,580	1,143,010
ED Organisation	400,310	(9,510)	(2,470)	8,350	(1,470)	23,210	-	18,110	418,420
AD People	1,732,680	132,790	(72,210)	16,210	10,290	25,500	-	112,580	1,845,260
AD Operations & Leisure	2,216,180	(111,880)	(63,700)	8,320	(97,850)	287,270	-	22,160	2,238,340
ED Finance	84,050	-	(670)	120	-	2,800	-	2,250	86,300
AD Finance	831,000	(42,130)	(476,590)	(8,580)	(1,043,010)	37,190	-	(1,533,120)	(702,120)
ED Communities	-	-	-	-	-	-	-	-	-
AD Assets	(725,280)	4,460	(2,180)	13,290	4,520	6,040	-	26,130	(699,150)
AD Neighbourhoods	1,222,430	151,060	99,360	1,500	(9,860)	56,620	-	298,680	1,521,110
AD Partnerships	1,080,770	(162,610)	(26,760)	(2,590)	(45,370)	53,630	-	(183,700)	897,070
Grand Total	9,403,410	-	(516,780)	23,350	(1,176,870)	534,060	-	(1,136,240)	8,267,170

Housing Revenue Account – Technical Adjustments 2020/21

	Technical Adjustments								Total Adjusted Base 2020/21
	Budget 2019/20	Virements £	Committee Decisions £	Inflation £	Other £	Pay Adjustments £	Changes in Recharges £	Total Adjustments £	
HRA Summary	(3,927,650)	143,720	50,000	91,660	(728,780)	-	-	(443,400)	(4,371,050)
ED Communities	21,900	-	(750)	50	-	2,800	-	2,100	24,000
AD Operations & Leisure	143,080	140	(1,310)	260	(110)	2,230	-	1,210	144,290
AD Assets	289,640	36,400	(3,380)	2,720	6,860	15,100	-	57,700	347,340
AD Neighbourhoods	3,588,080	(180,260)	13,080	30,330	(22,240)	(3,030)	-	(162,120)	3,425,960
Housing Repairs	-	-	-	-	-	-	-	-	-
Grand Total	115,050	-	57,640	125,020	(744,270)	17,100	-	(544,510)	(429,460)

General Fund Summary Budgets – 2020/21

<i>Figures exclude internal recharges which have no bottom line impact.</i>	Base Budget 2019/20 £	Technical Adjustments £	Policy Changes £	Budget 2020/21 £
Chief Executive	1,488,840	30,090	1,710	1,520,640
AD Growth & Regeneration	1,072,430	70,580	30,760	1,173,770
ED Organisation	400,310	18,110	(4,370)	414,050
AD People	1,732,680	112,580	154,450	1,999,710
AD Operations & Leisure	2,216,180	22,160	257,170	2,495,510
ED Finance	84,050	2,250	-	86,300
AD Finance	831,000	(1,533,120)	(95,000)	(797,120)
ED Communities	-	-	-	-
AD Assets	(725,280)	26,130	217,200	(481,950)
AD Neighbourhoods	1,222,430	298,680	10,500	1,531,610
AD Partnerships	1,080,770	(183,700)	(4,170)	892,900
Total Cost of Services	9,403,410	(1,136,240)	568,250	8,835,420
Transfer to / (from) Balances	(1,408,174)	819,924	-	(588,250)
Revenue Support Grant	-	(188,220)	-	(188,220)
Retained Business Rates	(13,385,014)	(1,047,318)	-	(14,432,332)
Less: Tariff payable	10,054,485	389,309	-	10,443,794
Collection Fund Surplus (Council Tax)	(62,517)	29,517	-	(33,000)
Collection Fund Surplus (Business Rates)	(752,887)	752,887	-	-
Council Tax Requirement	(3,849,303)	380,141	(568,250)	(4,037,412)

General Fund Summary Budgets – 2019/20 to 2024/25

<i>Figures exclude internal recharges which have no bottom line impact.</i>	Base Budget 2019/20 £	Budget 2020/21 £	Budget 2021/22 £	Budget 2022/23 £	Budget 2023/24 £	Budget 2024/25 £
Chief Executive	1,488,840	1,520,640	1,484,850	1,572,910	1,666,210	1,604,910
AD Growth & Regeneration	1,072,430	1,173,770	1,070,930	1,050,800	1,128,660	1,155,760
ED Organisation	400,310	414,050	430,750	449,400	468,570	487,110
AD People	1,732,680	1,999,710	2,046,910	2,068,720	2,130,780	2,190,750
AD Operations & Leisure	2,216,180	2,495,510	2,547,460	2,624,430	2,698,410	2,772,970
ED Finance	84,050	86,300	88,500	91,350	94,260	97,250
AD Finance	831,000	(797,120)	(56,480)	(75,300)	309,560	497,370
ED Communities	-	-	-	-	-	-
AD Assets	(725,280)	(481,950)	(564,860)	(544,100)	(522,980)	(502,750)
AD Neighbourhoods	1,222,430	1,531,610	1,084,530	1,109,390	1,132,390	1,155,870
AD Partnerships	1,080,770	892,900	907,470	920,430	932,780	945,490
Total Cost of Services	9,403,410	8,835,420	9,040,060	9,268,030	10,038,640	10,404,730
Transfer to / (from) Balances	(1,408,174)	(588,250)	(2,423,336)	(2,427,372)	(3,009,664)	(3,154,668)
Revenue Support Grant	-	(188,220)	-	-	-	-
Retained Business Rates	(13,385,014)	(14,432,332)	(15,403,818)	(15,704,865)	(16,011,414)	(16,331,642)
Less: Tariff payable	10,054,485	10,443,794	13,041,378	13,294,366	13,582,302	13,853,948
Collection Fund Surplus (Council Tax)	(62,517)	(33,000)	(33,000)	(33,000)	(33,000)	(33,000)
Collection Fund Surplus (Business Rates)	(752,887)	-	-	-	-	-
Council Tax Requirement	(3,849,303)	(4,037,412)	(4,221,284)	(4,397,159)	(4,566,864)	(4,739,368)

* Figures include proposed Policy Changes

Housing Revenue Account 2019/20 to 2024/25

<i>Figures exclude internal recharges which have no bottom line impact.</i>	Base Budget 2019/20 £	Budget 2020/21 £	Budget 2021/22 £	Budget 2022/23 £	Budget 2023/24 £	Budget 2024/25 £
HRA Summary	(3,927,650)	(4,371,050)	(4,903,450)	(3,982,120)	(5,495,300)	(5,785,900)
ED Communities	21,900	24,000	26,120	28,670	31,500	34,420
AD Operations & Leisure	143,080	144,290	146,380	148,810	151,540	154,300
AD Assets	289,640	903,910	521,180	515,490	603,590	625,430
AD Neighbourhoods	3,588,080	3,471,870	3,471,220	3,536,660	3,606,240	3,676,270
Grand Total	115,050	173,020	(738,550)	247,510	(1,102,430)	(1,295,480)

* Figures include proposed Policy Changes

Draft General Fund Capital Programme 2020/21 to 2024/25

General Fund Capital Programme	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £	Total £
Gateways	190,000	-	-	-	-	190,000
Technology Replacement	60,000	60,000	60,000	60,000	60,000	300,000
Member Device Refresh	20,000	-	-	-	-	20,000
Endpoint Protection and Web- Email Filter	40,000	-	-	40,000	-	80,000
Street Lighting	46,120	-	-	233,560	119,940	399,620
Replacement Castle Grounds Play Area	-	375,000	-	-	-	375,000
Private Sector Grants - Disabled Facilities Grants	650,000	650,000	650,000	650,000	650,000	3,250,000
Energy Efficiency Upgrades to Commercial and Industrial Units	75,000	75,000	75,000	75,000	75,000	375,000
Major Repair to Castle Elevations	250,000	150,000	-	-	-	400,000
Asset Management Database	150,000	-	-	-	-	150,000
CCTV Upgrades	197,530	45,710	45,710	45,710	45,710	380,370
Total General Fund Capital	1,678,650	1,355,710	830,710	1,104,270	950,650	5,919,990
Proposed Financing:						
Grants - Disabled Facilities	400,000	400,000	400,000	400,000	400,000	2,000,000
Sale of Council House Receipts	191,120	175,000	155,000	150,000	160,000	831,120
Section 106 Receipts	90,000	-	-	-	-	90,000
Community Infrastructure Levy	30,000	-	-	-	-	30,000
General Fund Capital Reserve	140,000	-	-	-	-	140,000
Other Contributions	24,000	24,000	24,000	24,000	24,000	120,000
Unsupported Borrowing	803,530	756,710	251,710	530,270	366,650	2,708,870
Total	1,678,650	1,355,710	830,710	1,104,270	950,650	5,919,990

Draft Housing Revenue Account Capital Programme 2020/21 to 2024/25

<u>Housing Revenue Account Capital Programme</u>	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £	TOTAL £
Structural Works	300,000	300,000	300,000	300,000	300,000	1,500,000
Bathroom Renewals	567,800	567,800	567,800	567,800	567,800	2,839,000
Gas Central Heating Upgrades and Renewals	685,500	685,500	685,500	988,400	988,400	4,033,300
Kitchen Renewals	1,037,500	1,037,500	1,037,500	1,037,500	1,037,500	5,187,500
Major Roofing Overhaul and Renewals	911,400	911,400	911,400	1,196,200	1,196,200	5,126,600
Window and Door Renewals	648,900	648,900	648,900	731,900	731,900	3,410,500
Neighbourhood Regeneration	749,100	749,100	749,100	749,100	749,100	3,745,500
Disabled Facilities Adaptations	212,500	212,500	212,500	212,500	212,500	1,062,500
Rewire	362,200	362,200	362,200	362,200	362,200	1,811,000
CO / Smoke Detectors	64,000	64,000	64,000	80,000	80,000	352,000
Insulation	17,900	17,900	17,900	17,900	17,900	89,500
Replacement of High Rise Soil Stacks	-	945,000	-	-	-	945,000
High Rise Lift Renewal	-	180,000	-	-	-	180,000
Sheltered Schemes	100,000	100,000	100,000	140,000	140,000	580,000
Energy Efficiency Improvements	70,000	70,000	70,000	70,000	70,000	350,000
Capital Salaries	200,000	200,000	200,000	200,000	200,000	1,000,000
Installation of Fire Doors To High Rise Blocks	1,460,000	-	-	-	-	1,460,000
Software to manage fire safety surveys	90,000	-	-	-	-	90,000
Street Lighting	69,180	-	-	350,330	179,910	599,420
Retention of Garage Sites	700,000	700,000	700,000	700,000	700,000	3,500,000
Redevelopment of Garage sites	250,000	1,000,000	1,000,000	1,000,000	1,000,000	4,250,000
Other Acquisitions	750,000	750,000	750,000	750,000	750,000	3,750,000
Total HRA Capital	9,245,980	9,501,800	8,376,800	9,453,830	9,283,410	45,861,820
<u>Proposed Financing:</u>						
Major Repairs Reserve	2,894,730	3,004,730	2,816,170	2,804,730	2,805,000	14,325,360
HRA Capital Receipts	551,440	500,000	-	693,670	1,400,000	3,145,110
Regeneration Revenue Reserves	5,155,630	4,947,070	4,060,630	3,349,100	3,848,500	21,360,930
Capital Receipts from Additional Council House Sales (1-4-1)	300,000	525,000	525,000	1,225,000	525,000	3,100,000
Regeneration Reserve	344,180	525,000	975,000	1,268,000	525,000	3,637,180
Unsupported Borrowing	-	-	-	113,330	179,910	293,240
Total	9,245,980	9,501,800	8,376,800	9,453,830	9,283,410	45,861,820

Contingencies 2020/21 - 2024/25

Revenue	2020/21	2021/22	2022/23	2023/24	2024/25
Specific Earmarked &	£'000	£'000	£'000	£'000	£'000
General					
General Fund					
Specific Contingencies					
Restructure	75	75	75	75	75
<i>General Contingency</i>	100	100	100	100	100
<i>General Contingency re Income Targets</i>	95	169	169	169	169
Total General Contingency	195	269	269	269	269
Total GF Revenue	270	344	344	344	344
Housing Revenue Account					
Restructure	30	30	30	30	30
<i>HRA - General Contingency</i>	100	100	100	100	100
Total HRA Revenue	130	130	130	130	130

Capital	2020/21	2021/22	2022/23	2023/24	2024/25
Specific Earmarked &	£'000	£'000	£'000	£'000	£'000
General					
General Fund					
General Contingency	35	-	-	-	-
	-	-	-	-	-
Total GF Capital	35	-	-	-	-
Housing Revenue Account					

General Contingency	100	-	-	-	-
Total HRA Capital	100	-	-	-	-