CABINET

18th February 2021

COUNCIL

23rd February 2021

Report of the Leader of the Council

Corporate Vision, Priorities Plan, Budget & Medium Term Financial Strategy 2021/22

Purpose

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

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

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

  - General Fund (GF) Revenue Budget and Council Tax for 2021/22;
  - Housing Revenue Account (HRA) Budget for 2021/22;
  - 5 Year General Fund Capital Programme (2021/26);
  - 5 Year HRA Capital Programme (2021/26);
  - 3 Year General Fund Medium Term Financial Strategy (MTFS) (2021/24); and
  - 5 Year HRA Medium Term Financial Strategy (MTFS) (2021/26).

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

Recommendations

That Council approve:

1. **the Vision Statement, Priority Themes, Corporate Priorities and Outcomes for 2021/22 (Appendix A);**
2. **the proposed revisions to Service Revenue Budgets (Policy Changes) (Appendix C);**
3. **the sum of £60,376 be applied from Council Tax Collection Fund surpluses in reducing the Council Tax demand in 2021/22 (Appendix E);**
4. **the sum of £7,137,191 be applied to Business Rates Collection Fund deficits in 2021/22, in part offset by a transfer from the Business Rates reserve of £6,876,350 (Appendix E);**
5. **that on 3rd December 2020, the Cabinet calculated the Council Tax Base 2020/21 for the whole Council area as 22,366 [Item T in the formula in Section 31B(3) of the Local Government Finance Act 1992, as amended (the "Act")];**
6. **that the Council Tax requirement for the Council's own purposes for 2021/22 is £4,179,982 (Appendix E);**
7. **the following amounts as calculated for the year 2021/22 in accordance with Sections 31 to 36 of the Act:**
    a. **£54,121,642 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act (Outgoings excluding internal GF Recharges);**
    b. **£49,941,660 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act (Income excluding internal GF Recharges);**
    c. **£4,179,982 being the amount by which the aggregate at 7(a) above exceeds the aggregate at 7(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year (Item R in the formula in Section 31A(4) of the Act);**
    d. **£186.89 being the amount at 7(c) above (Item R), all divided by Item T (at 5 above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year;**
8. **the Council Tax level for the Borough Council for 2020/21 of £186.89 (an increase of £5 (2.75%) on the 2020/21 level of £181.89) at Band D;**
9. **an aggregate Council Tax (comprising the respective demands of the Borough Council, Staffordshire County Council, Office of the Police and Crime Commissioner Staffordshire and Stoke-on-Trent and Staffordshire Fire and Rescue Authority) of £1,864.86 at Band D for 2021/22 be noted (£1,780.17 in 2020/21) (Appendix H);**
10. **the Council Tax levels at each band for 2021/22 (Appendix H);**
11. **the sum of £206,157 be transferred from General Fund Revenue Balances in 2021/22 (Appendix E);**

12. **the Summary General Fund Revenue Budget for 2021/22 (Appendix E);**
13. **the Provisional General Fund Budgets for 2022/23 to 2023/24, summarised at Appendix G, as the basis for future planning;**
14. **minimum level for balances of £500k to be held for each of the General Fund, Housing Revenue Account, General Capital Fund and Housing Capital Fund;**
15. **Cabinet be authorised to release funding from the General Contingency budget and that the release of funding for Specific Contingency items be delegated to the Corporate Management Team in consultation with the Leader of the Council;**
16. **proposed HRA Expenditure level of £14,745,710 for 2021/22 (Appendix D);**
17. **rents for Council House Tenants in General Accommodation for 2021/22 be set at an average of £89.25 (2020/21 £87.93), over a 48 week rent year (including a 1.5% increase);**
18. **rents for Council House Tenants due for 52 weeks in 2021/22 be collected over 48 weeks;**
19. **the HRA deficit of £342,610 be financed through a transfer from Housing Revenue Account Balances in 2021/22 (Appendix D);**
20. **the proposed 5 year General Fund Capital Programme of £30.732m, as detailed in Appendix I to the report;**
21. **the proposed 5 year Housing Capital Programme of £33.742m, as detailed in Appendix J to the report;**
22. **to delegate authority to Cabinet to approve/add new capital schemes to the capital programme where grant funding is received or there is no net additional cost to the Council;**
23. **the Treasury Management Strategy Statement, the Treasury Management Policy Statement, Minimum Revenue Provision Strategy and Annual Investment Statement 2021/22 (as detailed at Appendix N);**
24. **the Prudential and Treasury Indicators and Limits for 2021/22 to 2023/24 contained within Appendix N;**
25. **adoption of the Treasury Management Practices contained within ANNEX 8;**
26. **the detailed criteria of the Investment Strategy 2021/22 contained in the Treasury Management Strategy within ANNEX 4; and**
27. **the Corporate Capital Strategy and associated Action Plan (as detailed at Appendix O).**

Executive Summary

The headline figures for 2020/21 are:

- A General Fund Net Cost of Services of £7,134,620 a reduction of 22.1% compared to 2020/21;

- A transfer of £206,157 from General Fund balances;

- The Band D Council Tax would be set at £186.89, an increase of £5 (2.75% - c.£0.10 per week) on the level from 2020/21 of £181.89;

- A General Fund Capital Programme of £30.732m for 5 years;

- a Housing Revenue Account (HRA) Expenditure level of £14,745,710 for 2021/22 (excluding interest & similar charges);

- A transfer of £342,610 from HRA balances;

- Rents will be set in line with the approved Rent Setting Policy including a 1.5% increase in average rent (on the 2020/21 average rent of £87.93 based on a 48 week rent year) in line with Government confirmation 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, and equates to £82.38 on an annualised 52 week basis;

- A Housing Capital Programme of £33.742m for 5 years.

Closing balances over 3 years for the General Fund (GF) are estimated at £0.5m - at the minimum approved level of £0.5m. The draft Budget and Medium Term Financial Strategy is based on a council tax increase of £5 (2.75%) for 2021/22 (the maximum permitted under the Government set limits to trigger a referendum is the greater of £5 or 2.0%) followed by increases of £5 p.a. thereafter & in line with statutory requirements.

The Summary HRA Revenue Budget for 2021/22 appears at **Appendix D** (including a summary of the resulting budgets over the 5 year period). Closing balances over 5 years for the HRA are estimated at £2.7m (compared to the minimum approved level of £0.5m).

The minimum approved level of GF capital balances is £0.5million which, should the programme progress without amendment, would mean £1.7m in borrowing would be needed over the next 5 years (£1.3m over 3 years, £1.5m over 4 years) – a reduction £0.3m over 3 years (& £0.4m over 4 years) since the provisional programme was approved, due to higher levels of DFG grant income.

There have been some significant changes in the Housing capital programme from that provisionally approved – with a number of new schemes proposed. It has also been updated to include the new year 5 costs for 2025/26.

Given the significant reduction in spend over the 4 years of c.£4m (c.£10m reduction less the re-profiling of £6m from years 2,3,4 & 5 into 2020/21 to allow for the acquisition of housing property [£1.5m from each year from Regeneration & Affordable Housing]) then funding remaining within the HRA capital reserves is forecast at £7m, pending the results of the planned stock condition surveys.

Key Risks

- The effect of the Covid-19 crisis on the economy and ultimately the impact for the Council's finances – including any lasting effects for individual businesses and their employees. Social distancing measures will remain in place for the foreseeable future – impacting mainly on the Council's ongoing income receipts.

  Measures taken to control Covid-19 are leading to heavy economic losses and this has and will continue to affect collection rates, as some individuals and businesses experience financial effects of the pandemic. The uncertainties created by the pandemic have also significantly increased volatility and uncertainty in markets. This applies not only to non-current operational and non-operational property assets held by authorities, but also to investment properties, financial assets and many assets held by pension funds.

- The Government has confirmed that the longer-term reforms for the local government finance system (including the move to 75% Business Rates Retention and Fairer Funding Review of Relative Needs and Resources) will be deferred again as a result of the pandemic, although no timescales have been released. In addition, the next planned national Business Rates Revaluation, planned for 2021 will take effect from 2023.

  The Government had previously said it will keep an open dialogue with the local authorities about the best approach to the next financial year, including how to treat accumulated business rates growth of £2m p.a. (pending the planned business rates baseline reset) and the approach to the 2021/22 local government finance settlement. It was announced as part of the Spending Review and has now been confirmed as part of the provisional settlement that that there will be no reset for 2021/22 however, no papers were published but the Secretary of State confirmed a commitment to the Fair Funding Review and the business rates reset; but in answering questions from MPs he indicated only that there "may be an opportunity next year" to bring forward proposals for reform and he confirmed that he did not know when reform would be implemented.

  There remains 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 2022/23;

- 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). Commitments include:

    - Future High Street Fund projects, £3.8m;
    - Lower Gungate site acquisition / development, £4m;
    - Solway Close development, £4m;
    - Investment in property funds with a savings target to return c.4% p.a., £12m (£3.8m invested to date).

- Uncertainty over the ongoing funding for the ***New Homes Bonus scheme***. The Government have confirmed that the 4-year legacy payments for New Homes Bonus (NHB) will continue to be paid to 2022/23 – and that the scheme will continue for a "further year with no new legacy payments", but there still remains uncertainty regarding the future.

  The Government has set out its intention to hold a consultation on the future of the New Homes Bonus, with a view to implementing reform in 2022/23.

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

- Work is continuing on a number of actions to address the financial position in future years including the Recovery and Reset programme approved by Cabinet which aims to consider how we can tackle the financial challenges facing the council as a result of the coronavirus pandemic. This will include reviewing services, reducing waste demand on services (basically this is any action or step in a process that does not add value to the customer), exploring opportunities for income generation and identifying any further savings. The overriding goal is to make sure our organisation remains fit for the future, while protecting services to the most vulnerable in our community.

Background

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

When the budget and MTFS for 2020/21 were approved, future levels of funding for the Council were uncertain pending the most significant changes in Local Government funding for a generation. The reforms were planned to be in place by 2020/21 but were deferred until 2021/22. The Government has confirmed that the longer-term reforms for the local government finance system (including the move to 75% **Business Rates Retention** and **Fairer Funding Review** of Relative Needs and Resources) will be deferred again as a result of the Covid-19 pandemic, although no timescales have been released. In addition, the next planned national **Business Rates Revaluation**, planned for 2021 has now been deferred to 2023.

As a nation we are likely to feel the consequences of the Covid-19 pandemic, and the measures to contain and mitigate its effects, for years to come.

The extraordinary events we are living through follow a decade of austerity, triggered by the financial crisis of 2008/09, which had already placed considerable strain on local authorities' finances. Increased demand for many local public services, directly related to the outbreak of the virus, has placed immediate pressure on authorities' cash flows and expenditure budgets. The longer-term consequences of recession and unemployment on demand for services have yet to be experienced.

At the same time, several important sources of local authority income including Council Tax, Non domestic (business) rates, fees and charges, rents and investment returns have, to a greater or lesser extent, been subject to reduction or suspension.

In light of the projected impact of Covid-19 on the Council's Medium Term Financial Strategy, an immediate suspension of all non-essential spending was approved by Cabinet on 9th July and that Managers review their budgets and identify all non-essential spending for 2020/21 as part of the quarter 1 projections at 30 June 2020 - and approval sought for the budget to be revised to remove these.

No one can know what the effect of the Covid-19 crisis will have on the economy and ultimately the impact for the Council's finances. It will be many months before we have a clearer idea on how the economy has been affected – including any lasting effects for individual businesses and their employees. Social distancing measures will remain in place for the foreseeable future – impacting mainly on the Council's ongoing income receipts.

Government has provided additional funding of c.£1.25m and the LGA and SDCT will continue to lobby and provide evidence to MHCLG of the income and expenditure pressures that Councils face. MHCLG receive monthly financial updates from Councils including information on Housing Revenue Account pressures.

Efficiency Statement – Sustainability Strategy

Financial resilience is and has been the key requirement for local authorities at any time, but in the current crisis it has assumed unprecedented importance. Perhaps the biggest difficulty with the pandemic is that there is no certainty about time scales; it is impossible to draw any conclusions about how long the effects will last.

During the crisis the Council has lost income which will significantly impact on the potential sustainability of the organisation, as will be the case across many Local Government organisations. Whilst the full extent of this cannot be known at present it will be necessary for the Council to take an accelerated approach towards the development and implementation of an effective sustainability strategy, linked to an overall vision for the organisation.

Cabinet on 22nd October 2020 approved the Recovery and Reset programme which aims to consider how we can tackle the financial challenges facing the council as a result of the coronavirus pandemic. This will include reviewing services, reducing waste demand on services (basically this is any action or step in a process that does not add value to the customer), exploring opportunities for income generation and identifying any further savings.

The overriding goal is to make sure our organisation remains fit for the future, while protecting services to the most vulnerable in our community. The Recovery and Reset programme outlines that this work be split into eight projects

The Council remains committed to promoting and stimulating economic growth and regeneration; meeting our housing needs; creating a vibrant town centre economy and protecting those most vulnerable in our communities. The Council is responding to these challenges by considering the opportunities to make further savings and /or grow our income. We are ambitious with our commercial view and will continue to work hard to identify income streams that enable us to continue to meet the needs of our residents.

More than ever, we recognise that our financial capacity will be less than in previous years which means that we will need to maintain our approach to innovation, collaboration and transformation.

This approach will change the organisation and how it works; will require Members to put evidence and insight at the heart of our decision making to ensure that we are transparent about the rationale for our decisions and plans; will involve managed risks and will sustain essential services critical in supporting the most vulnerable in our communities at a time when demand is increasing and resources reducing.

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

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

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

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

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

As part of the budget process Policy Changes are required in order to amend base budget provision. As grant and other income levels are reducing, where increased costs are unavoidable then managers should identify compensatory savings. Where savings are identified they must be accompanied by a robust implementation plan.

Robust business case templates are submitted to Cabinet and CMT for all Policy Change submissions (Revenue and Capital).

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

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

- The Recovery and Reset programme approved by Cabinet aims to consider how we can tackle the financial challenges facing the council as a result of the coronavirus pandemic. This will include reviewing services, reducing waste demand on services (basically this is any action or step in a process that does not add value to the customer), exploring opportunities for income generation and identifying any further savings. The overriding goal is to make sure our organisation remains fit for the future, while protecting services to the most vulnerable in our community.

  The Recovery and Reset programme outlines that this work be split into eight projects:

  1. **Financial Management and Commerciality** – Seeking to remove historic underspends and adopt an in-service approach to rigorous and controlled spending.

  2. **Smart Working** – Exploration of the business impacts around current levels of home working and what the future is for AGILE working.

3. **Building Requirements and Utilisation** – Consideration of the best use of all our property assets to ensure the council's resources are focused on front line service delivery.

4. **Front Reception and Customer Service Offer** – Exploration of customer service models to assess the impact of front reception closing during the pandemic and how acceleration of digitising services can be delivered whilst ensuring our most vulnerable customers retain face to face services.

5. **Service Re-design and Review** – An organisational wide review of each service to identify short, medium and longer-term opportunities to improve delivery of services central to the council's core purpose and strategic aims.

6. **Third Sector Support and Vulnerability Strategy** – Recognising that one of the most positive outcomes to the Pandemic is the overwhelming ability of 'anchor organisations and communities' to mobilise and support each other, this project will explore how the Council's commissioning framework can be aligned to build on these foundations going forward and how we define and develop our vulnerability strategy, building on the baseline assessment commissioned over the summer.

7. **Economy and Regeneration** - Work has continued on the future of our high street and alongside this the economic recovery and regeneration of Tamworth is central to our future Recovery and Reset.

8. **Heritage** – This project will attempt to define and establish a baseline of all of our heritage assets and review all opportunities to celebrate, nurture and protect our local heritage.

Together with any opportunities arising from the response to the Covid-19 pandemic, for Member consideration during the budget process.

- Ongoing lobbying of Government to provide additional support, in light of the financial impact of the pandemic, and clarity over future funding arrangements – including discussions with the MP and continued Local Government Association (LGA) representation and parliamentary briefings.

  Monthly completion of Covid-19 financial monitoring returns to MHCLG and sales, fees and charges income loss compensation scheme claims. This has led to additional Covid-19 related grants and the income protection scheme - in addition to the unringfenced grant of £1.25m, it is also expected that over £0.5m will be received from the projected fees and charges income support grant.

- Non-essential spend review identified £1.2m in 2020/21 (including Vacancies of £0.5m) and ongoing year on year savings included in the base budget of c.£0.75m (from the £1.2m identified in 2020/21) comprising £0.362m ongoing vacant posts which will not now be filled (from the £0.512m identified in 2020/21) and £0.386m unspent budgets (from £0.674m identified in 2020/21). In light of the financial situation facing the Council, managers were tasked with identifying low level non-essential budgets for removal from the budget.

- Recruitment freeze for all but essential posts (which are subject to robust re-justification process).

- Review of Property fund investment options 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 2021/22.

- Review of reserves – undertaken in November (including ensuring adequate provision for the funding uncertainties) / creation of fund for transformation costs).

Vision, Strategic Priorities & Plans

The Vision for Tamworth is underpinned by high level, evidence based priorities that focus upon both Tamworth (the place), the communities served (the people) as well as the Council (the organisation).

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

The adoption of 'Demand Management' as the primary operating model and the targeting of resources via locality based commissioning and delivery has enabled greater effectiveness in service delivery. As part of a 'Tamworth Community Offer' we will:

- Improve our use of 'insight' in shaping services and directing investment;
- Better align service delivery to ensure we act with purpose and are accountable;
- Support the Demand Management model with prevention approaches which seek to tackle causes and reduce costs;
- Develop approaches which genuinely 'empower' individuals and communities;
- Support a transformed dialogue with residents - recognising that our financial capacity will be less than in previous years which means educating and supporting communities to focus resources on 'needs' and being clear on what we are able to do and equally what we can't.

It is through the Corporate Plan that these aspirations and expectations will be achieved. The scale, scope and timescale relating to these outcomes presents the Council with a challenging yet achievable task over the forthcoming years.

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

Key Drivers

- One: Create Insight and use our Knowledge - systematic collation and analysis;

- Two: Be Clear About Our Service Offer - consistent approach to customer services;

- Three: Prevention and Earliest Help approaches - get 'upstream' of the demand.

The approach to the preparation of the Corporate Plan, driven by Members, was based upon the collection, collation and analysis of a range of information; an understanding of local issues and an awareness of key influences.

In summary:

- Data, Customer/User insight and intelligence;
- Public consultation and wider engagement outcomes;
- A detailed understanding of our partners' plans;
- Political intentions and ambitions across the parties and the tiers;
- Our strategic plans – e.g., Local Plan; Housing & Health Strategies, Growth & Regeneration;
- Detailed knowledge of local and regional growth through devolution plans/intentions;
- Financial constraints and opportunities.

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

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

The medium term financial planning process is being challenged by continued uncertainty. The accomplishment of a balanced 3 Year Medium Term Financial Strategy for the General Fund is a major achievement as the Council, like others, has planned to deliver its budget process in light of unprecedented conditions with a great deal of uncertainty over future investment and income levels such as car parking, land charges and corporate property rents – as well as the potential lasting effects of the Covid-19 pandemic for future Business Rates and Council Tax income.

The Council continues to be faced with significant financial demands from Central Government following new legislation in areas such as Homelessness, Data Protection (& the General Data Protection Regulations - GDPR), planning and transparency – as well as future reductions in Government grant support.

The Council is responding to these challenges by considering the opportunities to grow our income. We are ambitious with our commercial view and will continue to work hard to identify income streams that enable us to continue to meet the needs of our residents.

We continue to focus on supporting vulnerable people and in particular in ensuing that those facing difficulties in relation to financial hardship and housing difficulties are prioritised. We will work collaboratively with others to maximise our collective effectiveness and will seek to develop the role played by the third sector.

In addition, we will be developing our operating model to further strengthen our service delivery and strategic approaches.

In particular we will further reinforce our use of knowledge and evidence in decision making, ensure that we are clear in our service offer and accountable to residents.

We continue to invest in our teams, transform our processes and ensure our technology infrastructure is fit for purpose. We have identified a number of opportunities to improve customer access to information and services as well as our engagement with our citizens and the way in which we manage our data and information.

Additional demands for services arising from these times have been included where possible but this is dependent on the length and depth of the continuing public health crisis.

In addition there are a number of key uncertainties which will inform future budget considerations:

a) 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.

   When the current budget and MTFS were approved, future levels of funding for the Council were uncertain pending the most significant changes in Local Government funding for a generation. The reforms were planned to be in place by 2020/21 but were deferred until 2021/22. The Government has confirmed that the longer-term reforms for the local government finance system (including the move to 75% Business Rates Retention and Fairer Funding Review of Relative Needs and Resources) will be deferred again as a result of the current situation, although no timescales have been released. In addition, the next planned national Business Rates Revaluation, planned for 2021 will take effect from 2023.

   The Government had previously said it will keep an open dialogue with the local authorities about the best approach to the next financial year, including how to treat accumulated business rates growth of £2m p.a. (pending the planned business rates baseline reset) and the approach to the 2021/22 local government finance settlement. It was announced as part of the Spending Review and has now been confirmed as part of the provisional settlement that that there will be no reset for 2021/22 however, no papers were published but the Secretary of State confirmed a commitment to the Fair Funding Review and the business rates reset; but in answering questions from MPs he indicated only that there “may be an opportunity next year” to bring forward proposals for reform and he confirmed that he did not know when reform would be implemented.

   It is also the Government’s intention to look again at the New Homes Bonus for 2022/23 and explore the most effective way to incentivise housing growth. They plan to consult on proposals prior to implementation. In the longer-term, the Government remains committed to reform and want to take time to work with local authorities to make sure that the approach is right following the planned reviews:

- ***Fair Funding Review (FFR)*** of the distribution methodology including:

    - changes to the needs assessment (which will determine each Council's share of the national funding for Local Government – it is likely that this will reflect the impact of Social Care demands and that funding will be redistributed to Unitary and County Councils to the detriment of District Councils);

    - treatment of relative resources (to determine how much each Council can fund locally through income from fees and charges and council tax); and

    - any transitional arrangements to protect Councils from significant reductions in funding – and the impact from their unwinding.

- ***Spending Review 2021*** – where the total spending allocation for Government Departments will be set – including national control totals for Local Government spending. It has already been announced that significant additional funding will be diverted to the NHS which could mean further reductions for other Departments including Local Government;

- The ongoing ***review of the Business Rates Retention (BRR) scheme*** – the Government announced that Councils will be able to retain 75% of business rates collected 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 up to £2m p.a.;

- Uncertainty over the ongoing funding for the ***New Homes Bonus scheme***, local growth in housing numbers and share of the national pool (including potential increases to the 'deadweight' for which 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.

  It is the Government's intention to look again at the New Homes Bonus scheme for 2022/23 and explore the most effective way to incentivise housing growth. They plan to consult widely on proposals prior to implementation.

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

b) 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 has continued to grant this flexibility and has now confirmed it is to continue for 2021/22.

c) For 2019/20 a 2% increase in Local Government pay 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 2.75% increase has been agreed for 2020/21 but future years remain uncertain. A 2.5% p.a. increase from 2021/22 has been assumed but remains subject to the announced pay freeze for public sector workers for 2021/22.

d) The impact of any further uncertainty over future interest rate levels and their impact on investment income / treasury management;

e) No one can know what the effect of the Covid-19 crisis will have on the economy and ultimately the impact for the Council's finances. It will be many months before we have a clearer idea on how the economy has responded to the recovery process – including any lasting effects for individual businesses and their employees.

   Social distancing measures will remain in place for the foreseeable future – impacting mainly on the Council's ongoing income receipts.

   Measures taken to control Covid-19 are leading to heavy economic losses and this has and will continue to affect collection rates, as some individuals and businesses experience financial effects of the pandemic. The uncertainties created by the pandemic have also significantly increased volatility and uncertainty in markets. This applies not only to non-current operational and non-operational property assets held by authorities, but also to investment properties, financial assets and many assets held by pension funds.

f) The impact of any further uncertainty over future interest rate levels and their impact on investment income / treasury management.

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

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

The Treasury Management Strategy Statement and report attached at **Appendix N** outlines the Council's Prudential Indicators for 2021/22 to 2023/24 and sets out the expected Treasury operations for this period.

Under the requirements of the CIPFA Code of Practice and associated Guidance Notes 2017, the following four clauses have been adopted:

a) This Council will create and maintain, as the cornerstones for effective treasury management:

   A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities; and
   Suitable treasury management practices (TMPs) setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

b) This Council will receive reports on its treasury management policies, practices and activities, including as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close.

c) This Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Executive Director Finance, who will act in accordance with the organisation's policy statement and TMPs.

d) This Council nominates the Audit and Governance Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Options Considered

As part of the budget setting process a number of options for the council tax increase levels for 2021/22 and future years have been modelled / considered.

Council Tax	Option Modelled / Considered
Model 1	**£5.00 increase in Council tax in 2021/22 (followed by increases of £5.00 p.a.)**
Model 2	2.99% increase in Council tax in 2021/22 (followed by increases of c.2.99% p.a.)
Model 3	£1 increase in Council tax in 2021/22 (followed by increases of £1 p.a.)
Model 4	2.5% increase in Council tax in 2021/22 (followed by increases of 2.5% thereafter)
Model 5	0% increase in Council tax in 2021/22 (followed by increases of 0% thereafter)
Model 6	1.99% increase in Council tax in 2021/22 (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

These are detailed within the Base Budget report to Cabinet on 3rd December 2020 and the Draft Medium Term Financial Strategy report to Cabinet on 21st January 2021 and Joint Scrutiny Committee (Budget) on 27th January 2021.

Resource Implications

A summary table of all the budget proposals is shown at the end of the report. The General Fund Summary Revenue Budget for 2021/22 appears at **Appendix E**. A summary of the resulting budgets over the 3 year period appears at **Appendix G**.

Closing balances over 3 years for the General Fund (GF) are estimated at £0.5m - at the minimum approved level of £0.5m. The draft Budget and Medium Term Financial Strategy is based on a council tax increase of £5 (2.75%) for 2021/22 (the maximum permitted under the Government set limits to trigger a referendum is the greater of £5 or 2.0%) followed by increases of £5 p.a. thereafter & in line with statutory requirements.

The Summary HRA Revenue Budget for 2021/22 appears at **Appendix D** (including a summary of the resulting budgets over the 5 year period). Closing balances over 5 years for the HRA are estimated at £2.7m (compared to the minimum approved level of £0.5m).

The minimum approved level of GF capital balances is £0.5million which, should the programme progress without amendment, would mean £1.7m in borrowing would be needed over the next 5 years (£1.3m over 3 years, £1.5m over 4 years) – a reduction £0.3m over 3 years (& £0.4m over 4 years) since the provisional programme was approved, due to higher levels of DFG grant income.

There have been some significant changes in the Housing capital programme from that provisionally approved – with a number of new schemes proposed. It has also been updated to include the new year 5 costs for 2025/26.

Given the significant reduction in spend over the 4 years of c.£4m (c.£10m reduction less the re-profiling of £6m from years 2,3,4 & 5 into 2020/21 to allow for the acquisition of housing property [£1.5m from each year from Regeneration & Affordable Housing]) then funding remaining within the HRA capital reserves is forecast at £7m, pending the results of the planned stock condition surveys.

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

Legal / Risk Implications

The Council's constitution requires Cabinet publish initial proposals for the budget, having first canvassed the views of local stakeholders as appropriate - budget proposals were considered at the Joint Scrutiny Committee (Budget) meeting on 27th January 2021. In line with the constitution a Leaders Budget Workshop was held on 2nd December 2020 to outline the issues affecting the MTFS arising from the base budget forecast.

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

Proposed amendments to the 2020/21 base budget, approved by Council on 25th February 2020, are detailed within the report.

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

Key Risks to Revenue and Capital Forecasts:

Risk	Control Measure
Major variances to the level of grant / subsidy from the Government (including specific grants e.g. Benefits administration, Business Rates Section 31 funding); (**High)**	Sensitivity modelling undertaken to assess the potential impact in the estimation of future Government support 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' (2% or £5 for District Councils in 2020/21); **(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 & 2.75% in 2020/21. Increases of 2.5% p.a. assumed from 2021/22; **(Medium / Low)**
Pension costs higher than planned / adverse performance of pension fund; **(Medium)**	Regular update meetings with Actuary; Following an option to 'freeze' the 'lump sum' element for the 3 years from 2020/21 (after the triennial review during 2019), 2% p.a. year on year increases have been included from 2023/24; **(Medium/Low)**
Assessment of business rates collection levels to inform the forecast / budget (NNDR1) and estimates of appeals, mandatory & discretionary reliefs, cost of collection, bad debts and collection levels; New burdens (Section 31) grant funding for Central Government policy changes – including impact on levy calculation; Potential changes to the Business Rates Retention system following the announcement for Councils to keep 75% (previously up to 100%) of the business rates collected; **(High)**	Robust estimates included to arrive at collection target. Ongoing proactive management & monitoring will continue; Business Rates Collection Reserve - provision of reserve funding to mitigate impact of any changes in business rate income levels; Monitoring of the situation / regular reporting; **(High / Medium)**

Risk	Control Measure
Local Council Tax Reduction scheme potential yield changes and maintenance of collection levels due to increases in unemployment caused by the pandemic; **(High)**	Robust estimates included. Ongoing proactive management & monitoring (including a quarterly healthcheck on the implications on the organisation – capacity / finance) will continue; **(High / Medium)**
Achievement of income streams in line with targets in light of the economic conditions e.g. treasury management interest, car parking, planning, commercial & industrial rents etc.; **(High / Medium)**	Robust estimates using a zero based budgeting approach have been included; **(Medium)**
Delivery of the capital programme (GF / HRA – including Regeneration schemes) dependent on funding through capital receipts and grants (including DFG funding through the Better Care Fund); **(High / Medium)**	Robust monitoring and evaluation – should funds not be available then schemes would not progress; **(Medium)**
Dependency on partner organisation arrangements and contributions e.g. Waste Management (SCC/LDC). **(High / Medium)**	Memorandum of Understanding in place with LDC. **(Medium)**
Delivery of the planned Commercial Investment Strategy actions - 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)**	The main issue seems to be the increased risks associated with those Councils who are borrowing large sums to invest in commercial property activities. Property Fund investment review carried out 2020. **(Medium)**
Maintenance and repairs backlog for corporate assets – and planned development of long term strategic plan to address such. **(High / Medium)**	Planned development of long term strategic corporate capital strategy and asset management plan to consider the requirements and associated potential funding streams. **(Medium)**
Significant financial penalties arising from the implementation of the General Data Protection Regulations (GDPR). **(High / Medium)**	Implementation plan in place with corporate commitment and good progress. **(Medium)**
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. Based on past performance there is the potential for returns of c.4 to 5% p.a. but this is not guaranteed.	Any investment in funds which are deemed as capital expenditure will require the necessary capital programme budgets to be approved by full Council. 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.

Risk	Control Measure
The value of the funds are also subject to fluctuation – which could mean a capital loss in one year (as well as expected gains). 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. **(High/Medium)**	It is suggested that risk be mitigated (although not eliminated) through investment in a diversified portfolio using a range of property funds. 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. Property Fund investment review carried out 2020 **(Medium)**

Risk is inherent in Treasury Management and as such a risk based approach has been adopted throughout the report with regard to Treasury Management processes.

Sustainability Implications

At its meeting on 19th November 2019, Tamworth Borough Council declared a Climate Emergency together with specific actions including to ensure that all reports in preparation for the 2021/22 budget cycle and investment strategy will take into account the actions the Council will take to address this emergency (minute 18 refers).

Budget provision of £105k was included in the proposals for 2020/21 to fund emerging Climate Emergency initiatives, but has been deferred due to the pandemic, as well as specific actions contained within this report including Energy Efficiency Upgrades to Commercial and Industrial Units, energy efficient street lighting and improvements to the Council’s housing stock. These include central heating upgrades and renewals, neighbourhood regeneration (including environmental works), insulation works and energy efficiency improvements.

In addition, spend in 2021/22 (deferred from 2019/20) will include improvements to Public Open Space, Local Nature Reserves and the Amington Community Woodland and Cycleway.

Report Author:

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

Background Papers:-	**Corporate Vision, Priorities Plan, Budget & Medium Term Financial Strategy 2020/21, Council 25th February 2020**
	Budget and Medium Term Financial Planning Process, Cabinet 20th August 2020
	Budget Consultation Report, Cabinet 12th November 2020
	Leaders Budget Workshop, 2nd December 2020
	Draft Base Budget Forecasts 2021/22 to 2025/26, Cabinet 3rd December 2020
	Treasury Management Strategy Statement & Annual Investment Strategy Mid-year Review Report 2020/21, Council 15th December 2020
	Draft Budget and Medium Term Financial Strategy 2020/21 to 2024/25, Cabinet 21st January 2020 / Joint Scrutiny Committee (Budget) 27th January 2020
	Business Rates Income Forecast (NNDR1 return), Cabinet 21st January 2020
	Treasury Management Practices 2021/22 (Operational Detail)

Summary of Appendices

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Appendix A

Corporate Plan Summary 2019 – 2022

'Corporate Plan – On a Page'

TAMWORTH BOROUGH COUNCIL: VISION

To put Tamworth, its people and the local economy at the heart of everything we do

OUR PURPOSE IS TO

- help tackle causes and effects of poverty and financial hardship
- increase all residents resilience and access to information
- engage with our residents to promote community involvement and civic pride
- support the development of Tamworth now, and in the future
- help the local economy to grow in a way which benefits our residents and businesses
- utilise Council resources effectively
- help tackle the causes of inequality and increase opportunities for all residents and businesses
- help protect, nurture and celebrate our local heritage
- help prevent homelessness and help people access suitable housing
- help build resilient communities
- help develop and safeguard our environment and open spaces

OUR STRATEGIC PRIORITIES FOR 2019-2022

People and Place		**Organisation**
To meet housing needs through a variety of approaches and interventions To facilitate sustainable growth and economic prosperity To create a new and developing vision for the continued evolution of Tamworth, including a Town Centre fit for the 21st century		To be financially stable To ensure our employees have the right skills and culture to help our residents, visitors and businesses To ensure our service delivery is consistent, clear, and focused To ensure our decisions are driven by evidence and knowledge

To understand and proactively respond to the impacts of the Coronavirus pandemic

People and Place Priorities	Why is this a priority?
1. To meet housing needs through a variety of approaches and interventions	Access to safe and suitable accommodation is a key issue for Tamworth residents and continues to be the highest area of demand for Council services overall. The Council places a high priority on its role in supporting people to access the housing they need, seeking to improve standards across all tenures and working to ensure that neighbourhoods can thrive.
2. To facilitate sustainable growth and economic prosperity	Tamworth is well placed to benefit from the economic prosperity of the West Midlands as a whole and the Council recognises the importance of its role in ensuring that this increased prosperity benefits all residents and enhances our town. We welcome continued infrastructure growth including increased housing. However, we believe that the Council has a pivotal role to play in ensuring that this growth is managed in a way which enhances the lives of our residents, protects our environment and supports a balanced economy.
3. To work collaboratively and flexibly to meet the needs of our communities	The Council has invested strongly in the development of innovative and proactive collaboration across agencies and sectors and has a well-earned reputation for placing partnership at the heart of our approach. We consider that our ability to deliver positive outcomes for residents is enhanced by working with others and as a result we will continue to invest in the development of purposeful and meaningful partnerships. In particular we will focus on enhancing the work that we do with others to protect vulnerable people and enhance neighbourhoods.
4. To create a new and developing vision for the continued evolution of Tamworth, including a Town Centre fit for the 21st century	As is the case across the UK the nature and use of our town centre is changing, with a reduction in the viability of the retail offer in its traditional form. However, the town centre remains an important resource for the town as a whole, with the potential to greatly enhance Tamworth's already enviable leisure offer. We believe that the Council is well placed to lead the development of a clear and inclusive vision for the town centre which provides the framework for future sustainability. This will link to our own plans for regeneration including the re-development of the Gungate Area.

Organisational Priorities	Why is this a priority?
1. To be financially stable	Along with much of the public sector Tamworth is facing an uncertain financial future. The Council has a proven track record as a trusted custodian of public finances and we will continue to emphasise the importance of sound financial management linked to effective risk management and governance. We further believe that by adopting commercial approaches and critically evaluating commercial opportunities we can significantly increase our financial sustainability and increase our ability to offer VFM for residents.
2. To ensure our employees have the right skills and culture to help our residents, visitors and businesses	We consider that our teams and our elected members constitute our greatest asset and that by ensuring that every individual has the necessary skills, competencies and knowledge to fulfil their roles we can work most effectively for the benefit of residents. Ensuring that front line staff and elected members have access to useful and up to date information regarding service delivery and community issues also greatly increases effectiveness and we will prioritise the development of resources which maximise the accessibility of information.
3. To ensure our service delivery is consistent, clear, and focused	Ensuring that residents are able to easily access clear information about the standards of service they can expect from us will greatly help to reduce waste demand and promote confidence in the Council. Of equal importance is ensuring that the right tools are in place to deliver consistently to the expected standard. We will prioritise the development of clear standards of service across the organisation and will further develop our approaches to measure and respond quickly to customer intelligence and levels of satisfaction.
4. To ensure our decisions are driven by evidence and knowledge	The Council receives a considerable amount of useful information though customer feedback along with statistical information from a variety of sources. We believe that by ensuring we are making the maximum of use of all available information and knowledge we can create insight to inform decision making at every level. We will work to further develop the means by which we collect, collate and analyse all available information for the purpose of enhancing our ability to support evidence based decision making.

Recovery and Reset Programme

The council has set out a new three-to-five-year 'Recovery and Reset' programme, which is designed to ensure the authority remains fit for the future, while protecting services for our residents, businesses and the most vulnerable in our community.

The programme is split across eight project areas (workstreams) including; financial management and commerciality, smart working, a review of Tamworth Borough Council buildings, exploration of customer services models, economy and regeneration and local heritage – including opportunities to celebrate, nurture and protect. More detail is included in the table below.

Workstream	Objective
Financial management & commerciality	Deliver savings and increased income via processes that include an assessment of the impact on delivery of corporate objectives & organisational aims.
SMART working	Deliver a costed business case to consider the potential for mandatory SMART working including the assessment of benefits & risks.
Building requirements	Develop a costed plan for potential disinvestment in Marmion House including options for alternatives.
Front reception & customer services offer	Deliver a costed business case to assess the potential for re-design of the transformation of the customer services offer. Support the digital transformation agenda by mapping transactions in line with benchmarked best practise. Establish & define the customer service offer based on universal, targeted & specialist support.
Service redesign	Develop & implement an approach for service redesign across the organisation including service reviews of every service area over the life of the programme. Establish a base line review of each service in order to prioritise income generation, savings opportunities in the short & medium term.
Third sector support & vulnerability strategy	Develop an approach to third sector commissioning linked closely to achievement of the Council's business aims. Share the vulnerability baseline assessment with relevant stakeholders. Develop a Vulnerability Strategy exploring all the recommendations detailed.
Economy, business, regeneration	Develop a strategic approach to supporting business & regeneration of the town. Link Future High Street Funding outcomes to wider place based service delivery.
Heritage	To scope what is meant by the term 'heritage asset'. Undertake a review of the current heritage offer within Tamworth to establish a baseline/inventory of all heritage assets (including buildings, land & collection). Propose an effective economical business (operational, commercial & financial) model which will protect Tamworth's heritage for future generations. Secure the future safety & accessibility of the heritage collection & archives to ensure compliance with Arts Council requirements.

Detailed Considerations

Introduction

The Council's approach to medium term planning aims to integrate the Council's Corporate and financial planning processes. In accordance with that approach this report contains firm proposals for 2021/22 and provisional proposals for the following years.

It is intended that all aspects of the budget should be agreed by Members and so this report details each amendment which is proposed to the 2020/21 budget to arrive at the starting point for 2021/22. The report deals in turn with each of the key elements and towards the end of each section is a summary table. Each of these tables is brought together in the summary and conclusions section at the end of the report.

The Council's MTFS used as the basis for the 2021/22 budget, aimed both to deal with a challenging financial position and to find resources to address the Council's corporate priorities. The approved package was based upon:

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

Financial Background

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

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

There are a number of other challenges affecting the Medium Term Financial Planning process for the period from 2021/22 which add a high level of uncertainty to budget projections.

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

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

Effect of x% movement:	% + / -	Impact over 1 year +/-	Impact over 3 years +/-	Risk
		£'000	£'000	
Pay Award / National Insurance (GF)	0.5%	45	275	M
Pension Costs	0.5%	0	62	L
Council Tax	0.5%	41	194	M
Inflation / CPI	0.5%	56	355	M
Government Grant	1.0%	44	205	M
Investment Interest	0.5%	189	979	H
Key Income Streams	10%	177	1116	H
Business Rates	0.5%	73	445	H

GENERAL FUND

Future Revenue Support Grant & Business Rate income

On 17th December 2020, the Secretary of State for the Ministry for Housing, Communities and Local Government, Rt. Hon. Robert Jenrick MP, made a statement to Parliament on the provisional local government finance settlement (LGFS) 2021/22. This was confirmed in a written statement to Parliament on 4th February 2021.

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; the new Lower Tier Services Grant and the Adult Social Care Support Grant. The table shows the national changes to Core Spending Power between 2015/16 and 2021/22. It shows an increase of 4.6% for 2021/22 and an overall increase for the period 2015/16 to 2021/22 of 14.8%.

Core Spending Power **National Position**	**2015/16** **£m**	**2016/17** **£m**	**2017/18** **£m**	**2018/19** **£m**	**2019/20** **£m**	**2020/21** **£m**	**2021/22** **£m**
Settlement Funding Assessment	21,250	18,602	16,633	15,574	14,560	14,797	14,810
Under-indexing business rates multiplier	165	165	175	275	400	500	650
Council Tax	22,036	23,247	24,666	26,332	27,768	29,227	31,192
Improved Better Care Fund	-	-	1,115	1,499	1,837	2,077	2,077
New Homes Bonus	1,200	1,485	1,252	947	918	907	622
Rural Services Delivery Grant	16	81	65	81	81	81	85
Lower Tier Services Grant	-	-	-	-	-	-	111
Transition Grant	-	150	150	-	-	-	-
Adult Social Care Support Grant	-	-	241	150	-	-	-
Winter pressures Grant	-	-	-	240	240	-	-
Social Care Support Grant	-	-	-	-	410	1,410	1,710
Core Spending Power	**44,666**	**43,730**	**44,296**	**45,098**	**46,213**	**48,999**	**51,257**
Change %		**(2.1)%**	**1.3%**	**1.8%**	**2.5%**	**6.0%**	**4.6%**
Cumulative change %		**(2.1)%**	**(0.8)%**	**1.0%**	**3.5%**	**9.7%**	**14.8%**

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 2021/22 (after the deferral from 2020/21) but given announcements following the *2020 Spending Round* these have been deferred again, although no timescales have been released.

The government previously stated its intention to hold a new Spending Review in 2020, covering the period 2021/22 to 2023/24. However, a one-year Spending Round has been carried out, covering the financial year 2021/22; and this will be followed in 2021 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.

As announced at SR20, the business rates multiplier has been frozen for 2021/22. Therefore the three elements of the Business Rates Retention system (Baseline Need, NNDR Baseline and Tariff/Top Up amounts) remain at 2020/21 levels. However, the under-indexing multiplier grant has been increased, in order that local authorities do not lose what would have been the increase to the multiplier (as per previous years when a cap was applied) – reflected in additional section 31 grant **(with the caveat that the effect of the pandemic on future business rates income is unknown).** The business rates tariff for Tamworth has been left unchanged at £10.4m – which means that due to the retention of business rates growth since 2013 of £1.9m, the Council should benefit from net additional funds for 2021/22 (including 40% returned levy from the business rates pool).

For future years (post 2021/22), 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	**2020/21 £**	**2021/22 £**	**2022/23 £**	**2023/24 £**
Revenue Support Grant	187,335	188,572	-	-
% Increase / (Reduction)	1.7%*	0.7%	(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

The 2021/22 finance settlement represents the ninth 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. For 2019/20, due to the pilot arrangement, no levy was payable although growth over baseline was £1.97m.

The latest estimates for 2020/21 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 pool arrangement - after deduction of the 25% Central Share, 9% County & 1% Fire & Rescue Authority shares). It should be noted that c.£17.7m in additional relief has been granted in 2020/21 due to the pandemic – meaning that retail, leisure and hospitality businesses will pay no business rates in 2020/21.

The Government said it will keep an open dialogue with the local authorities about the best approach to the next financial year, including how to treat accumulated business rates growth of £2m p.a. (pending the planned business rates baseline reset) and the approach to the 2021/22 local government finance settlement – the Government have confirmed that the reset will be deferred which means District Councils keep the accumulated growth in business rates (as they did last year) – subject to the effect of the pandemic on future business rate income.

For future years, it has been assumed that the retained growth will be redistributed as part of the CSR 2021 / business rates reset and therefore business rates received will be equivalent to the tariff payable – meaning the Council will retain the Government assessed Business Rates Baseline.

New Burdens (Section 31) Grant is receivable for additional reliefs given by the Government relating to business rates from 1st April 2013 e.g. Small Business Rate Relief – of which 50% of any in excess of the baseline will be payable in levy to the GBSLEP. A prudent approach has been taken in respect of any new burdens funding – and, due to uncertainties & risk, the creation of an associated Business Rates Collection reserve to mitigate fluctuation in income. The forecast Section 31 Grants and levy payments included within the base budget forecasts are detailed below – and will be updated following finalisation of the business rates forecast for 2021/22 during January.

Levy / Section 31 Grant	**2020/21 £**	**2021/22 £**	**2022/23 £**	**2023/24 £**
NNDR Levy payment	1,090,020	687,230	-	-
Section 31 Grant income	(1,095,550)	(952,590)	-	-

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

BASELINE	2021/22 £	2022/23 £	2023/24 £
Base Budget Forecast (November 2020):			
Retained Business Rates	14,637,102	14,918,867	15,217,244
Less: Tariff payable	(12,282,227)	(12,518,660)	(12,769,033)
Total SFA	2,354,876	2,400,207	2,448,211
% Increase	0.7%	1.9%	2.0%
Provisional LGFS (December 2020):			
Retained Business Rates	12,744,348	14,918,867	15,217,244
Less: Tariff payable	(10,405,841)	(12,518,660)	(12,769,033)
Total SFA	2,338,507	2,400,207	2,448,211
% Increase	**0.0%**	**2.6%**	**2.0%**
Increase / (Decrease)	**(16,369)**	**-**	**-**

Due to the variable nature of the BRR element of local authority funding, the provisional settlement no longer provides the absolute funding level for authorities. The Government's assessed Business Rates Baseline for the authority is only based on an adjusted average income figure, and therefore is not representative of the actual Business Rates Baseline. The business rates forecast income is subject to confirmation / finalisation over the next few weeks – the latest estimates are detailed below:

DRAFT MTFS	2021/22 £	2022/23 £	2023/24 £
Draft MTFS Forecast (January 2021):			
Retained Business Rates	14,637,102	14,918,867	15,217,244
Less: Tariff payable	(10,405,841)	(12,518,660)	(12,769,033)
Total	4,231,261	2,400,207	2,448,211
% Increase	17.2%	(43.3)%	2.0%
Final NNDR1 MTFS Forecast (February 2021):			
Retained Business Rates	13,166,215	14,918,867	15,217,244
Less: Tariff payable	(10,405,841)	(12,518,660)	(12,769,033)
Total	2,760,374	2,400,207	2,448,211
% Increase	**(23.5)%**	**(13.0)%**	**2.0%**
Increase / (Decrease)	**(1,470,887)**	**-**	**-**

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

DRAFT MTFS	**2021/22 £**	**2022/23 £**	**2023/24 £**
Draft MTFS Forecast (January 2021):			
Revenue Support Grant	188,572	-	-
Retained Business Rates	14,637,102	14,918,867	15,217,244
Less: Tariff payable	(10,405,841)	(12,518,660)	(12,769,033)
Total	4,419,833	2,400,207	2,448,211
% Increase	22.4%	(45.7)%	2.0%
% RSG Increase / (Decrease)	0.6%	(100.0)%	0.0%
Final NNDR1 MTFS Forecast (February 2021):			
Revenue Support Grant	188,572	-	-
Retained Business Rates	13,166,215	14,918,867	15,217,244
Less: Tariff payable	(10,405,841)	(12,518,660)	(12,769,033)
Total	2,948,946	2,400,207	2,448,211
% Increase	**(18.3)%**	**(18.6)%**	**2.0%**
% RSG Increase / (Decrease)	0.6%	(100.0)%	0.0%
Increase / (Decrease)	**(1,470,887)**	**-**	**-**

The retained Business Rates forecast is based on the statutory NNDR1 return – approved by Cabinet on 21st January 2021 – prior to final sign off by the statutory deadline of 31st January 2021.

The estimated net yield of £13,166,215 retained by the Council (after the Preceptors and Central Share) is held within the Collection Fund. This is reduced by the tariff payable of £10,405,841 in 2021/22 and the 50% levy on business rates in excess of the Government assessed baseline.

Net reduced funding of £268,314 is reported when compared to the Draft MTFS forecast due to inclusion of a reduced levy payment of £687,231 and inclusion of S.31 Grant income of £952,590 – equating to revised growth over baseline of £1,374,462.

This is mainly due to increased uncertainty and therefore an increased provision in 2020/21 for appeals and mandatory relief, following updated information from Analyse Local – in light of the potential impact of the pandemic on future business rate appeal levels.

A Business Rates Collection Fund deficit of £19.1m is reported for 2020/21 – however, this will be reduced by additional section 31 grant for the extended retail relief in 2020/21 of £17.7m due to the pandemic.

This will be transferred to reserve and released during 2021/22 in line with Collection Fund accounting practice. It means that it is forecast that there will be a net deficit for 2020/21 after receipt of section 31 grant of £2m.

Reconciliation	**Collection Fund 2020/21**
Deficit over 3 years	£19,147,174
S31 Grant for additional reliefs	£(17,692,833)
less S31 grant already received for retail relief	£477,475
Surplus B/Fwd	£831,024
Surplus distributed 2020/21	£(806,546)
Net (surplus) / Deficit 2020/21 to be spread over 3 years	£1,956,294

There are still significant uncertainties - specifically the treatment of:

- Forecast levels of growth / contraction in business rates – including the level of void properties and unpaid business rates for 2021/22 following the impact of the pandemic on local businesses;

- The estimated level of mandatory and discretionary reliefs;

- The estimated level of refunds of Business Rates following the Appeal process – especially following the pandemic;

- the treatment of Section 31 grant funding (including Small Business Rate Relief Grant) – which could affect the calculation of any levy payment and thereby reduce retained Business Rate income; and

- The impact of the Business Rates Retention scheme review, Baseline reset (the Council's baseline need level), the Fair Funding Review and the Spending Review on the likely tariff levels for future years.

In addition, the next planned national Business Rates Revaluation will take effect from 2023 – 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 2023 valuation list.

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

New Homes Bonus (NHB)

There remains significant uncertainty over the future operation of the scheme with the Government setting out its intention to hold a consultation on the future of the New Homes Bonus, with a view to implementing reform in 2022/23.

The Government have confirmed that the 4-year legacy payments for New Homes Bonus (NHB) will continue to be paid to 2022/23 - and that the scheme will continue for a “further year with no new legacy payments” for 2021/22.

New Homes Bonus income forecasts had been included within the base budget as follows – with future levels included based on legacy payments only. However, following the announcement of additional funding for 2021/22, forecasts have subsequently been updated:

BASE BUDGET NHB	**2021/22 £**	**2022/23 £**	**2023/24 £**
Base Budget Forecast (November 2020)	232,490	212,700	-
Revised MTFS forecast (December 2020)	678,530	212,700	-
Increased / (Reduced) income	446,040	-	-

This results in an overall gain to the MTFS of £0.45m for 2021/22, resulting from the growth in new homes in the borough to October 2020.

The national baseline for housing growth below which New Homes Bonus will not be paid was unchanged at 0.4% (reflecting a percentage of housing that would have been built anyway).

Technical Adjustments

Revisions have been made to the 2020/21 base budget in order to produce an adjusted base for 2021/22 and forecast base for 2022/23 onwards. These changes, known as technical adjustments have been calculated to take account of:

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

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

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

Technical Adjustments	**2021/22** **£’000**	**2022/23** **£’000**	**2023/24** **£’000**
Base Budget B/Fwd	9,153	8,645	9,095
Committee Decisions	(805)	250	280
Inflation	20	33	35
Other	24	(137)	395
Pay Adjustments (Including pay award / 7.5% reduction for vacancy allowance)	253	304	291
Revised charges for non-general fund activities	-	-	-
Total / Revised Base Budget	8,645	9,095	10,096

* ( ) denotes saving in base budget

Policy Changes

The policy changes provisionally agreed by Council in February 2020 have been included within the technical adjustments for 2021/22 onwards. **A list of the proposed new policy changes for 2021/22 is summarised below:**

Item No	Policy Changes Identified	21/22 £'000	22/23 £'000	23/24 £'000
OPS1	Removal of vacant posts following cleaning review	(15.5)	-	-
OPS2	Christmas Lights Event	5.0	-	-
FIN1	Revised New Homes Bonus	(446.0)	446.0	-
FIN2	Business Rates Levy payment	687.2	(687.2)	-
FIN3	Lower Tier Grant	(99.6)	99.6	-
FIN4	Business Rates Relief Section 31 Grant	(952.6)	952.6	
FIN5	Local Government Covid support grant	(427.2)	427.2	-
FIN6	Return of Business rates equalisation reserve funding, including contributions in 2020/21 to account for: a) Section 31 Grant received in 2020/21 to fund additional Business Rates Relief for small, retail, hospitality and leisure businesses	(6,876.3)	6876.3	
	b) Under the Local tax income guarantee for 2020-21 compensation scheme, funding from Government for 75% of business rates losses in 2020/21 (following NNDR3 return in April 2021)	(586.9)	586.9	
PAR1	Reduction in Car Parking Enforcement income and expenditure predictions due to COVID-19 pandemic	39.0	(39.0)	-
AST1	To reduce vehicle costs budget not needed following restructure	(18.6)	-	-
A&G1	Review of Elections budgets from a zero-base, factoring in the anticipated schedule of elections.	62.0	(7.4)	(71.3)
A&G2	Savings as a result of deletion from the establishment of vacant principal Auditor and Audit Assistant posts - less virement of £38k to External Support re externalisation of internal	(24.5)	-	-

Item No	Policy Changes Identified	21/22 £'000	22/23 £'000	23/24 £'000
	audit support to Lichfield DC			
G&R1	Reduced predicted income from car parking services based on the post pandemic trends.	213.1	(213.1)	-
G&R2	Reduced predicted education income from the operation of the castle as we move into Pandemic recovery	16.4	-	(16.4)
G&R3	Reduced predicted income from the operation of the castle as we move into Pandemic recovery	71.8	-	(71.8)
G&R4	The creation of a budget to support business engagement and business support activities through the Economic Development function and Termination of Economic Development shared service with Lichfield DC	(5.4)	-	-
G&R5	£10k for the period of April 2022 to end of March 2023 (1 financial year), to match fund against a European funded project, to enable businesses and individuals to start up	-	10.0	(10.0)
G&R6	Future High Streets Fund - monitoring and evaluation of the success and impact of the project and its components, and the wider medium term change in the Town Centre	20.0	-	-
G&R7	Reduction in the salaries budgets on Environmental Health to be in line with the agreed reorganisation structure	(5.0)	-	-
	Total New Items / Amendments	**(8,343.1)**	**8,451.9**	**(169.5)**
	Cumulative	**(8,343.1)**	**108.8**	**(60.7)**

Capping / Local Referendum

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

The principles for 2021/22 require authorities to seek the approval of their local electorate in a referendum if, compared with 2020/21, they set council tax increases that are equal to or exceed the greater of 2% or £5. Consideration of the likely level of Council Tax increases over the 5-year period is needed to avoid the potential costs of holding a referendum and to ensure that balances are maintained at the minimum approved level of £0.5m. The indications are that a potential threshold will be the greater of 2.0% or £5 in future years - the impact of a £5 p.a. increase is outlined below.

Council Tax

Last year's medium term financial plan identified ongoing increases of £5 per annum from 2021/22 - following a freeze in 2011/12 & 2012/13 and a below 2% increase from 2013/14 to 2016/17 (followed by c.3% or £5 p.a. to 2020/21).

Each £1 increase in the band D Council Tax would raise approximately £22k per annum. For each 1% increase in Council Tax, the Council will receive c. £40k additional income per annum. The Council's provision for collection losses for 2021/22 has been approved at 2.1% (the same level as 2020/21). In order to meet the on-going expenditure requirements the Council will have to increase the underlying income base.

The Band D Council Tax would increase to £186.89 for 2021/22 (£181.89 - 2020/21). Future levels of Council Tax and the projected impact on the General Fund revenue account forecast would be as follows:

Year:	2021/22	2022/23	2023/24
Forecast:	£'000	£'000	£'000
Surplus (-) /Deficit	206	2,702	3,320
Balances Remaining (-) / Overdrawn	(6,548)	(3,846)	(526)
£ Increase	5.00	5.00	5.00
% Increase	2.75%	2.68%	2.61%
Note: Resulting Band D Council Tax	186.89	191.89	196.89

which indicates potential balances of £0.5m (compared to the minimum approved level of £0.5m) is forecast as remaining over the 3 year period. As current capping guidance indicates a 'capping' threshold of 2% or £5, this is considered a low risk option.

Also available to the Council to support expenditure otherwise funded from Council Tax are surpluses arising from the Council's share of surpluses within the Council Tax or Business Rates elements of the Collection Fund – arising from exceeding budgeted collection levels. However, these have been impacted in 2020/21 by the projected impact of the pandemic which means they have been significantly reduced or result in a deficit position which will have to be funded in 2021/22 by the preceptors (subject to the Government commitment to allow any deficit arising from the pandemic to be spread over 3 years).

It is proposed that surpluses / deficits be included (and that the relevant amounts be made available to the other precepting authorities – the County Council, Fire & Rescue and Office of the Police & Crime Commissioner (OPCC).

It is estimated that there will be a surplus of £0.59m for Council Tax, mainly due to the net surplus brought forward from 2019/20 of £0.9m – reduced by the projected deficit of c.£1m in 2020/21 (spread over 3 years), after allowing for increased Local Council Tax Reduction scheme claims and increased bad debts.

A Business Rates Collection Fund deficit of £19.1m is reported for 2020/21 – however, this will be reduced by additional section 31 grant for the extended retail relief in 2020/21 of £17.7m due to the pandemic.

This will be transferred to reserve and released during 2021/22 in line with Collection Fund accounting practice. It means that it is forecast that there will be a net deficit for 2020/21 after receipt of section 31 grant of £2m, spread over 3 years in line with the revised statutory requirements.

Local Government Share of Deficit after Section 31 grants	**Budget 2021/22**	**Budget 2022/23**	**Budget 2023/24**
Transfer Estimated Balance			
SCC	£1,599,749	£58,689	£58,689
Staffordshire Fire	£178,430	£6,521	£6,521
TBC	£7,137,191	£260,839	£260,839
Sub Total	**£8,915,370**	**£326,049**	**£326,049**
Section 31 Grants for additional Business Rate Reliefs			
SCC	(£1,541,060)	-	-
Staffordshire Fire	(£171,909)	-	-
TBC	(£6,876,352)	-	-
Sub Total	**(£8,589,321)**	**-**	**-**
Estimated Balance after Section 31 grants			
SCC	£58,689	£58,689	£58,689
Staffordshire Fire	£6,521	£6,521	£6,521
TBC	£260,839	£260,839	£260,839
Sub Total	**£326,049**	**£326,049**	**£326,049**

The resulting surplus/deficits for the Council are as follows.

Year:	2021/22	2022/23	2023/24
Council Tax	£'000	£'000	£'000
Council Tax Income	(4,180)	(4,355)	(4,523)
Collection Fund (Surplus) / Deficit (Council Tax – 10%)	(60)	30	30
Collection Fund (Surplus) / Deficit (Business Rates – 40%)	7,137	261	261

The County Council, Staffordshire OPCC and Staffordshire Commissioner Fire & Rescue Authority are due to finalise their budgets for 2021/22 during February 2021. The impact of the Borough Council tax proposals is shown for each Council Tax Band in **Appendix H**.

Balances

At the Council meeting on 29th February 2000 Members approved a minimum working level of balances of £0.5m. At 31st March 2021 General Fund Revenue Balances are estimated to be £6.8m, compared with £5.6m anticipated a year ago. The minimum level of balances for planning purposes will remain at £0.5m.

Summary and Conclusions

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

In addition, there remains a degree of uncertainty in a number of areas including future income levels following the pandemic, local authority pay settlements, the potential for interest rate changes and the future local government finance settlements. A summary of all the budget proposals is shown in the table below. The summary Revenue Budget for 2021/22 appears at **Appendix E**. A summary of the resulting budgets over the 3 year period appears at **Appendix G.**

GF Summary	**2021/22 £'000**	**2022/23 £'000**	**2023/24 £'000**
Estimated Net Cost of Services	**8,645**	**9,096**	**10,096**
Proposed Policy Changes	(8,343)	109	(61)
Inflationary impact of policy changes / final recharges	(44)	(39)	(35)
Net Expenditure	258	9,166	10,000
Financing: RSG	(189)	-	-
Collection Fund (Surplus) / Deficit – Council Tax	(60)	30	30
Collection Fund (Surplus) / Deficit – Business Rates	7,137	261	261
Non Domestic Ratepayers	(13,166)	(14,919)	(15,217)
Tariff Payable	10,406	12,519	12,769
Council Tax Income (Model 1)	(4,180)	(4,355)	(4,523)
Gross Financing	(52)	(6,464)	(6,680)
Surplus(-)/Deficit	206	2,702	3,320
Balances Remaining (-) / Overdrawn	(6,548)	(3,846)	(526)

Per Council, 25th February 2020	(3,139)	(506)	-

Band D Equivalents	22,366	22,694	22,974

HOUSING REVENUE ACCOUNT

Technical Adjustments

The 2020/21 approved budget has been used as a base to which amendments have been made reflecting the impact of technical adjustments. The impact of the policy led changes, will be added to this figure to produce the HRA budget for 2021/22.

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

Technical Adjustments	**2021/22 £'000**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**
Base Budget B/Fwd	1,337	527	1,548	275	463
Committee Decisions	(502)	1,198	(1,133)	335	0
Inflation	128	195	170	172	178
Other	(540)	(462)	(397)	(401)	(410)
Pay Adjustments (Including pay award / reduction of 7.5% for vacancy allowance)	104	90	87	82	79
Revised charges for non-general fund activities	0	0	0	0	0
Virements	0	0	0	0	0
Total / Revised Base Budget	527	1,548	275	463	310

Revisions have been made to the 2020/21 base budget in order to produce an adjusted base for 2021/22 and forecast base for 2022/23 onwards. These changes, known as technical adjustments, are largely beyond the control of the Council and have been calculated to take account of:

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

and are summarised in **Appendix F2**.

Proposals

The proposed policy changes for inclusion in the base budget for the next 5 years are detailed at **Appendix C** and are highlighted below:

Item No	Policy Changes Identified	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000
HRA1	Reduction in the salaries budgets to be in line with the agreed reorganisation structure	(25.9)	-	-	-	-
	Total New Items / Amendments	(25.9)	-	-	-	-
	Cumulative	(25.9)	(25.9)	(25.9)	(25.9)	(25.9)

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

Summary	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Total Expenditure	21,998	23,489	22,711	23,407	23,774
Total Income	(21,471)	(21,941)	(22,436)	(22,944)	(23,464)
Estimated Net (Surplus) / Deficit	527	1,548	275	463	310
Proposed Policy Changes / Additional Costs Identified	(26)	(26)	(26)	(26)	(26)
Inflationary impact of policy changes / final recharges	(158)	(158)	(158)	(158)	(158)
Surplus (-) / Deficit	343	1,364	91	279	126
Balances Remaining (-) / Overdrawn	(4,522)	(3,158)	(3,067)	(2,788)	(2,662)

Per Council, 25th February 2020	(3,013)	(1,586)	(1,447)	(1,131)	-

Indicating Housing Revenue Account (HRA) balances of £3.1m over 3 years (with balances of £2.7m over 5 years) including the minimum recommended balances of £0.5m.

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 1.5% increase (followed by forecast increases of 3% p.a.).

The following options have been modelled:

	2020/21 **£**	*2021/22* **£**	*2022/23* **£**	*2023/24* **£**	*2024/25* **£**	*2025/26* **£**
Option 1: CPI + 1%						
Rent (52 Weeks)	81.17	82.38	84.86	87.40	90.02	92.72
Rent (48 Weeks)	87.93	89.25	91.93	94.68	97.52	100.45
% Increase	2.70%	1.50%	3.00%	3.00%	3.00%	3.00%
	0	0	0	0	0	0
Option 2: CPI						
Rent (52 Weeks)	81.17	81.57	83.20	84.87	86.56	88.30
Rent (48 Weeks)	87.93	88.37	90.14	91.94	93.78	95.65
% Increase	2.70%	0.50%	2.00%	2.00%	2.00%	2.00%
Reduced Rent compared to Option 1	**-**	**184,560**	**373,650**	**570,130**	**774,190**	**986,080**
			5 year impact			**2,888,610**
Option 3: No increase						
Rent (52 Weeks)	81.17	81.17	81.17	81.17	81.17	81.17
Rent (48 Weeks)	87.93	87.93	87.93	87.93	87.93	87.93
% Increase	2.70%	0%	0%	0%	0%	0%
Reduced Rent compared to Option 1	**-**	**276,840**	**834,500**	**1,403,120**	**1,982,890**	**2,574,090**
			5 year impact			**7,071,440**
Inflation at CPI + 1%	2.70%	1.50%	3.00%	3.00%	3.00%	3.00%

Balances

The forecast level of balances at 31st March 2020 is £4.9m. The impact on balances of the adjustments outlined in this report would be as follows:

Balances	**2021/22 £'000**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**
Proposed Withdrawal from / Addition to (-) Balances	343	1,364	91	279	126
Balances Remaining (-) / Overdrawn	(4,522)	(3,158)	(3,067)	(2,788)	(2,662)

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

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

CORPORATE CAPITAL STRATEGY 2020/21 to 2024/25

The Council has an ongoing capital programme of over £40m for 2020/21 and an asset base valued at £250m (as at 31st March 2020).

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 25th February 2020, 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, **£135k** remains in current year GF contingency funds and **£100k** remains in current year HRA contingency funds (which will be re-profiled into 2021/22 to provide contingency funding).

In addition, during December 2020, the Government confirmed that the Council has been awarded £21.65m, from the Government's £1bn Future High Streets Fund to renew and reshape town centres, to deliver a number of projects designed to create a town centre that meets the needs of 21st century residents, shoppers and visitors.

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 within the Strategy.

General Fund Capital

A number of new schemes have been proposed and the forecast has highlighted that insufficient resources are available to finance all of the GF schemes submitted which means 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 £1.7m in borrowing would be needed (or use of the capital receipt) over the next 5 years (£1.25m over 3 years, £1.5m over 4 years) – a reduction £0.3m over 3 years (& £0.4m over 4 years) since the provisional programme was approved, due to higher levels of DFG grant income.

Housing Capital

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

There have been some significant changes in the Housing capital programme from that provisionally approved – with a number of new schemes proposed. It has also been updated to include the new year 5 costs for 2025/26.

Given the significant reduction in spend over the 4 years of c.£4m (c.£10m reduction less the re-profiling of £6m from years 2,3,4 & 5 into 2020/21 to allow for the acquisition of housing property [£1.5m from each year from Regeneration & Affordable Housing]) then funding remaining within the HRA capital reserves is forecast at £7m, pending the results of the planned stock condition surveys.

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 £68.53m with planned borrowing in 2020/21 of c.£2m relating to the Tinkers Green and Kerria Regeneration projects – reduced from £7.2m due to receipt of Homes England grant of c.£5m.

Appendix C

Policy Changes Summary

SERVICE AREA	Sheet No.	Budget Changes 21/22 £'000	Budget Changes 22/23 £'000	Budget Changes 23/24 £'000
EXECUTIVE DIRECTOR ORGANISATION		-	-	-
PEOPLE		-	-	-
OPERATIONS AND LEISURE	1	(10.50)	-	-
EXECUTIVE DIRECTOR FINANCE		-	-	-
FINANCE	2	(8,701.38)	8,701.38	-
EXECUTIVE DIRECTOR COMMUNITIES		-	-	-
NEIGHBOURHOODS		-	-	-
PARTNERSHIPS	3	39.00	(39.00)	-
ASSETS	4	(18.64)	-	-
CHIEF EXECUTIVE	5	37.58	(7.30)	(71.35)
GROWTH & REGENERATION	6	310.84	(203.13)	(98.15)
TOTAL		**(8,343.10)**	**8,451.95**	**(169.50)**
Cumulative Cost / (Saving)		**(8,343.10)**	**108.85**	**(60.65)**

HOUSING REVENUE ACCOUNT	Sheet No.	Budget Changes 21/22 £'000	Budget Changes 22/23 £'000	Budget Changes 23/24 £'000	Budget Changes 24/25 £'000	Budget Changes 25/26 £'000
HOUSING REVENUE ACCOUNT	7	(25.95)	-	-	-	-
TOTAL		(25.95)	-	-	-	-
Cumulative Cost / (Saving)		(25.95)	(25.95)	(25.95)	(25.95)	(25.95)

Policy Changes Summary Staffing Implications

SERVICE AREA	Sheet No.	Budget Changes 21/22 £'000	Budget Changes 22/23 £'000	Budget Changes 23/24 £'000
EXECUTIVE DIRECTOR ORGANISATION		-	-	-
PEOPLE		-	-	-
OPERATIONS AND LEISURE	1	-	-	-
EXECUTIVE DIRECTOR FINANCE		-	-	-
FINANCE	2	-	-	-
EXECUTIVE DIRECTOR COMMUNITIES		-	-	-
NEIGHBOURHOODS		-	-	-
PARTNERSHIPS	3	-	-	-
ASSETS	4	-	-	-
CHIEF EXECUTIVE	5	(2.0)	-	-
GROWTH & REGENERATION	6	-	-	-
TOTAL		(2.0)	-	-

HOUSING REVENUE ACCOUNT	Sheet No.	Budget Changes 21/22 £'000	Budget Changes 22/23 £'000	Budget Changes 23/24 £'000	Budget Changes 24/25 £'000	Budget Changes 25/26 £'000
HOUSING REVENUE ACCOUNT	7	-	-	-	-	-
TOTAL		-	-	-	-	-

21/22 Budget Process - Policy Changes

Sheet 1

OPERATIONS AND LEISURE

Item No	Proposal/(Existing Budget)	Implications	Budget Change 21/22 £'000	Budget Change 22/23 £'000	Budget Change 23/24 £'000
OPS1	Removal of vacant posts following cleaning review	Reduce salaries budget in line with the posts required	(15.50)	-	-
OPS2	Christmas Lights Event	Additional event in the annual events programme delivered by the Council	5.00	-	-
	Total New Items / Amendments		**(10.50)**	**-**	**-**

STAFFING IMPLICATIONS

Item No	Proposal/(Existing Budget)	Implications	21/22 FTE	22/23 FTE	23/24 FTE
	TOTAL		-	-	-

21/22 Budget Process - Policy Changes

Sheet 2

FINANCE

Item No	Proposal/(Existing Budget)	Implications	Budget Change 21/22 £'000	Budget Change 22/23 £'000	Budget Change 23/24 £'000
FIN1	Revised New Homes Bonus	Updated NHB grant notification following confirmation of continuation of scheme for 2021/22	(446.04)	446.04	-
FIN2	Business Rates Levy payment	Inclusion of budget for levy payment following deferral of the reset	687.23	(687.23)	-
FIN3	Lower Tier Grant	Inclusion of income budget for new lower tier grant notified for 2021/22	(99.59)	99.59	-
FIN4	Business Rates Relief Section 31 Grant	New Burdens funding for Government scheme to reduce business rates charges following deferral of the reset	(952.59)	952.59	-
FIN5	Local Government Covid support grant	Inclusion of income budget for tranche 5 of the Covid Support grant notified for 2021/22	(427.15)	427.15	-
FIN6	Transfer from Business Rates Equalisation Reserve	Return of Business rates equalisation reserve funding, including contributions in 2020/21 to account for:			
		a) Section 31 Grant received in 2020/21 to fund additional Business Rates Relief for small, retail, hospitality and leisure businesses	(6,876.35)	6,876.35	-
		b) Under the *Local tax income guarantee for 2020-21* compensation scheme, funding from Government for 75% of business rates losses in 2020/21 (following NNDR3 return in April 2021)	(586.89)	586.89	-
	Total New Items / Amendments		**(8,701.38)**	**8,701.38**	**-**

STAFFING IMPLICATIONS

Item No	Proposal/(Existing Budget)	Implications	21/22 FTE	22/23 FTE	23/24 FTE
	TOTAL		-	-	-

21/22 Budget Process - Policy Changes

Sheet 3

PARTNERSHIPS

Item No	Proposal/(Existing Budget)	Implications	Budget Change 21/22 £'000	Budget Change 22/23 £'000	Budget Change 23/24 £'000
PAR1	Reduction in Civil Parking Enforcement income and expenditure predictions due to COVID-19 pandemic	The proposal is to reduce the anticipated income budgets in the CPE GP0605 budget by £55,000 to lessen impact of reduced income and associated reduced expenditure and issue of Penalty Charge Notices for 2020/21Further proposed to reduce expenditure budget for the process of penalty charge notices on GP0605 30474 to £16,000 per year for 2020/21	55.00	(55.00)	-
			(16.00)	16.00	-
	Total New Items / Amendments		**39.00**	**(39.00)**	**-**

STAFFING IMPLICATIONS

Item No	Proposal/(Existing Budget)	Implications	21/22 FTE	22/23 FTE	23/24 FTE
	TOTAL		-	-	-

21/22 Budget Process - Policy Changes

Sheet 4

ASSETS

Item No	Proposal/(Existing Budget)	Implications	Budget Change 21/22 £'000	Budget Change 22/23 £'000	Budget Change 23/24 £'000
AST1	To reduce vehicle costs budget not needed following restructure	To reduce vehicle costs budget for Marmion House as this is not required	(18.64)		
	Total New Items / Amendments		**(18.64)**	**-**	**-**

STAFFING IMPLICATIONS

Item No	Proposal/(Existing Budget)	Implications	21/22 FTE	22/23 FTE	23/24 FTE
	TOTAL		-	-	-

21/22 Budget Process - Policy Changes

Sheet 5

CHIEF EXECUTIVE

Item No	Proposal/(Existing Budget)	Implications	Budget Change 21/22 £'000	Budget Change 22/23 £'000	Budget Change 23/24 £'000
A&G1	Review of Elections budgets from a zero-base, factoring in the aniticipated schedule of elections as a result of the Covid 19 pandemic and ability to run joint elections/claim a share of costs from SCC/Gov't/OPCC where appropriate, the following budget adjustments are requested. It is anticipated that additional costs relating to running elections in 2021 in a Covid secure manner will be offset by Government	Establish budget for automated HEF Fees	2.00	-	-
		Rents	5.00	3.00	(5.46)
		Training - increased on-line provision expected	(1.00)		
		Software Support Licences	(4.52)	6.90	(3.40)
		Printing & Stationery	10.00	-	(16.64)
		Postage	11.55	-	(6.85)
		Election Staff	39.00	(17.20)	(39.00)
A&G2	Savings as a result of deletion from the establishment of vacant principal Auditor and Audit Assistant posts - less virement of £38k to External Support re externalisation of internal audit support to Lichfield D C.		(24.45)	-	-
WM1					
	Total New Items / Amendments		**37.58**	**(7.30)**	**(71.35)**

STAFFING IMPLICATIONS

Item No	Proposal/(Existing Budget)	Implications	21/22 FTE	22/23 FTE	23/24 FTE
A&G2	Deletion of Principal Auditor and Audit Assistant posts		**(2.00)**	**-**	**-**
	TOTAL		**(2.00)**	**-**	**-**

21/22 Budget Process - Policy Changes

Sheet 6

GROWTH & REGENERATION

Item No	Proposal/(Existing Budget)	Implications	Budget Change 21/22 £'000	Budget Change 22/23 £'000	Budget Change 23/24 £'000
G&R1	The proposal is to reduce predicted income for financial income from car parking services based on the post pandemic trends.	The COVID-19 pandemic has closed significant portions of the economy and as such in 2020/2021 has had a significant impact on car park income to date. Wider projects across the Town Centre, indicate that usage and footfall is still only at best 50% and further tightening of measures and threats of local lockdowns will only compound this further for the foreseeable future. At this time it is difficult to predict likely impact on car parking revenue throughout 2021 / 2022 but it is thought high likely that revenue will be still be impacted as people swap habits to online shopping and will remain nervous about shopping in the Town Centre. The budget for the current financial year, expects a 50% decrease in anticipated revenue. Estimates for fy 2021 / 2022 are a 75% return based on 2019 / 2020 income projections.	200.00	(200.00)	
			13.13	(13.13)	
G&R2	The proposal is to reduce predicted education income from the operation of the castle as we move into Pandemic recovery. The 2020/2021 income budget is £41k.	A 40% drop in planned castle education revenue for financial year 2021 / 2022 that is deemed high likely to continue through fy 2022 / 2023 although optimistically expected to be at a lesser extent, subject to further government guidance on covid-19.	16.36		(16.36)
G&R3	The proposal is to reduce predicted income from the operation of the castle as we move into Pandemic recovery. The 2020/2021 income budget is £179K.	A 40% drop in planned castle revenue for financial year 2021 / 2022 that is deemed high likely to continue through fy 2022 / 2023 although optimistically expected to be at a lesser extent, subject to further government guidance on covid-19.	3.01		(3.01)
			54.64		(54.64)
			2.76		(2.76)
			0.29		(0.29)
			0.42		(0.42)
			10.67		(10.67)
G&R4	The creation of a budget to support business engagement and business support activities through the Economic Development function.The proposal is to retain the unspent TBC operational budget allocation to the shared service (GS0408) of £22k this fy year (2020/201) and split this over four years, £5500 per annum to create a working budget for the ED team. - SUBJECT TO AGREEMENT WITH LICHFIELD DC	For the last 11 years, Tamworth BC Economic Development Team has operated a shared service with Lichfield DC and as such amalgamated budgets and agreed activities. LDC are now in the process of terminating this agreement, which will in affect leave the TBC ED team with no defined budget. Without an operational budget, Tamworth BC cannot; support / engage with businesses, become involved in business support schemes and work with stakeholders to benefit the local economy	24.56	-	-
			(30.00)		
G&R5	We are asking for an additional £10k for the period of April 2022 to end of March 2023 (1 financial year), to match fund against a European funded project, to enable businesses and individuals to start up	There is no consolidated support for people wishing to start their own businesses in Tamworth. The whole project which covers several local authority areas is predominantly funded through officer time matched to the project and European funding, totalling £1.3million. The £10k is a payment that leverages in additional investment. The project pays for; a dedicated mentor / advisor for Tamworth giving start up advice; monthly 2 days workshops on starting a business, including room hire income at the TEC; marketing and relationship building with individuals and interested organisations, such as the job centre; additional workshops at the TEC		10.00	(10.00)

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change
			21/22	22/23	23/24
			£'000	£'000	£'000
G&R6	Subject to award of Future High Streets Fund, monitor and evaluate the success and impact of the project and its components, and the wider medium term change in the Town Centre. This will result in the purchase and ongoing costs of digital footfall counters (one off purchase funded through existing budget) and the tender and award of a specialist evaluation consultant to monitor and evaluate the impact of the FHSF project. The proposal results in a 6 years revenue fund of £20k per annum to cover day to day costs of footfall monitoring and the cost of the contract for the monitoring and evaluation service.	Footfall monitoring is a compulsory monitoring output of the FHSF that cannot be recovered from the fund itself, but can counted towards the match funding for the project. Government wishes to measure footfall in places that receive funding to gain a better picture of project impact.Government stipulate in the FHSF application that the successful project, must be independently monitored and evaluated for the life of the project and longer, that this cost cannot be met from the fund and must be revenue not capital. This again is compulsory.	20.00		
G&R7	Reduction in the salaries budgets on Environmental Health to be in line with the agreed reorganisation structure.	Change from grade H to G on GW0101 00101 EHO post	(5.00)		
	Total New Items / Amendments		**310.84**	**(203.13)**	**(98.15)**

STAFFING IMPLICATIONS

Item No	Proposal/(Existing Budget)	Implications	21/22	22/23	23/24
			FTE	FTE	FTE
	TOTAL		-	-	-

21/22 Budget Process - Policy Changes

HOUSING REVENUE ACCOUNT

Item No	Proposal/(Existing Budget)	Implications	Budget Change 21/22 £'000	Budget Change 22/23 £'000	Budget Change 23/24 £'000
HRA1	Reduction in the salaries budgets to be in line with the agreed reorganisation structure.	Reduces the budget to reflect the transfer of the post in 2019/20	(25.95)		
	Total New Items / Amendments		(25.95)	-	-

STAFFING IMPLICATIONS

Item No	Proposal/(Existing Budget)	Implications	21/22 FTE	22/23 FTE	23/24 FTE
	TOTAL		-	-	-

Appendix D

HOUSING REVENUE ACCOUNT BUDGET SUMMARY 2021/22

	Base Budget 2020/21	Technical Adjustments	Policy Changes	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26
	£	£	£	£	£	£	£	£
Income								
Dwelling Rents	(18,198,860)	(533,390)	-	(18,732,250)	(19,195,460)	(19,669,610)	(20,154,920)	(20,651,660)
Non-Dwelling Rents	(400,440)	10,460	-	(389,980)	(399,240)	(408,730)	(418,460)	(428,430)
Charges for Services and Facilities	(838,000)	(140)	-	(838,140)	(848,310)	(858,770)	(870,560)	(882,710)
Contributions Towards Expenditure	(1,500,100)	60,000	-	(1,440,100)	(1,440,870)	(1,441,670)	(1,442,490)	(1,443,320)
Subtotal	**(20,937,400)**	**(463,070)**	**-**	**(21,400,470)**	**(21,883,880)**	**(22,378,780)**	**(22,886,430)**	**(23,406,120)**
Expenditure								
Repairs and Maintenance	5,679,540	(278,030)	-	5,401,510	6,784,770	5,779,800	5,871,580	6,032,590
Supervision and Management	6,497,880	(241,710)	(25,950)	6,230,220	6,327,450	6,543,780	6,736,660	6,929,460
Rents, Rates, Taxes and Other Charges	33,560	410	-	33,970	34,560	35,170	35,780	36,420
Increase in Provision for Bad Debts	161,700	31,500	-	193,200	202,100	211,700	222,000	233,100
Depreciation and impairment of non-current assets	2,860,930	(700)	-	2,860,230	2,860,230	2,860,230	2,860,230	2,860,230
Debt Management Costs	26,150	430	-	26,580	26,980	26,980	26,980	26,980
Subtotal	**15,259,760**	**(488,100)**	**(25,950)**	**14,745,710**	**16,236,090**	**15,457,660**	**15,753,230**	**16,118,780**
Net cost of HRA Services per Authority I&E	**(5,677,640)**	**(951,170)**	**(25,950)**	**(6,654,760)**	**(5,647,790)**	**(6,921,120)**	**(7,133,200)**	**(7,287,340)**
Corporate and Democratic Core	16,170	4,270	-	20,440	20,950	21,470	22,010	22,560
Net Cost of HRA Services	**(5,661,470)**	**(946,900)**	**(25,950)**	**(6,634,320)**	**(5,626,840)**	**(6,899,650)**	**(7,111,190)**	**(7,264,780)**
Interest Payable and Similar Charges	2,745,430	-	-	2,745,430	2,745,430	2,745,430	2,745,430	2,745,430
Interest Receivable and Similar Income	(207,470)	(21,750)	-	(229,220)	(215,920)	(215,920)	(215,920)	(215,920)
Surplus/ Deficit for the year	**(3,123,510)**	**(968,650)**	**(25,950)**	**(4,118,110)**	**(3,097,330)**	**(4,370,140)**	**(4,581,680)**	**(4,735,270)**

Statement of Movement on the HRA Balance

Surplus or Deficit for the year	**(3,123,510)**	(968,650)	(25,950)	**(4,118,110)**	**(3,097,330)**	**(4,370,140)**	**(4,581,680)**	**(4,735,270)**
Additional Items required to be taken into account:								
Capital Expenditure funded by the HRA	4,460,720	-	-	4,460,720	4,460,720	4,460,720	4,860,720	4,860,720
(Increase)/ Decrease in HRA Balances	**1,337,210**	**(968,650)**	**(25,950)**	**342,610**	**1,363,390**	**90,580**	**279,040**	**125,450**

Appendix E

General Fund Summary Revenue Budget for 2021/22

Figures exclude internal recharges which have no bottom line impact.	**Base Budget 2020/21 £**	**Technical Adjustments £**	**Policy Changes £**	**Budget 2021/22 £**
Chief Executive	1,639,680	38,880	37,580	1,716,140
AD Growth & Regeneration	1,234,150	(779,920)	310,840	765,070
ED Organisation	433,340	41,140	-	474,480
AD People	2,003,870	(137,820)	-	1,866,050
AD Operations & Leisure	2,338,360	380,620	(10,500)	2,708,480
ED Finance	84,790	1,880	-	86,670
AD Finance	(120,600)	124,160	(1,825,030)	(1,821,470)
ED Communities	-	-	-	-
AD Assets	(468,260)	(101,250)	(18,640)	(588,150)
AD Neighbourhoods	1,144,420	(175,840)	-	968,580
AD Partnerships	863,650	56,120	39,000	958,770
Total Cost of Services	**9,153,400**	**(552,030)**	**(1,466,750)**	**7,134,620**
Transfer from Business Rates Reserve	-	-	(6,876,350)	(6,876,350)
Net Cost	**9,153,400**	**(552,030)**	**(8,343,100)**	**258,270**
Transfer to / (from) Balances	(1,074,572)	868,415	-	(206,157)
Revenue Support Grant	(187,535)	(1,037)	-	(188,572)
Retained Business Rates	(13,828,842)	662,627	-	(13,166,215)
Less: Tariff payable	10,405,841	-	-	10,405,841
Collection Fund Surplus (Council Tax)	(77,339)	16,963	-	(60,376)
Collection Fund Surplus (Business Rates)	(322,619)	7,459,810	-	7,137,191
Council Tax Requirement	(4,068,334)	(8,454,748)	8,343,100	(4,179,982)

General Fund – Technical Adjustments 2021/22 (before policy changes)

		Technical Adjustments							
	Budget 2020/21 £	**Virements £**	**Committee Decisions £**	**Inflation £**	**Other £**	**Pay Adjustments £**	**Changes in Recharges £**	**Total Adjustments £**	**Total Adjusted Base 2021/22**
Chief Executive	1,639,680	(26,130)	53,650	(6,630)	2,300	14,040	-	37,230	**1,676,910**
AD Growth & Regeneration	555,720	(70,270)	(139,240)	(8,280)	75,560	40,210	-	(102,020)	**453,700**
ED Organisation	433,340	37,590	(1,060)	8,420	3,120	10,400	-	58,470	**491,810**
AD People	2,003,870	-	(22,790)	12,060	(226,570)	44,250	-	(193,050)	**1,810,820**
AD Operations & Leisure	3,016,790	(85,100)	(80,650)	500	(155,120)	22,160	-	(298,210)	**2,718,580**
ED Finance	84,790	-	(790)	120	(670)	3,150	-	1,810	**86,600**
AD Finance	(120,600)	34,640	(363,520)	4,600	394,570	61,120	-	131,410	**10,810**
ED Communities	-	-	-	-	-	-	-	-	**-**
AD Assets	(468,260)	-	(115,750)	10,870	(30,890)	8,550	-	(127,220)	**(595,480)**
AD Neighbourhoods	1,144,420	(63,260)	(130,700)	840	68,740	12,730	-	(111,650)	**1,032,770**
AD Partnerships	863,650	172,530	(4,310)	(2,380)	(106,690)	36,070	-	95,220	**958,870**
Grand Total	**9,153,400**	**-**	**(805,160)**	**20,120**	**24,350**	**252,680**	**-**	**(508,010)**	**8,645,390**

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

HRA Technical Adjustments – 2021/22 (before policy changes)

		Technical Adjustments							
	Budget 2020/21	**Virements £**	**Committee Decisions £**	**Inflation £**	**Other £**	**Pay Adjustments £**	**Changes in Recharges £**	**Total Adjustments £**	**Total Adjusted Base 2021/22**
HRA Summary	(2,790,440)	(117,000)	(249,830)	98,530	(535,980)	-	-	(804,280)	**(3,594,720)**
ED Communities	27,410	74,980	(790)	40	(20)	3,150	-	77,360	**104,770**
AD People	49,570	117,000	(9,490)	120	(10,610)	15,140	-	112,160	**161,730**
AD Operations & Leisure	166,570	-	(680)	260	1,130	10,020	-	10,730	**177,300**
AD Assets	271,770	-	(5,250)	2,310	470	23,940	-	21,470	**293,240**
AD Neighbourhoods	3,612,330	(74,980)	(235,530)	26,040	5,280	51,330	-	(227,860)	**3,384,470**
Housing Repairs	-	-	-	-	-	-	-	-	**-**
Grand Total	**1,337,210**	**-**	**(501,570)**	**127,300**	**(539,730)**	**103,580**	**-**	**(810,420)**	**526,790**

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

Appendix G

General Fund 3 Year Revenue Budget Summary

Figures exclude internal recharges which have no bottom line impact.	**Base Budget 2020/21 £**	**Budget 2021/22 £**	**Budget 2022/23 £**	**Budget 2023/24 £**
Chief Executive	1,639,680	1,716,140	2,128,300	2,166,230
AD Growth & Regeneration	1,234,150	765,070	577,980	526,090
ED Organisation	433,340	474,480	490,640	506,180
AD People	2,003,870	1,866,050	1,888,730	1,950,280
AD Operations & Leisure	2,338,360	2,708,480	2,751,000	2,825,020
ED Finance	84,790	86,670	89,530	92,440
AD Finance	(120,600)	(1,821,470)	(32,330)	597,940
ED Communities	-	0	0	0
AD Assets	(468,260)	(588,150)	(567,620)	(546,490)
AD Neighbourhoods	1,144,420	968,580	892,730	913,930
AD Partnerships	863,650	958,770	946,780	968,400
Total Cost of Services	**9,153,400**	**7,134,620**	**9,165,740**	**10,000,020**
Transfer from Business Rates Reserve	-	(6,876,350)	-	-
Net Cost	**9,153,400**	**258,270**	**9,165,740**	**10,000,020**
Transfer to / (from) Balances	(1,074,572)	(206,157)	(2,701,808)	(3,319,485)
Revenue Support Grant	(187,535)	(188,572)	-	-
Retained Business Rates	(13,828,842)	(13,166,215)	(14,918,867)	(15,217,244)
Less: Tariff payable	10,405,841	10,405,841	12,518,660	12,769,033
Business Rates S.31 Grants				
Business Rates Levy				
Collection Fund Surplus (Council Tax)	(77,339)	(60,376)	30,188	30,188
Collection Fund Surplus (Business Rates)	(322,619)	7,137,191	260,839	260,839
Council Tax Requirement	(4,068,334)	(4,179,982)	(4,354,752)	(4,523,351)

Appendix H

Council Tax levels at each band for 2021/22

Authority:	Tamworth Borough Council Tax 2020/21	Tamworth Borough Council	* Staffordshire County Council	* Office of the Police & Crime Commissioner (OPCC) Staffordshire	* Staffordshire Commissioner Fire and Rescue Authority	**Total 2021/22**	Total Council Tax 2020/21
	£	£	£	£	£	**£**	£
Demand/Precept on Collection Fund		4,179,982	30,431,627	5,335,857	1,761,928	**41,709,394**	
Council Tax Band							
A	121.26	*124.59*	*907.08*	*159.05*	*52.52*	**1,243.24**	1,186.78
B	141.47	*145.36*	*1,058.26*	*185.55*	*61.27*	**1,450.44**	1,384.58
C	161.68	*166.12*	*1,209.44*	*212.06*	*70.03*	**1,657.65**	1,582.38
D	**181.89**	*186.89*	*1,360.62*	*238.57*	*78.78*	**1,864.86**	1,780.17
E	222.31	*228.42*	*1,662.98*	*291.59*	*96.29*	**2,279.28**	2,175.76
F	262.73	*269.95*	*1,965.34*	*344.60*	*113.79*	**2,693.68**	2,571.36
G	303.15	*311.48*	*2,267.70*	*397.62*	*131.30*	**3,108.10**	2,966.95
H	363.78	*373.78*	*2,721.24*	*477.14*	*157.56*	**3,729.72**	3,560.34
% increase	2.83%	2.75%	4.99%	5.99%	1.99%	4.76%	3.78%

*

Staffordshire County Council Cabinet 27th January 2021, Strategic Plan and Medium Term Financial Strategy 2021-2026 (County Council, 11th February 2021)

Staffordshire Police, Fire, and Crime Panel – 1st February 2021, Police and Crime Budget Report for 2021/22 (including Medium Term Financial Strategy)

Staffordshire Police, Fire, and Crime Panel – 15th February 2021, Fire and Rescue Budget and Precept 2021/22 (incl. MTFS and Precept)

Appendix I

General Fund Capital Programme 2021/22 – 2025/26

General Fund Capital Programme	**2021/22 £**	**2022/23 £**	**2023/24 £**	**2024/25 £**	**2025/26 £**	**Total £**
Off Street Car Parking Infrastructure Update	50,000	-	-	-	-	50,000
Technology Replacement	60,000	60,000	30,000	30,000	30,000	210,000
V13 Income Management System & 3 D Secure	27,400	-	-	-	-	27,400
Endpoint Protection and Web-Email Filter	-	-	40,000	-	-	40,000
Street Lighting	-	-	233,560	119,940	50,940	404,440
Replacement Castle Grounds Play Area	375,000	-	-	-	-	375,000
Refurbishment of Castle Grounds Tennis Courts	120,000	-	-	-	-	120,000
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	150,000	-	-	-	-	150,000
CCTV Upgrades	45,710	45,710	45,710	45,710	45,710	228,550
Future High Streets Fund	13,657,960	9,994,600	1,848,810	-	-	25,501,370
Total General Fund Capital	15,211,070	10,825,310	2,923,080	920,650	851,650	30,731,760
Proposed Financing:	-	-	-	-	-	-
	-	-	-	-	-	-
Grants - Disabled Facilities	481,000	481,000	481,000	481,000	481,000	2,405,000
Section 106 Receipts	120,000	-	-	-	-	120,000
General Fund Capital Receipts	2,050,000	4,400	1,853,210	4,400	4,400	3,916,410
Sale of Council House Receipts	212,400	150,200	150,000	150,000	150,000	812,600
Other Contributions	24,000	24,000	24,000	24,000	24,000	120,000
Future High Streets Fund	11,657,960	9,994,600	-	-	-	21,652,560
Unsupported Borrowing	665,710	171,110	414,870	261,250	192,250	1,705,190
Total	15,211,070	10,825,310	2,923,080	920,650	851,650	30,731,760

Appendix J

Housing Capital Programme 2021/22 – 2025/26

Housing Revenue Account Capital Programme	**2021/22 £**	**2022/23 £**	**2023/24 £**	**2024/25 £**	**2025/26 £**	**Total £**
Structural Works	200,000	200,000	200,000	200,000	200,000	1,000,000
Bathroom Renewals	217,800	567,800	567,800	567,800	567,800	2,489,000
Gas Central Heating Upgrades and Renewals	685,500	685,500	685,500	685,500	685,500	3,427,500
Kitchen Renewals	787,500	1,037,500	1,037,500	1,037,500	1,037,500	4,937,500
Major Roofing Overhaul and Renewals	1,111,400	911,400	911,400	911,400	911,400	4,757,000
Window and Door Renewals	398,500	400,000	400,000	400,000	400,000	1,998,500
Neighbourhood Regeneration	500,000	500,000	500,000	500,000	500,000	2,500,000
Disabled Facilities Adaptations	562,500	212,500	212,500	212,500	212,500	1,412,500
Electrical upgrade & Rewire	150,000	150,000	150,000	150,000	150,000	750,000
CO / Smoke Detectors	64,000	64,000	64,000	64,000	64,000	320,000
Insulation	-	-	-	-	-	-
Replacement of High Rise Soil Stacks	1,750,000	-	-	-	-	1,750,000
High Rise Lift Renewal	-	-	-	-	-	-
Replacement of High Rise Ventilation System	120,000	-	-	-	-	120,000
Sheltered Schemes	100,000	100,000	100,000	100,000	100,000	500,000
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
Street Lighting	-	-	350,330	179,910	76,420	606,660
Improvements to Retained Garage Sites	750,000	750,000	-	-	-	1,500,000
Construction of new build properties on Caledonian depot site	1,507,900	-	-	-	-	1,507,900
Regeneration and New Affordable Housing	250,000	250,000	250,000	250,000	1,750,000	2,750,000
Telecare system upgrades	35,500	30,000	-	-	-	65,500
Total HRA Capital	9,460,600	6,128,700	5,699,030	5,528,610	6,925,120	33,742,060
Proposed Financing:						
Major Repairs Reserve	2,809,430	2,804,670	2,804,800	2,804,300	2,804,800	14,028,000
HRA Capital Receipts	600,000	600,000	525,330	175,000	-	1,900,330
Revenue Contribution	3,959,770	2,186,930	1,859,900	2,294,400	3,595,320	13,896,320
Capital Receipts from Additional Council House Sales (1-4-1)	527,370	75,000	75,000	75,000	525,000	1,277,370
Regeneration Reserve	1,564,030	462,100	434,000	179,910	-	2,640,040
Total	9,460,600	6,128,700	5,699,030	5,528,610	6,925,120	33,742,060

Appendix K

Main Assumptions

Inflationary Factors	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
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)	1.60%	1.93%	2.00%	2.00%	2.00%
Investment Rates	0.25%	0.25%	0.50%	1.00%	1.25%
Base Interest Rates	0.10%	0.25%	0.50%	0.50%	0.50%

1. For 2019/20 a 2% increase in Local Government pay 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 2.75% increase has been agreed for 2020/21 but future years remain uncertain. A 2.5% p.a. increase from 2021/22 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 2022/23 after an inflationary increase for 2021/22, following the 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 2020.

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 2% or £5 for District Councils for 2020/21);

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 – following an option to ‘freeze’ the ‘lump sum’ element for the 3 years from 2020/21 (after the triennial review during 2019), 2% p.a. year on year increases have been included from 2023/24;

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 2020), HM Treasury – Forecasts for the UK Economy (August 2020), Office for Budget Responsibility Economic & Fiscal Outlook (March 2020). Any significant variances will be considered later in the budget setting process.

Appendix L

Sensitivity Analysis (3 years)

	Risk	Potential Budgetary Effect 2021/22 £'000	2022/23 £'000	2023/24 £'000
Pay Award / National Insurance (GF)				
Impact +/- 0.5% Variance £'000	L	45	91	139
Budget Impact over 1 year	L	45		
Budget Impact over 3 years	M	275		
Pay Award / National Insurance (HRA)				
Impact +/- 0.5% Variance £'000	L	14	28	42
Budget Impact over 1 years	L	14		
Budget Impact over 3 years	L	84		

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

	Risk	2021/22 £'000	2022/23 £'000	2023/24 £'000
Pension Costs				
Impact +/- 0.5% Variance £'000	L	0	0	62
Budget Impact over 1 year	L	0		
Budget Impact over 3 years	L	62		

3 year agreement in place from 2020/21 - subject to stock market & membership changes

	Risk	2021/22 £'000	2022/23 £'000	2023/24 £'000
Council Tax				
Impact on Council Tax income £'000		41	64	89
Budget Impact over 1 year	L	41		
Budget Impact over 3 years	L	194		
Inflation / CPI				
Impact +/- 0.5% Variance £'000	L	56	120	179
Budget Impact over 1 year	L	56		
Budget Impact over 3 years	L	355		
Government Grant				
Impact +/- 1.0% Variance £'000	L	44	68	93
Budget Impact over 1 year	L	44		
Budget Impact over 3 years	L	205		
Investment Interest				
Impact +/- 0.5% Variance £'000	L	189	330	460
Budget Impact over 1 year	L	189		
Budget Impact over 3 years	H	979		

	Risk	Potential Budgetary Effect 2021/22 £'000	2022/23 £'000	2023/24 £'000
Key Income Streams (GF)				
Impact +/- 10% Variance £'000	L	177	368	571
Budget Impact over 1 year	L	177		
Budget Impact over 3 years	H	1116		
Key Income Streams (HRA)				
Impact +/- 1% Variance £'000	L	187	379	576
Budget Impact over 1 years	L	187		
Budget Impact over 3 years	H	1142		
Business Rates				
Impact +/- 0.5% Variance £'000	L	73	148	224
Budget Impact over 1 year	L	73		
Budget Impact over 3 years	M	445		

Appendix M

Contingencies 2021/22 - 2025/26

Revenue	2021/22	2022/23	2023/24
Specific Earmarked &	£'000	£'000	£'000
General			
General Fund			
*General Contingency**			
General Contingency re Income Targets	169	169	169
Total General Contingency	169	169	169
Total GF Revenue	169	169	169
Housing Revenue Account			
HRA - General Contingency	130	130	130
Total HRA Revenue	**130**	**130**	**130**

* Reduced by £165k as part of Qtr 1 unspent budget review

Capital	2021/22	2022/23	2023/24	2024/25	2025/26
Specific Earmarked &	£'000	£'000	£'000	£'000	£'000
General					
General Fund					
General Contingency **	**135**	**-**	**-**	**-**	**-**
	-	-	-	-	-
Total GF Capital	**135**	**-**	**-**	**-**	**-**
Housing Revenue Account					
General Contingency **	**100**	**-**	**-**	**-**	**-**
Total HRA Capital	**100**	**-**	**-**	**-**	**-**

** Forecast to be re-profiled from 2020/21 Capital Programme