

2nd December 2021

REPORT OF THE LEADER OF THE COUNCIL

DRAFT BASE BUDGET FORECASTS 2022/23 to 2026/27

Purpose

To inform Members of the re-priced base budget for 2022/23, base budget forecasts for the period 2022/23 to 2026/27 (the 5 Year Medium Term Planning Period) and the underlying assumptions and to consider the future strategy to address the financial trends.

Recommendations

That:

- 1. the technical adjustments and re-priced base budget figures for 2022/23 and indicative budgets to 2026/27 be approved (as attached at Appendix B, C, D, E, F, G and H);**
- 2. consideration be given to the proposed Policy Changes and Capital Programmes, as detailed within the report;**
- 3. consideration be given to the planned changes to Council Tax and Housing Rent for 2022/23, as detailed within the report; and**
- 4. in compliance with the Constitution of the Council, note that the Leader's Budget Workshop considered the budget proposals contained within this report on 1st December 2021.**

Executive Summary

The following detailed budget information is contained within the report:

- Re-priced base budget information (and the associated technical adjustments) for 2022/23 in respect of the General Fund (GF) and Housing Revenue Account (HRA);
- A five year, medium term financial forecast for the General Fund and HRA;
- The associated strategy to address the financial trends and projection;
- The Provisional Capital Programmes for the General Fund and Housing Revenue Account for the period 2022/23 to 2026/27.

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

As part of the 2021 Spending Review (SR), no announcement was made about the government's plans for funding reform or a **reset** of the Business Rates Retention (BRR) system, both of which were originally expected to be implemented in 2019/20, but which have been delayed a number of times.

However, the government has announced that it is expecting the BRR pilots to continue throughout the SR period. It was expected that the pilots would end when there was a reset, so the continuation represents a strong signal that a reset should not be expected during this SR period (and therefore this Parliament).

In addition, the Office for Budget Responsibility (OBR) tables for local government finance show that income from BRR is expected to increase through the SR period. There is only a fall in income expected for local government from BRR in 2025/26, and this fall is fully offset by an unusually large increase in grant funding. This looks like a reset, though the OBR do not specify how these figures were calculated. 2025/26 is expected to be the first year of the next Parliament, and so this could indicate that the OBR have been informed that there will not be a reset during this Parliament.

Updated Forecasts

Modelling contained within this updated forecast considers the impact of both scenarios – the central case scenario assumes a full reset from 2022/23 (in line with the previous quarterly projections) while the best case scenario assumes the reset will take place from 2025/26.

When the last update was prepared after quarter 1, still early into the new financial year, it showed a projected a shortfall of £2m by 2024/25 and £5.7m over the 5 years to 2025/26, including the minimum approved level of £0.5m (compared to the 5 year projections within the approved MTFS of £0.5m over 3 years – with a shortfall of £3.3m by 2024/25 and £7m over the 5 years to 2025/26). This would mean having to find savings of around £1.1m per annum – or ongoing year on year savings of £0.4m p.a.

In addition, in light of the ongoing impact of Covid-19 on the Council's Medium Term Financial Strategy, Managers were again asked to review their budgets and identify all non-essential spending for 2021/22 as part of the quarter 1 projections at 30th June 2021 – as part of a managed underspend plan. This has been repeated again for the Quarter 2 projections.

As a result of the updated forecast in October 2021, the Central case projections now identify a shortfall in General Fund balances of £1.7m over 3 years – with a shortfall of £5.4m by 2025/26 and £9.3m over the 5 years to 2026/27, including the minimum approved level of £0.5m (compared to the 5 year projections within the approved MTFS of £0.5m over 3 years – with a shortfall of £3.3m by 2024/25 and £7m over the 5 years to 2025/26). This does include additional policy change proposals of c.£2.2m over 5 years, however, it should be noted this central case General Fund (GF) forecast does not include:

- Potential unused reserves (including the transformation and other contingency reserves) to support the budget - a review of reserves is planned for December 2021;
- retained Business rates (net of levy payment / s.31 grant income) due to retention of the growth since 2013, which could realise c.£1m in 2022/23 should the reset be deferred again;

- any potential savings from the Phase 1 of the Recovery and Reset programme reviews.

Under the best case scenario, projections now identify General Fund balances of £2.1m over 3 years – with a shortfall of £2.1m by 2025/26 and £6.1m over the 5 years to 2026/27, including the minimum approved level of £0.5m.

With regard to the Housing Revenue Account, a 5 year MTFs was approved by Council including significant investment in meeting future housing needs to sustain the HRA in the longer term.

As a result of the updated forecast at quarter 1, over the three year period to 2023/24, projections for the Housing Revenue Account identified balances of £3.9m (compared with forecast balances remaining of £3.1m in the February MTFs) with balances of £3.6m over the four years to 2024/25 reducing to £3.5m in 2025/26 (balances were previously forecast at £2.8m in 2024/25, £2.7m in 2025/26).

This did not include the additional cost pressures of £5.6m over 5 years identified in the proposed HRA policy changes (and it does not include any additional debt financing costs pending finalisation of the 5 year HRA capital programme).

For the HRA, the updated projections at Quarter 2 now identify HRA balances of £1m over 3 years with a shortfall in balances of £0.6m by 2025/26 and £1.2m over the 5 years to 2026/27, including the minimum approved level of £0.5m (compared to the 5 year projections within the approved MTFs of £3.1m over 3 years, £2.8m by 2024/25 and £2.7m over the 5 years to 2025/26).

It would be worth noting that due to the increased cost pressures currently being experienced (although they may be temporary) this will also have an impact on the level of rent increase for 2022/23. The MTFs included a forecast increase of 3% p.a. based on the formula allowed under the Rent Setting Guidance of CPI plus 1%. Given the current level of CPI of 3.1% (September 2021), the forecast increase for 2022/23 will be 4.1% in line with the maximum allowed by the Government's Rent Standard (that social housing rents can increase to include 'up to' a factor of the consumer price index (CPI) measure of inflation (for September of the preceding year) plus 1% for five years from 2020) - in order to support the continued investment in the housing stock. Each 1% increase would equate to additional income of c.£200k p.a. (£1m over 5 years).

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

- Future Revenue Support Grant levels for future years - the budget setting process has faced significant constraints in Government funding in recent years - over 50% reduction since 2010.

When Council approved the 2021/22 Budget and Medium Term Financial Strategy on 23rd February 2021, the impact of the Covid-19 pandemic on the economy and ultimately the impact for the Council's finances was uncertain - including any lasting effects for individual businesses and their employees. Social distancing measures have continued impacting mainly on the Council's ongoing income receipts.

In addition, future levels of funding for the Council were uncertain pending the Governments' planned reforms to Local Government funding. 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 in 2020 and confirmed as part of the settlement that that there would 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.

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.

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 are consulting on proposals prior to implementation. In the longer-term, the Government remains committed to reform and wants to take time to work with local authorities to make sure that the approach is right following the planned reviews.

For two years, the government has only held single-year Spending Reviews, with 2019 being a single year due to the political turbulence around Brexit, and 2020 being a single year, given the COVID-19 pandemic. However, on 7th September 2021, the Chancellor wrote to Secretaries of State to confirm the government's intention to complete a multi-year Spending Review (SR2021), setting revenue and capital budgets for 2022/23 to 2024/25.

For Local Government, the government has now indicated a projected Core Spending Power (CSP) increase of £3.3bn in 2021/22, a real-terms increase of 3.4% (i.e. a cash increase of 6.5%). Although the spending review document notes that the Department for Levelling Up, Housing and Communities (DLUHC) "will set out full details of the council tax referendum principles", it states that the referendum threshold is expected to remain at 2% per year through the SR period, with an additional 1% per year for social care authorities.

The latest fundamental review of the business rates system has now been completed. The Chancellor's speech highlighted that the government does not intend to abolish business rates, though the review states that the government will launch a consultation on an Online Sales Tax.

As part of the recent Spending Review, no announcement was made about the government's plans for funding reform or a reset of the Business Rates Retention (BRR) system, both of which were originally expected to be implemented in 2019/20, but which have been delayed a number of times.

However, the government has announced that it is expecting the BRR pilots to continue throughout the SR period. It was expected that the pilots would end when there was a reset, so the continuation represents a strong signal that a reset should not be expected during this SR period (and therefore this Parliament).

In addition, the OBR tables for local government finance show that income from BRR is expected to increase through the SR period. There is only a fall in income expected for local government from BRR in 2025/26, and this fall is fully offset by an unusually large increase in grant funding. This looks like a reset, though the OBR do not specify how these figures were calculated. 2025/26 is expected to be the first year of the next Parliament, and so this could indicate that the OBR have been informed that there will not be a reset during this Parliament.

Modelling contained within this updated forecast considers the impact of both scenarios – the central case scenario assumes a full reset from 2022/23 (in line with the previous quarterly projections) while the best case scenario assumes the reset will take place from 2025/26.

- 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 2022/23) or £5, whichever is greater.
The Government has continued to grant this flexibility and, while it was not announced, it is likely to continue for 2022/23.
- 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. An offer of a 1.75% increase is subject to union ballot and is still to be agreed for 2021/22 and future years also remain uncertain. A 2.5% p.a. increase from 2022/23 has been assumed.
- The impact of any further uncertainty over future interest rate levels and their impact on investment income / treasury management.
- 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 have continued impacting mainly on the Council's ongoing income receipts.

- The national shortage of HGV drivers has not had a direct impact on services but it is likely that it could compound the likely price increases for supplies that are required for building or construction/maintenance works – which both the Government and the Bank of England consider to be a temporary issue.
- There are also likely to be price rises for the Council's energy supplies. This will not have an immediate effect as supplies are bought in market price 'baskets' negotiated between Oct and March for units rates charged for the year commencing April. It is likely that the basket rates next year will experience a significant increase unless the current situation changes.

Options Considered

As part of the budget setting process a number of options for the council tax increase levels for 2022/23 and future years have been modelled / considered.

Council Tax	Option Modelled / Considered
Model 1	£5.00 increase in Council tax in 2022/23 (followed by increases of £5.00 p.a.)
Model 2	2.99% increase in Council tax in 2022/23 (followed by increases of c.2.99% p.a.)
Model 3	£1 increase in Council tax in 2022/23 (followed by increases of £1 p.a.)
Model 4	2.5% increase in Council tax in 2022/23 (followed by increases of 2.5% thereafter)
Model 5	0% increase in Council tax in 2022/23 (followed by increases of 0% thereafter)
Model 6	1.99% increase in Council tax in 2022/23 (followed by increases of 1.99% thereafter)

Rent	Option Modelled / Considered
CPI plus 1%	The Government has now confirmed that social housing rents can increase to include 'up to' a factor of the consumer price index (CPI) measure of inflation plus 1% for five years from 2020, following the conclusion of a consultation on the new rent standard
CPI	General increase in line with CPI
No increase	No general increase in annual rent

Resource Implications

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

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When the last update was prepared after quarter 1, still early into the new financial year, it showed a projected a shortfall of £2m by 2024/25 and £5.7m over the 5 years to 2025/26, including the minimum approved level of £0.5m (compared to the 5 year projections within the approved MTFS of £0.5m over 3 years – with a shortfall of £3.3m by 2024/25 and £7m over the 5 years to 2025/26). This would mean having to find savings of around £1.1m per annum – or ongoing year on year savings of £0.4m p.a.

In addition, in light of the ongoing impact of Covid-19 on the Council's Medium Term Financial Strategy, Managers were again asked to review their budgets and identify all non-essential spending for 2021/22 as part of the quarter 1 projections at 30th June 2021 – as part of a managed underspend plan. This has been repeated again for the Quarter 2 projections.

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It would be worth noting that due to the increased cost pressures currently being experienced (although they may be temporary) this will also have an impact on the level of rent increase for 2022/23. The MTFs included a forecast increase of 3% p.a. based on the formula allowed under the Rent Setting Guidance of CPI plus 1%. Given the current level of CPI of 3.1% (September 2021), the forecast increase for 2022/23 will be 4.1% in line with the maximum allowed by the Government's Rent Standard (that social housing rents can increase to include 'up to' a factor of the consumer price index (CPI) measure of inflation (for September of the preceding year) plus 1% for five years from 2020) - in order to support the continued investment in the housing stock. Each 1% increase would equate to additional income of c.£200k p.a. (£1m over 5 years).

Legal / Risk Implications

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

In line with the constitution a Leaders Budget Workshop has been arranged for 1st December 2021. In order to allow Scrutiny Committees to respond to the Cabinet on the outcome of their deliberations, a meeting of the Scrutiny Committee (Budget) has been arranged for 26th January 2022.

Proposed amendments to the 2021/22 base budget, approved by Council on 23rd February 2021, are detailed within the report.

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 have continued impacting mainly on the Council's ongoing income receipts.

The national shortage of HGV drivers has not had a direct impact on services but it is likely that it could compound the likely price increases for supplies that are required for building or construction/maintenance works – which both the Government and the Bank of England consider to be a temporary issue.

There are also likely to be price rises for the Council's energy supplies. This will not have an immediate effect as supplies are bought in market price 'baskets' negotiated between Oct and March for units rates charged for the year commencing April. It is likely that the basket rates next year will experience a significant increase unless the current situation changes.

- For two years, the government has only held single-year Spending Reviews, with 2019 being a single year due to the political turbulence around Brexit, and 2020 being a single year, given the COVID-19 pandemic. However, on 7th September 2021, the Chancellor wrote to Secretaries of State to confirm the government's

intention to complete a multi-year Spending Review (SR2021), setting revenue and capital budgets for 2022/23 to 2024/25.

As part of the recent Spending Review, no announcement was made about the government's plans for funding reform or a reset of the Business Rates Retention (BRR) system, both of which were originally expected to be implemented in 2019/20, but which have been delayed a number of times.

However, the government has announced that it is expecting the BRR pilots to continue throughout the SR period. It was expected that the pilots would end when there was a reset, so the continuation represents a strong signal that a reset should not be expected during this SR period (and therefore this Parliament).

In addition, the OBR tables for local government finance show that income from BRR is expected to increase through the SR period. There is only a fall in income expected for local government from BRR in 2025/26, and this fall is fully offset by an unusually large increase in grant funding. This looks like a reset, though the OBR do not specify how these figures were calculated. 2025/26 is expected to be the first year of the next Parliament, and so this could indicate that the OBR have been informed that there will not be a reset during this Parliament.

Modelling contained within this updated forecast considers the impact of both scenarios – the central case scenario assumes a full reset from 2022/23 (in line with the previous quarterly projections) while the best case scenario assumes the reset will take place from 2025/26.

There is a high risk that these reforms will have a significant effect on the Council's funding level from 2022/23;

- Uncertainty over the ongoing funding for the ***New Homes Bonus scheme***, achievement of anticipated growth in new homes within the Borough and the associated dependency on the New Homes Bonus income to address / reduce the funding shortfall for the General Fund. The Government have confirmed that the 4-year legacy payments for New Homes Bonus (NHB) will continue to be paid, but there still remains uncertainty regarding new payments.

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 are consulting on proposals prior to implementation. In the longer-term, the Government remains committed to reform and wants to take time to work with local authorities to make sure that the approach is right following the planned reviews.

- 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.

Risks to Capital and Revenue Forecasts:

Risk	Control Measure
Major variances to the level of grant / subsidy from the Government (including specific grants e.g. Benefits administration, Business Rates Section 31 funding); (High)	Sensitivity modelling undertaken to assess the potential impact in the estimation of future Government support levels; (High / Medium)
New Homes Bonus grant levels lower than estimated; Continuation of the scheme for 2021/22 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% risk ‘capping’ (2% or £5 for District Councils in 2021/22); (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. An offer of 1.75% for 2021/22 has not yet been agreed. Increases of 2.5% p.a. assumed from 2022/23; (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 - 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 2021. (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% p.a. but this is not guaranteed. The value of the funds are also subject to fluctuation – which could mean a capital loss in one year (as well as expected gains).	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. It is suggested that risk be mitigated (although not eliminated) through investment in a diversified portfolio using a range of property funds.

Risk	Control Measure
<p>The initial cost associated with the purchase of the investment in the funds is expected to be in the region of 5% - which would have to be recovered over the life of the investment (either from annual returns or capital appreciation). There is a real risk of a revenue loss therefore in the first year.</p> <p>(High/Medium)</p>	<p>The Council used the secondary market for purchases to potentially gain access to a fund at a lower level of cost than via the primary route. Mitigation regulations are in place to defer any potential principal loss for 5 years.</p> <p>Property Fund investment review carried out 2021.</p> <p>(Medium)</p>

Report Author

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

Background Papers:-	Corporate Vision, Priorities Plan, Budget & Medium Term Financial Strategy 2021/22, Council 23 rd February 2021
	Budget and Medium Term Financial Planning Process, Cabinet 19 th August 2021
	Budget Consultation Report, Cabinet 2 nd December 2021

Base Budget Forecast 2022/23 to 2026/27

Revisions / updates have been made to the 2021/22 base budget in order to produce an adjusted base for 2022/23 and forecast base for 2023/24 onwards.

General Fund Revenue

Forecast – When the budget for 2021/22, and indicative budgets for 2022/23 to 2023/24, were approved by Council in February 2021 it was anticipated that balances would remain above the minimum approved level of £0.5m for the 3 year period.

As a result of the updated forecast in October 2021, the Central case projections now identify a shortfall in General Fund balances of £1.7m over 3 years – with a shortfall of £5.4m by 2025/26 and £9.3m over the 5 years to 2026/27, including the minimum approved level of £0.5m (compared to the 5 year projections within the approved MTFS of £0.5m over 3 years – with a shortfall of £3.3m by 2024/25 and £7m over the 5 years to 2025/26).

The forecast has been updated to include:

Change:

Budget Impact

Savings / increased income

- | | |
|--|---|
| <ul style="list-style-type: none">• The projected outturn underspend of £835k for 2021/22 (as at Period 6) as part of the managed underspend plan• A revised Council Taxbase of 22,967 an additional increase of 273 band D properties• Revised base budget projections including the Recovery and Reset workstream savings considered by Council in August 2021 | <p>£(835)k for 2021/22 only</p> <p>£c.(53)k p.a. from 2022/23</p> <p>£(1.1)m over 5 years</p> |
|--|---|

Additional costs / reduced income

- | | |
|--|---------------------------|
| <ul style="list-style-type: none">• Policy Changes proposals | <p>£2.2m over 5 years</p> |
|--|---------------------------|
-
- For future years, it has been assumed that the retained growth will be redistributed as part of the business rates reset and therefore business rates received will be equivalent to the tariff payable – meaning the Council will only retain the Government assessed Business Rates Baseline;
 - 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.

Should the Government let District Councils keep the accumulated growth in business rates (as they did last year) then that would benefit the MTFS – but that would be subject to the effect of the pandemic on future business rate income.

Balances held within earmarked reserves for Transformation and Business rates retention will also be available to support the development of the budget and MTF5.

Implications & Options

Further savings of around £1.9m p.a. will be required over the next 5 years (£0.6m p.a. over 3 years), based on annual £5 increases in Council Tax. On an annualised basis this would equate to a year on year ongoing saving of £0.6m over 5 years (£0.3m year on year over 3 years).

Recovery and Reset Programme

In light of the ongoing impact of Covid-19 on the Council's Medium Term Financial Strategy, Managers have again been asked to review their budgets and identify all non-essential spending for 2021/22 as part of the quarter 2 projections at 30th September 2021 – as part of a managed underspend plan.

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.

An update including recommendations for the next steps was approved at Cabinet 29th July 2021 including the continuing work the agreed actions to address the financial position in future years:

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.

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

The overriding goal is to make sure our organisation remains fit for the future, while protecting services to the most vulnerable in our community.

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

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

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

Housing Revenue Account

Forecast – When the budget for 2021/22, and indicative budgets for 2022/23 to 2026/27, were approved by Council in February 2021 it was anticipated that balances would remain above the minimum approved level of £0.5m for the 5-year period, with significant planned contributions to a regeneration reserve.

The forecast projects HRA balances of £1m over 3 years with a shortfall in balances of £1.2m over the 5 years to 2026/27 (balances were previously forecast at £2.7m in 2025/26) including the minimum recommended balances of £0.5m.

The forecast has been updated to include:

Change:	Budget Impact
<p><i>Savings / increased income</i></p> <ul style="list-style-type: none"> • The projected outturn underspend of £313k for 2021/22 (as at Period 6) as part of the managed underspend plan • Revised base budget projections including the additional rent income due to the current higher inflation levels 	<p>£(313)k for 2021/22 only</p> <p>£(1.3)m over 5 years</p>
<p><i>Additional costs / reduced income</i></p> <ul style="list-style-type: none"> • Policy Changes proposals 	<p>£5.6m over 5 years</p>

Detailed Considerations

Base Budget Forecasts 2022/23 to 2026/27

Revisions / updates have been made to the 2021/22 base budget in order to produce an adjusted base for 2022/23 and forecast base for 2023/24 onwards. These changes, known as technical adjustments, have been informed by feedback from budget managers and calculated to take account of:

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

General Fund – Technical Adjustments Summary

Technical Adjustments	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Base Budget B/Fwd	258	9,024	9,604	10,191	10,809
Committee Decisions	8,788	(88)	2	59	0
Inflation	25	19	18	20	21
Other	(295)	340	267	255	230
Pay Adjustments (Including pay award / 7.5% reduction for vacancy allowance)	248	309	300	284	282
Revised charges for non-general fund activities	-	-	-	-	-
Virements	-	-	-	-	-
Total / Revised Base Budget	9,024	9,604	10,191	10,809	11,342

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

Future Revenue Support Grant & Business Rate Income

On 4th February 2021, the Secretary of State for the Ministry for Housing, Communities and Local Government, Rt. Hon. Robert Jenrick MP, made a written statement to Parliament confirming publication of the Final Local Government Finance Settlement (LGFS) 2021/22.

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	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
National Position	£m	£m	£m	£m	£m	£m	£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 were deferred again.

Given the pandemic, the work on the review of local government funding, fair funding review, future of new homes bonus and business rates retention was deferred again, although no timescales were been released.

As announced at SR20, the business rates multiplier was frozen for 2021/22. Therefore the three elements of the Business Rates Retention system (Baseline Need, NNDR Baseline and Tariff/Top Up amounts) remained 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 was left unchanged at £10.4m – which means that due to the retention of business rates growth since 2013 of £1.9m, the Council benefited from net additional funds for 2021/22.

As part of the 2021 Spending Review, no announcement was made about the government’s plans for funding reform or a **reset** of the Business Rates Retention (BRR) system, both of which were originally expected to be implemented in 2019/20, but which have been delayed a number of times.

For future years (post 2021/22), it has been assumed that there will be a reduction in Revenue Support Grant to nil, as detailed below.

BASE BUDGET	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	£	£	£	£	£	£	£
Revenue Support Grant	187,335	188,572	-	-	-	-	-
% Reduction	1.7%	0.7%	(100)%	-	-	-	-

Business Rates

The 2021/22 finance settlement represents the tenth 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. For 2020/21 a levy of c.£1m was payable.

The latest estimates for 2021/22 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.£4m in additional relief has been granted in 2021/22 due to the pandemic for retail, leisure and hospitality businesses.

For future years, it has been assumed that the retained growth will be redistributed as part of the Local Government Finance Settlement / 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.

This will not be known until late December when the settlement is published. Should the Government let District Councils keep the accumulated growth in business rates (as they did last year) then that would benefit the MTFS – but that would be subject to the effect of the pandemic on future business rate income.

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

BASELINE	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	£	£	£	£	£	£
February 2021 MTFS:						
Retained Business Rates	12,744,348	14,918,867	15,217,244	15,521,589	15,832,021	16,148,661
Less: Tariff payable	(10,405,841)	(12,518,660)	(12,769,033)	(13,024,414)	(13,284,902)	(13,550,600)
Total SFA	2,338,507	2,400,207	2,448,211	2,497,175	2,547,119	2,598,061
% Reduction	0.0%	2.6%	2.0%	2.0%	2.0%	2.0%
Base Budget Forecast (November 2021):						
Retained Business Rates	12,744,348	14,918,867	15,217,244	15,521,589	15,832,021	16,148,661
Less: Tariff payable	(10,405,841)	(12,518,660)	(12,769,033)	(13,024,414)	(13,284,902)	(13,550,600)
Total SFA	2,338,507	2,400,207	2,448,211	2,497,175	2,547,119	2,598,061
% Reduction	0.0%	2.6%	2.0%	2.0%	2.0%	2.0%
Increase / (Decrease)	-	-	-	-	-	-

Due to the variable nature of the BRR element of local authority funding, the baseline settlement no longer provides the absolute funding level for authorities.

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

BASE BUDGET	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	£	£	£	£	£	£
February 2021 MTFS:						
Retained Business Rates	13,166,215	14,918,867	15,217,244	15,521,589	15,832,021	16,148,661
Less: Tariff payable	(10,405,841)	(12,518,660)	(12,769,033)	(13,024,414)	(13,284,902)	(13,550,600)
Total	2,760,374	2,400,207	2,448,211	2,497,175	2,547,119	2,598,061
% Reduction*	(23.5)%	(13.0)%	2.0%	2.0%	2.0%	2.0%
Base Budget Forecast (November 2021):						
Retained Business Rates	13,166,215	14,918,867	15,217,244	15,521,589	15,832,021	16,148,661
Less: Tariff payable	(10,405,841)	(12,518,660)	(12,769,033)	(13,024,414)	(13,284,902)	(13,550,600)
Total	2,760,374	2,400,207	2,448,211	2,497,175	2,547,119	2,598,061
% Reduction	(23.5)%	(13.0)%	2.0%	2.0%	2.0%	2.0%
Increase / (Decrease)	-	-	-	-	-	-

* The reduction in retained business rates for the base budget reflects the assumed re-distribution of accumulated growth with retained business rates falling to baseline from 2022/23 (previously £3.6m for 2020/21).

Based on this Government financial support is shown below:

DRAFT MTFS	2021/22	2022/23	2023/24	2024/25	2025/26
	£	£	£	£	£
February 2021 MTFS:					
Revenue Support Grant	188,572	-	-	-	-
Retained Business Rates	13,166,215	14,918,867	15,217,244	15,521,589	15,832,021
Less: Tariff payable	(10,405,841)	(12,518,660)	(12,769,033)	(13,024,414)	(13,284,902)
Total	2,948,946	2,400,207	2,448,211	2,497,175	2,547,119
% Reduction	(18.3)%	(18.6)%	2.0%	2.0%	2.0%
Base Budget Forecast (November 2021):					
Revenue Support Grant	188,572	-	-	-	-
Retained Business Rates	13,166,215	14,918,867	15,217,244	15,521,589	15,832,021
Less: Tariff payable	(10,405,841)	(12,518,660)	(12,769,033)	(13,024,414)	(13,284,902)
Total	2,948,946	2,400,207	2,448,211	2,497,175	2,547,119
% Reduction	(18.3)%	(18.6)%	2.0%	2.0%	2.0%
Increase / (Decrease)	-	-	-	-	-

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.

BASE BUDGET	2021/22	2022/23	2023/24
NHB	£	£	£
MTFS Forecast (February 2021)	678,530	212,700	-
Base Budget Forecast (November 2021)	678,530	212,700	-
Increased / (Reduced) income	-	-	-

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).

Forecast

Using the funding forecast and assuming increases in Council Tax of £5 per annum for 2022/23 onwards, the five year base budget forecast is as follows:

Summary	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Estimated Net Cost of Services	9,024	9,604	10,191	10,809	11,342
Proposed Policy Changes / Additional Costs Identified	813	353	340	337	337
Net Expenditure	9,837	9,957	10,531	11,146	11,679
Financing:					
RSG	-	-	-	-	-
Collection Fund Surplus/(Deficit) - CTAX	(30)	(30)	33	33	33
Collection Fund Surplus/(Deficit) - NNDR	(261)	(261)	-	-	-
Tariff Payable	(12,519)	(12,769)	(13,024)	(13,285)	(13,551)
Non Domestic Ratepayers	14,919	15,217	15,522	15,832	16,149
Council Tax Income (Model 1)	4,407	4,577	4,734	4,892	5,053
Gross Financing	6,516	6,734	7,265	7,472	7,684
Surplus(-) /Deficit	3,321	3,223	3,266	3,674	3,995
Balances Remaining (-) / Overdrawn	(5,310)	(2,087)	1,179	4,853	8,848
Per Council, 23 rd February 2021	(3,845)	(526)	-	-	-
Band D Equivalentents	22,967	23,247	23,447	23,647	23,847

When the last update was prepared after quarter 1, still early into the new financial year, it showed a projected a shortfall of £2m by 2024/25 and £5.7m over the 5 years to 2025/26, including the minimum approved level of £0.5m (compared to the 5 year projections within the approved MTFS of £0.5m over 3 years – with a shortfall of £3.3m by 2024/25 and £7m over the 5 years to 2025/26). This would mean having to find savings of around £1.1m per annum – or ongoing year on year savings of £0.4m p.a.

As a result of the updated forecast in October 2021, the Central case projections now identify a shortfall in General Fund balances of £1.7m over 3 years – with a shortfall of £5.4m by 2025/26 and £9.3m over the 5 years to 2026/27, including the minimum approved level of £0.5m (compared to the 5 year projections within the approved MTFS of £0.5m over 3 years – with a shortfall of £3.3m by 2024/25 and £7m over the 5 years to 2025/26). This does include additional policy change proposals of c.£2.2m over 5 years, however, it should be noted this central case General Fund (GF) forecast does not include:

- Potential unused reserves (including the transformation and other contingency reserves) to support the budget - a review of reserves is planned for December 2021;
- retained Business rates (net of levy payment / s.31 grant income) due to retention of the growth since 2013, which could realise c.£1m in 2022/23 should the reset be deferred again;
- any potential savings from the Phase 1 of the Recovery and Reset programme reviews.

Under the best case scenario, projections now identify General Fund balances of £2.1m over 3 years – with a shortfall of £2.1m by 2025/26 and £6.1m over the 5 years to 2026/27, including the minimum approved level of £0.5m.

Balances are forecast to be £8.6m at 31st March 2022.

A detailed summary of the budget for 2022/23 is attached at **Appendix F** with 5 years attached at **Appendix G**.

Future Strategy

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

1) Variations to Council Tax Policy/Strategy

For future years potential 'capping' of the increase by the Government or a proposed local council tax referendum/veto needs to be considered when setting future Council Tax increases. The Council's Council Tax is currently £186.89.

The indication is that the 'capping' threshold for District Councils will be the higher of £5 or 2.0% - following a freeze in 2011/12 & 2012/13 and a below 2% increase from 2013/14 to 2016/17 (followed by c.3% or £5 p.a. to 2020/21). The impact of a £5 p.a. increase (Band D) is outlined below:

Model 1 Impact of £5 increase in Council Tax in 2022/23 (followed by £5 p.a.)

Year:	2022/23	2023/24	2024/25	2025/26	2026/27
Forecast:	£'000	£'000	£'000	£'000	£'000
Surplus (-) /Deficit	3,321	3,223	3,266	3,674	3,995
Balances Remaining (-) / Overdrawn	(5,310)	(2,087)	1,179	4,853	8,848
£ Increase	5.00	5.00	5.00	5.00	5.00
% Increase	2.68%	2.61%	2.54%	2.48%	2.42%
Note: Resulting Band D Council Tax	191.89	196.89	201.89	206.89	211.89

Indicating a potential shortfall in General fund balances of approx. £1.7m over 3 years (with a shortfall of £5.4m over 4 years & £9.3m over the 5 year period) - including the minimum approved level of £0.5m. Further savings of approx. £1.9m per annum over 5 years would have to be identified.

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

Model 2 Impact of 2.99% increase in Council Tax in 2022/23 (followed by increases of 2.99% p.a. thereafter)

Year:	2022/23	2023/24	2024/25	2025/26	2026/27
Forecast:	£'000	£'000	£'000	£'000	£'000
(Increase) in Council Tax £	(14)	(32)	(54)	(80)	(111)
Revised Surplus (-) /Deficit	3,307	3,192	3,212	3,594	3,884
Balances Remaining (-) / Overdrawn	(5,324)	(2,132)	1,080	4,674	8,558
£ Increase	5.59	5.76	5.93	6.11	6.28
% Increase	2.99%	2.99%	2.99%	2.99%	2.99%
Note: Resulting Band D Council Tax	192.48	198.24	204.17	210.28	216.56

Indicating a potential shortfall in General fund balances of approx. £1.6m over 3 years (with a shortfall of £5.2m over 4 years & £9.1m over the 5 year period) - including the minimum approved level of £0.5m. Further savings of approx. £1.8m per annum over 5 years would have to be identified.

Model 3 Impact of £1 increase in Council Tax in 2022/23 (followed by increases of £1 p.a. thereafter)

Year:	2022/23	2023/24	2024/25	2025/26	2026/27
Forecast:	£'000	£'000	£'000	£'000	£'000
Reduction in Council Tax £	92	185	279	374	469
Revised Surplus (-) /Deficit	3,413	3,409	3,545	4,048	4,464
Balances Remaining (-) / Overdrawn	(5,218)	(1,809)	1,736	5,784	10,248
£ Increase	1.00	1.00	1.00	1.00	1.00
% Increase	0.54%	0.53%	0.53%	0.53%	0.52%
Note: Resulting Band D Council Tax	187.89	188.89	189.89	190.89	191.89

Indicating a potential shortfall in General fund balances of approx. £2.2m over 3 years (with a shortfall of £6.3m over 4 years & £10.7m over the 5 year period) - including the minimum approved level of £0.5m. Further savings of approx. £2.1m per annum over 5 years would have to be identified.

Model 4 Impact of 2.5% increase in Council Tax in 2022/23 (followed by increases of 2.5% p.a. thereafter)

Year:	2022/23	2023/24	2024/25	2025/26	2026/27
Forecast:	£'000	£'000	£'000	£'000	£'000
Reduction in Council Tax £	7	12	14	13	9
Revised Surplus (-) /Deficit	3,328	3,236	3,280	3,687	4,004
Balances Remaining (-) / Overdrawn	(5,303)	(2,067)	1,213	4,900	8,904
£ Increase	4.68	4.79	4.90	5.03	5.16
% Increase	2.5%	2.5%	2.5%	2.5%	2.5%
Note: Resulting Band D Council Tax	191.57	196.36	201.26	206.29	211.45

Indicating a potential shortfall in General fund balances of approx. £1.7m over 3 years (with a shortfall of £5.4m over 4 years & £9.4m over the 5 year period) - including the minimum approved level of £0.5m. Further savings of approx. £1.9m per annum over 5 years would have to be identified.

Model 5 Impact of 0% increase in Council Tax in 2022/23 (followed by increases of 0% thereafter)

Year:	2022/23	2023/24	2024/25	2025/26	2026/27
Forecast:	£'000	£'000	£'000	£'000	£'000
Reduction in Council Tax £	115	231	348	466	585
Revised Surplus (-) /Deficit	3,436	3,455	3,614	4,140	4,580
Balances Remaining (-) / Overdrawn	(5,195)	(1,740)	1,874	6,014	10,594
£ Increase	0.00	0.00	0.00	0.00	0.00
% Increase	0.00%	0.00%	0.00%	0.00%	0.00%
Note: Resulting Band D Council Tax	186.89	186.89	186.89	186.89	186.89

Indicating a potential shortfall in General fund balances of approx. £2.4m over 3 years (with a shortfall of £6.5m over 4 years & £11.1m over the 5 year period) - including the minimum approved level of £0.5m. Further savings of approx. £2.2m per annum over 5 years would have to be identified.

Model 6 Impact of 1.99% increase in Council Tax in 2021/22 (followed by increases of 1.99% p.a. thereafter)

Year:	2022/23	2023/24	2024/25	2025/26	2026/27
Forecast:	£'000	£'000	£'000	£'000	£'000
Reduction in Council Tax £	29	57	84	109	132
Revised Surplus (-) /Deficit	3,350	3,281	3,350	3,783	4,127
Balances Remaining (-) / Overdrawn	(5,281)	(2,000)	1,350	5,133	9,260
£ Increase	3.72	3.79	3.86	3.94	4.02
% Increase	1.99%	1.99%	1.99%	1.99%	1.99%
Note: Resulting Band D Council Tax	190.61	194.40	198.26	202.20	206.22

Indicating a potential shortfall in General fund balances of approx. £1.9m over 3 years (with a shortfall of £5.6m over 4 years & £9.8m over the 5 year period) - including the minimum approved level of £0.5m. Further savings of approx. £2m per annum over 5 years would have to be identified.

2) *Potential Savings / additional costs*

Potential revenue policy changes are highlighted below:

Item No	Policy Changes Identified – General Fund	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000
OR1	Increased cost Legal Shared Service (less ongoing underspend on current budget plus use of retained funds in years 1 and 2)	-	8.5	11.0	-	-
PE1	HR - Increase in long service award budget to meet profiled expenditure for the next three years	4.9	(1.3)	2.6	(3.9)	-
PE2	Customer Services - Extension of temporary contracts for CSA staff due to finish 31st March 2022 for a further year	74.4	(74.4)	-	-	-
PE3	Move of iTrent to MHR Cloud services. The current iTrent on premise environment requires a complete reinstall due to end of life version of Windows and SQL server.	15.0	-	-	-	-
PE4	Customer Services - Hire of Security - extension of contract to December 2022 (also impact on HRA)	12.2	(12.2)	-	-	-
PE5	Communications & Marketing – Make temporary contract post permanent	19.1	-	-	-	-
OPS1	Pleasure Grounds - remove income streams from the activity centre	27.0	-	(25.8)	-	-
OPS2	To reinstate the full budget of £30k for the purchase of flowers for Tamworth. The budget was reduced to £15k during the pandemic as only selected sites were planted. A further £10k is requested for 2022/23 so as to enable additional floral displays to enhance the Queens Platinum Jubilee celebrations and the Queens Baton Relay throughout the town	25.0	(10.0)	-	-	-
OPS3	A budget of £15k be created to provide each member with £500 per annum to use to aid environmental improvements in their ward.	15.0	-	-	-	-
OPS4	An additional £50k for the revenue budget for the purchase of vehicles and mechanical sweepers for the authority (An additional £14k may be required if a different supplier is selected due to extended delivery times)	64.0	-	-	-	-
OPS5	Assembly Rooms - costed maintenance plan for 2022/23 is £35k, however with the current supply chain and market forces it is recommended that this be increased by 20% to ensure all costs are covered, bringing the figure to £42k. (Existing budget is £10k)	33.0	-	-	-	-
OPS6	The reopening of the Assembly Rooms in 2021 commenced in July and phased the return of staff building as the Covid restrictions lifted. In the report that went to Cabinet and Appointments and Staffing, (6th April 2021) it was identified that £98k would be need to fully support this structure from 2022/23.	101.0	(101.0)	-	-	-

Item No	Policy Changes Identified – General Fund	22/23	23/24	24/25	25/26	26/27
		£'000	£'000	£'000	£'000	£'000
OPS7	Reduced income - the Council have undertaken 8 annual cuts of SCC grass verges and associated green spaces for many years. In 2018 they indicated that the funding for the service was to be reduced and it was agreed that the fee would now relate to 6 annual cuts plus some new developments.	28.3	-	-	-	-
PAR1	To maintain the level of potential income on car park enforcement at agreed pandemic level	57.8	(57.8)			
AST1	Valuation of General Fund Assets - auditors have identified some key areas of improvement which will require additional investment	50.0	-	-	-	-
AST2	Increase in BRF to reflect market cost changes - Upward price pressures from the construction market has forced an increase in contractor costs	65.6	-	-	-	-
AST3	Servicing of castle grounds toilet facilities - reflects the increase ongoing cost of servicing and cleansing	1.5	-	-	-	-
G&R1	A c.30% drop in planned revenue in car parking revenue for financial year 2022/23 compared to 2019/20	256.6	(256.6)	-	-	-
G&R2	Providing additional salary to budget to underpin the costs of a new post Heritage and Facilities Officer, approved earlier in the year. The Castle is required to provide 25% of the costs.	10.0	(10.0)	-	-	-
G&R3	The proposal is to permanently extend the hours of our Public Health Officer post from 30 hours per week to 37 hours per week. This change is currently being funded through reserve budgets and it is requested that a Policy change be agreed to make this permanent.	7.1	-	-	-	-
G&R4	The proposal is to remove the predicted reduction in general admission income at the castle as we emerge from pandemic restrictions. Given the positive indications in 21/22 it is recommended that the full budget be reinstated for 22/23.	(54.6)	54.6	-	-	-
	Total New Items / Amendments	812.9	(460.2)	(12.2)	(3.9)	-
	Cumulative	812.9	352.7	340.5	336.6	336.6
	Cumulative 5 years					2,179.3

As part of the planned review & scrutiny process leading up to formal presentation of the budget, Executive Management Team will consider feedback received from the Budget Consultation process, the Joint Scrutiny Budget workshop and the Joint Budget Scrutiny Committee (planned for 26th January 2022) in order to inform the next stages of the budget process:

- a review of the proposals including:
 - Reference to the Council's corporate priorities together with the feedback & issues raised by the budget consultation exercise, and
 - Consideration of how the limited resources can be 'rationed' (& whether service improvements in a priority area should be met from service reductions elsewhere).
- Inclusion of any further potential savings in order to mitigate the forecast budget shortfall. This process is ongoing and will be reported as policy changes in the next phase of the budget process in order to formulate a balanced medium term financial strategy for approval by Cabinet and Council in February 2022.

Housing Revenue Account – Technical Adjustments Summary

Technical Adjustments	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Base Budget B/Fwd	343	1,212	(133)	51	(122)
Committee Decisions	1,198	(1,121)	335	0	0
Inflation	201	178	181	187	193
Other	(605)	(493)	(421)	(444)	(487)
Pay Adjustments (Including pay award / reduction of 7.5% for vacancy allowance)	75	91	89	84	84
Revised charges for non-general fund activities	0	0	0	0	0
Virements	0	0	0	0	0
Total / Revised Base Budget	1,212	(133)	51	(122)	(332)

The detail of the technical adjustments are shown in Appendix C with a more detailed summary of the HRA Technical Adjustments at Appendix E. Assuming increases in Rent in line with the maximum allowed by the Government's Rent Standard (CPI plus 1% p.a.) in order to support investment in the housing stock, the five year base budget forecast is as follows:

Summary	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Estimated Net (Surplus) / Deficit	1,212	(133)	51	(122)	(332)
Proposed Policy Changes / Additional Costs Identified	1,217	1,107	1,081	1,081	1,080
Surplus (-) / Deficit	2,429	974	1,132	959	748
Balances Remaining (-) / Overdrawn	(3,152)	(2,178)	(1,046)	(87)	661

Per Council, 23 rd February 2021	(3,160)	(3,069)	(2,790)	(2,665)	-
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As a result the updated forecast at quarter 1, over the three year period to 2023/24, projections for the Housing Revenue Account identified balances of £3.9m (compared with forecast balances remaining of £3.1m in the February MTFS) with balances of £3.6m over the four years to 2024/25 reducing to £3.5m in 2025/26 (balances were previously forecast at £2.8m in 2024/25, £2.7m in 2025/26).

This did not include the additional cost pressures of £5.6m over 5 years identified in the proposed HRA policy changes (& it does not include any additional debt financing costs pending finalisation of the 5 year HRA capital programme).

For the HRA, the updated projections at Quarter 2 now identify HRA balances of £1m over 3 years with a shortfall in balances of £0.6m by 2025/26 and £1.2m over the 5 years to 2026/27, including the minimum approved level of £0.5m (compared to the 5 year projections within the approved MTFs of £3.1m over 3 years, £2.8m by 2024/25 and £2.7m over the 5 years to 2025/26).

A summary of the HRA over the 5 year period is shown at **Appendix H**. Potential HRA revenue policy changes are highlighted below:

Item No	Policy Changes Identified – Housing Revenue Account	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000
HRA1	Increase in response repairs budget to reflect upward price pressures from the construction market	903.5	-	-	-	-
HRA2	Add cost of cleaners van to HRA Estates budget - used across the HRA estates	22.0	-	-	-	-
HRA3	Valuation of Housing Revenue Account Assets - auditors have identified some key areas of improvement which will require additional investment	25.0	-	-	-	-
HRA4	Servicing of specialist disabled equipment installed as part of Disabled Facilities Adaptation - Failure to service and maintain equipment installed as party of a DFA will result in increased costs of renewals	15.0	-	-	-	-
NEI1	Former Tenancy Arrears Officer - extending the temporary full-time post `Former Tenancy Arrears Officer` to address the recovery of HRA's wide range of former arrears until March 2023	14.6	(14.6)	-	-	-
NEI2	Resident Support Worker – Eringden Block - extending the temporary post `Resident Support Worker` for a further year until March 2023	34.4	(34.4)	-	-	-
NEI3	Budget provision to cover the cost of a wide range of neighbourhood works required; eviction storage of items, contaminated rubbish removals, clean following estate incidents etc.	15.0	(15.0)	-	-	-
NEI4	Customer Services - Hire of Security - extension of contract to December 2022	12.3	(12.3)	-	-	-
NEI5	Extending the temporary post `Housing Regulatory & High Rise Co-ordinator` a further year until March 2023	33.7	(33.7)	-	-	-
NEI6	Required annually to provide ongoing additional waste collections to HRA flatted areas, to be facilitated by the Councils waste provider	20	-	-	-	-
HOPS1	Create 3.5 FTE positions within housing maintenance operatives	95.0	-	-	-	-
HPE1	Customer Services Housing Repairs - Extension of temporary contract for temporary member of staff due to finish 31st March 2022 for a further 2 years	27.0	-	(27.0)	-	-
	Total New Items / Amendments	1,217.5	(110.0)	(27.0)	-	-
	Cumulative	1,217.5	1,107.5	1,080.5	1,080.5	1,080.5
	Cumulative 5 years					5,566.5

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.

The effect of the reduction in Social Housing Rents announced in the Summer Budget 2015 means that rents were 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 2020/21.

For 2022/23 (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 4.1% increase (followed by forecast increases of 3% p.a.), due to the increased cost pressures currently being experienced (although they may be temporary). The MTFs included a forecast increase of 3% p.a. based on the formula allowed under the Rent Setting Guidance of CPI plus 1%. Given the current level of CPI of 3.1% (September 2021), the forecast increase for 2022/23 will be 4.1% in line with the maximum allowed by the Government's Rent Standard (that social housing rents can increase to include 'up to' a factor of the consumer price index (CPI) measure of inflation (for September of the preceding year) plus 1% for five years from 2020) - in order to support the continued investment in the housing stock. Each 1% increase would equate to additional income of c.£200k p.a. (£1m over 5 years).

The following options have been modelled:

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	£	£	£	£	£	£
Option 1: CPI + 1%						
Rent (52 Weeks)	82.35	85.72	88.30	91.09	93.67	96.48
Rent (48 Weeks)	89.21	92.87	95.65	98.52	101.48	104.52
% Increase	1.5%	4.1%	3.0%	3.0%	3.0%	3.0%
	0	0	0	0	0	0
Option 2: CPI						
Rent (52 Weeks)	82.35	84.90	86.60	88.47	90.10	91.90
Rent (48 Weeks)	89.21	91.98	93.82	95.69	97.61	99.56
% Increase	1.5%	3.1%	2.0%	2.0%	2.0%	2.0%
Reduced Rent compared to Option 1	-	187,670	384,780	601,910	802,380	1,023,300
		5 year impact				3,000,040
Option 3: No increase						
Rent (52 Weeks)	82.35	82.35	82.35	82.48	82.35	82.35
Rent (48 Weeks)	89.21	89.21	89.21	89.21	89.21	89.21
% Increase	1.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Reduced Rent compared to Option 1	-	769,400	1,348,520	431,640	2,541,280	3,155,410
		5 year impact				8,246,250
Inflation at CPI + 1%	1.5%	4.1%	3.0%	3.0%	3.0%	3.0%

Corporate Capital Strategy

The Council has an ongoing capital programme of over £52m for 2021/22 and an asset base valued at £252m (as at 31st March 2021).

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.

Corporate Management Team (CMT) 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 CMT 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 23rd February 2021, 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 Services (GF) and Appendix J – Housing (HRA)**, together with the likely available sources of funding (capital receipts / grants / supported borrowing etc).

The minimum approved level of GF capital balances is £0.5million and, should the programme progress without amendment, would mean additional borrowing of £0.2m over the next 5 years (£60k over 3 years). There has been an increase of £3m over 5 years since the provisional programme was approved (including new year 5 costs of c.£0.77m, Balancing Ponds £0.85m, ICT £0.15m and Recovery & Reset costs of £1.27m). The current GF Capital Financing Requirement (CFR) stands at £3.6m with planned borrowing in 2021/22 of £1.5m.

There has 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 2026/27.

Work is progressing on the updated forecast resources but given the significant changes in spend over the 4 years of c.£12.3m then there will be a significant funding gap for the HRA capital programme of c.£5m.

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 £69.893m with planned borrowing in 2021/22 of £703k.

With regard to the contingency schemes/allocation **£235k** remains in current year contingency funds (£135k GF/ £100k HRA) - which will be re-profiled into 2022/23 to provide General Contingency funding.

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

1) Balancing ponds and sustainable drainage systems

Project Score: 63

A new appraisal form has been prepared – together with a 30 year rolling programme of works identified for inclusion in the capital programme, with an annual spend required from 2023/24, for the 8 ponds at Stonydelph, Belgrave, Lakeside, Peelers Way.

When the A5 bypass was constructed, a network of balancing ponds and reedbeds were also constructed alongside it to take excess water from the surface of the road and prevent this water being discharged as either groundwater or surface water, hence creating a risk of flooding and also to reduce the effects of certain pollutants on the environment from the carriageway. Over time these balancing ponds which flow from Kettlebrook through to Tamworth centre become 'silted' up and have to be cleansed. A survey of the ponds has highlighted the fact that the original commuted sum set aside to maintain these ponds was insufficient and further funding is required in order to support the proposed ongoing year maintenance plan. In addition the Council is required to maintain both Stonydelph dam that connect to this watercourse and the new sustainable drainage system to support the golf course development, currently under construction in Amington. At handover the management plan will indicate the maintenance regime and indicative costs which will be added at a later date - it is not envisaged that this will be in the short term but will need to be accommodated within the 30 year life proposal].

The total cost of the programme over 30 years is £4.68m partially financed by existing reserves of £604k.

The capital appraisal details the proposed part financing from existing reserves/retained fund (£200k) and Section 106 commuted sums (£404k).

2) **With regard to the provisional programme:**

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

Project Score: 72

An updated capital submission **has now** been prepared for £60k for 3 years followed by £40k for 2 years (previously £60k in 2022/23 followed by £30k p.a.)

Significantly increased reliance on ICT has resulted in a commitment to *ongoing, large scale upgrade and maintenance to the TBC infrastructure, in line with technology lifecycles. The Council is also on a journey towards digital transformation and self service for customers, demand for flexible resilient and available ICT services to support this requires continued investment into the authorities hardware and associated software.* The organisation is also establishing new, more flexible and agile ways of working which requires investment into technology to support ongoing effectiveness. *External factors including legislative requirements from central government in the guise of the Public Sector Network (PSN) Code of Connection, and the increase in required investment into cyber security to keep the councils network secure and available means continued investment is essential. It should be noted that corporate applications are excluded from this schedule of planned work.*

A £60k budget was approved for 2021/22 with an expectation that budgets from 2022/23 onwards would be informed by the conclusions of the priority review and ICT Strategy (including a detailed breakdown of the proposed spend). No savings / payback from the investment have been identified.

b) **Endpoint Protection and Web-Email Filter**

Project Score: 60

An updated appraisal has now been prepared for spend of £40k in 2022/23 (previously 2023/24) & every 3 years thereafter, following the 3 year contracts for Endpoint Protection (covering Anti Virus, Anti Malware and Encryption and the contract for Web and Email filtering).

c) **Street Lighting**

An updated appraisal has been prepared – following inclusion of a rolling programme with an annual spend required from 2016/17. The Council has its own stock of street lighting across the borough, mainly in housing areas and other communal parts such as play areas and car parks. The street lighting assets are inspected and maintained by Eon on behalf of the Council under the terms of Staffordshire County Council PFI contract with Eon. Eon have produced a replacement street lighting programme which spans 40 years and include the replacement of all the lighting columns based on 'their life expectancy' and a lighting head replacement programmed based on providing more efficient low energy lighting heads. This appraisal is based on years 5-10 years of the replacement programme. The 40 year programme costed programme has been submitted as a whole life cost document.

The profile has been adjusted to reflect the HRA related element of the costs.

d) Disabled Facilities Grants (DFG)

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

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

e) Energy Efficiency Upgrades to Commercial & Industrial Units

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

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

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

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

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

f) CCTV Upgrades

Following approval of the Shared Service, Capital budgets of £45,714 p.a. have been included – part funded by OPCC grant of £24k p.a.

3) General Fund Capital Contingency Budget

The remaining 2021/22 contingency budget of £135k will be rolled forward to 2022/23.

4) Recovery and Reset

As approved by Council in August 2021, budgets totaling £1.273m have been included – for ICT and office related costs.

Housing

There has 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 2026/27.

Work is progressing on the updated forecast resources but given the significant changes in spend over the 4 years of c.£12.3m then there will be a significant funding gap for the HRA capital programme of c.£5m.

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 £69.893m with planned borrowing in 2021/22 of £703k.

Housing Revenue Account

The provisional capital programme has been reviewed and updated:

a) Structural Works, Bathroom Renewals, Major Roofing Renewals and Disabled Facilities Adaptations

Structural works budgets have been increases by £75k p.a. to £275k p.a.

Bathroom renewals budgets have been increased by £7k p.a. to £575k p.a.

Major Roofing Renewals budgets have been increased by £589k p.a. to £1.5m p.a.

Disabled Facilities Adaptations budgets have been increased by £37.5k p.a. to £250k p.a.

b) Kitchen Renewals

The budget has been reduced by £337.5k p.a. to £700k p.a.

Detailed Programme Changes:

Housing Revenue Account	2022/23	2023/24	2024/25	2025/26	2026/27
Capital Programme	£	£	£	£	£
Structural Works	75,000	75,000	75,000	75,000	275,000
Bathroom Renewals	7,200	7,200	7,200	7,200	575,000
Gas Central Heating Upgrades and Renewals	-	-	-	-	685,500
Kitchen Renewals	(337,500)	(337,500)	(337,500)	(337,500)	700,000
Major Roofing Overhaul and Renewals	588,600	588,600	588,600	588,600	1,500,000
Window and Door Renewals	-	-	-	-	400,000
Neighbourhood Regeneration	-	-	-	-	500,000
Disabled Facilities Adaptations	37,500	37,500	37,500	37,500	250,000
Rewire	-	-	-	-	150,000
CO2 / Smoke Detectors	-	-	-	-	64,000
Sheltered Schemes	-	-	-	-	100,000
Energy Efficiency Improvements	-	-	-	-	70,000
Fire Risk Mitigation Works	300,000	300,000	300,000	-	-
Damp and Mould Works	100,000	100,000	100,000	100,000	100,000
Decarbonisation	3,200,000	-	-	-	-
High Rise Refuse Chute Renewals	150,000	150,000	150,000	-	-
Works to Achieve Zero Carbon	-	-	2,500,000	2,500,000	2,500,000
Sheltered Lifts and Stairlift Renewals	360,000	250,000	50,000	50,000	50,000
Fire Alarm Panel Renewals	50,000	-	-	-	-
Scooter Storage at High Rise	30,000	30,000	-	-	-
Upgrade Pump Rooms at High Rise	25,000	25,000	-	-	-
Retention of Garage Sites	-	-	-	-	-
Capital Salaries	-	-	-	-	200,000
Street Lighting	-	70	90	20	-
Telecare System Upgrades	-	-	-	-	-
Regeneration & Affordable Housing	-	-	-	-	1,750,000
Total HRA Capital	4,585,800	1,225,870	3,470,890	3,020,820	9,869,500

	New Scheme Bids
	Existing Schemes

Housing Revenue Account	2022/23	2023/24	2024/25	2025/26	2026/27
Capital Programme	£	£	£	£	£
Proposed Financing:					
Major Repairs Reserve	1,311,830	128,700	129,200	127,700	2,933,500
HRA Capital Receipts	(180,000)	(174,930)	1,075,000	-	-
Regeneration Revenue Reserves	461,070	1,481,100	841,600	215,680	3,886,000
Capital Receipts from Additional Council House Sales (1-4-1)	25,000	25,000	25,000	101,000	550,000
Regeneration Reserve	1,967,900	(234,000)	90	76,440	-
Affordable Housing Reserve	-	-	1,400,000	-	-
Other	1,000,000	-	-	-	-
Unsupported Borrowing	-	-	-	2,500,000	2,500,000
	-	-	-	-	-
Total	4,585,800	1,225,870	3,470,890	3,020,820	9,869,500

Existing Capital schemes have continued in line with the provisional programme (including capital salaries recharge of £200k p.a. for management of the programme):

1) Improvements to Retained Garage Sites

A new capital submission had been prepared in 2020 for spend of £750k in 2021/22 and 2022/23 for Improvements to garage sites identified for retention following completion of survey work during 2020.

2) Street Lighting

HRA share has been included in line with the approved 30 year programme.

3) Telecare system upgrades

A new capital submission had been prepared for potential spend of £65.5k over 2 years for the upgrade of telecare systems to sheltered schemes and high-rise to make them digitally compatible in time for the BT digital switchover in 2025.

3) Regeneration & Affordable Housing

Funding of £1.75m p.a. from 2021/22 had been provisionally approved. This was reduced to £250k for 2021/22 to 2024/25 (due to the re-profiling of £6,000,000 from years 2,3,4 & 5 into 2020/21 to allow for the acquisition of housing property [£1,500,000 from each year] with £1.75m added for 2025/26.

Main Assumptions

Inflationary Factors	2022/23	2023/24	2024/25	2025/26	2026/27
Inflation Rate - Pay Awards	2.50%	2.50%	2.50%	2.50%	2.50%
National Insurance	10.25%	10.25%	10.25%	10.25%	10.25%
Superannuation	16.50%	16.50%	16.50%	16.50%	16.50%
Inflation Rate (RPI)	2.50%	2.50%	2.50%	2.50%	2.50%
Inflation Rate (CPI)	2.25%	2.10%	2.08%	2.00%	2.00%
Investment Rates	0.25%	0.50%	0.50%	1.00%	2.00%
Base Interest Rates	0.20%	0.40%	0.60%	1.00%	1.00%

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. An offer of a 1.75% increase is subject to union ballot and is still to be agreed for 2021/22 and future years also remain uncertain. A 2.5% p.a. increase from 2022/23 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 2021.
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. An increase of £5 p.a. in Council Tax - current indications are that increases of 2% or £5 and above risk 'capping' (still to be confirmed £5 for District Councils for 2022/23);
8. 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;
9. 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;

10. 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.
11. Forecasts have been informed by the Bank of England Inflation report (August 2021), HM Treasury – Forecasts for the UK Economy (August 2021), Office for Budget Responsibility Economic & Fiscal Outlook (March 2021). Any significant variances will be considered later in the budget setting process.

Technical Adjustments Analysis – General Fund 2022/23

	£	£	£
Chief Executive			
Virements		-	
Committee Decisions			
2019/20 Policy Change CEXEC 1 Revised Waste Management Costs	17,140		
2020/21 Policy Change WM1 Potential Waste Management Cost Increases	324,950		
2020/21 Policy Change A&G1 Elections	63,000		
2021/22 Policy Change A&G1 Elections	(7,300)		
Cabinet 09/09/21 Dry Recycling Update	53,000	450,790	
Inflation		(22,250)	
Other			
2022/23 BWP 002 Vacancy Allowance	830		
2022/23 BWP 010 TBC NNDR Properties	10		
2022/23 BWP 020 Bank Charges & Cash Security	10		
2022/23 BWP 033 Gas & Electricity	(40)		
2022/23 BWP 043 Insurance	(6,670)	(5,860)	
Pay Adjustments		13,440	
Changes in Recharges		-	
			436,120
Assistant Director Growth and Regeneration			
Virements		-	
Committee Decisions			
2018/19 Policy Change AE 11 Vacant Posts Review	(1,420)		
2018/19 Policy Changes AE 4 Tamworth Enterprise Centre	1,500		
2021/22 Policy Change G&R1 Car Park Income re Pandemic	(213,130)		
Cabinet 18/02/21 Castle Review	32,950	(180,100)	
Inflation		(4,370)	
Other			
2020/21 BWP 035 Income	7,000		
2022/23 BWP 002 Vacancy Allowance	(8,370)		
2022/23 BWP 004 Depreciation	(32,500)		
2022/23 BWP 010 TBC NNDR Properties	5,740		
2022/23 BWP 020 Bank Charges & Cash Security	60		
2022/23 BWP 027 AD Growth Income Review	(17,980)		
2022/23 BWP 033 Gas & Electricity	8,010		
2022/23 BWP 041 Castle Review	(29,810)		
2022/23 BWP 043 Insurance	(14,710)	(82,560)	
Pay Adjustments		67,480	
Changes in Recharges		-	
			(199,550)
Executive Director Organisation			

Virements		(3,000)	
Committee Decisions			
2018/19 Policy Change SOL 1 Democratic Services Restructure			1,100
Inflation			12,100
Other			
2022/23 BWP 002 Vacancy Allowance	(590)		
2022/23 BWP 006 Members Allowances	(920)		
2022/23 BWP 007 Mayoral Allowance	(50)		
2022/23 BWP 008 Land Charges	(14,000)		
2022/23 BWP 016 Conveyancing & Right to Buy	2,800		
2022/23 BWP 043 Insurance	(4,720)	(17,480)	
Pay Adjustments			6,860
Changes in Recharges			-
			(420)
Assistant Director People			
Virements			-
Committee Decisions			
2020/21 Policy Change PE 2 Removal of Temp Customer Services Assistant Posts	(106,430)		
2020/21 Policy Change PE 3 Removal of Temp Customer Services Assistant Posts TIC	(40,970)	(147,400)	
Inflation			15,250
Other			
2021/22 BWP 037 Q1 Savings	113,970		
2022/23 BWP 002 Vacancy Allowance	(40)		
2022/23 BWP 004 Depreciation	(54,500)		
2022/23 BWP 020 Bank Charges & Cash Security	(890)		
2022/23 BWP 022 Healthshield Staff Health Insurance	(2,940)		
2022/23 BWP 043 Insurance	(16,890)		38,710
Pay Adjustments			33,660
Changes in Recharges			-
			(59,780)
Assistant Director Operations and Leisure			
Virements			(21,390)
Committee Decisions			
2018/19 Policy Change AE 8 Revised Assembly Rooms Budgets	(230)		
2020/21 Policy Change OPS3 Assembly Rooms	(31,000)	(31,230)	
Inflation			4,390
Other			
2022/23 BWP 002 Vacancy Allowance	(4,860)		
2022/23 BWP 004 Depreciation	6,300		
2022/23 BWP 010 TBC NNDR Properties	390		
2022/23 BWP 020 Bank Charges & Cash Security	(3,880)		
2022/23 BWP 033 Gas & Electricity	9,680		
2022/23 BWP 043 Insurance	(30,750)	(23,120)	
Pay Adjustments			68,640
Changes in Recharges			-
			(2,710)
Executive Director Finance			

Committee Decisions		-
Inflation		110
Other		
2022/23 BWP 002 Vacancy Allowance	(210)	
2022/23 BWP 043 Insurance	(2,400)	(2,610)
Pay Adjustments		2,770
Changes in Recharges		-
		<u>270</u>
Assistant Director Finance		
Committee Decisions		
2018/19 Policy Change DF 8 New Homes Bonus	(35,100)	
2018/19 Policy Change DF 9 Business Rates Levy	52,220	
2018/19 Policy Change DF 10 Business Rates S31 Grant Income	(7,710)	
2019/20 Policy Change FIN 5 Revenue Implications of Capital Programme	4,000	
2019/20 Policy Change FIN 6 Revenue Implications of Capital Programme	7,000	
2020/21 Policy Change FIN 2 New Homes Bonus	630	
2021/22 Policy Change FIN 1 New Homes Bonus	446,040	
2021/22 Policy Changes FIN 2 Business Rates Levy Payments	(687,230)	
2021/22 Policy Change FIN 3 Lower Tier Grant	99,590	
2021/22 Policy Change FIN 3 Revenue Implications of Capital Programme	6,000	
2021/22 Policy Change FIN 4 BRR Section 31 Grant	952,590	
2021/22 Policy Change FIN 4 Local Government Covid Support Grant	427,150	
2021/22 Policy Change FIN 4 Revenue Implications of Capital Programme	10,000	
2021/22 Policy Change FIN 5 Pension Costs	(2,540)	
2021/22 Policy Change FIN 6 Business Rates Equalisation Reserve	7,463,240	8,735,880
Inflation		5,730
Other		
2020/21 BWP 005 Pensions Lump Sum	(27,360)	
2020/21 BWP 006 New Homes Bonus	54,260	
2020/21 BWP 007 NNDR Forecast - Levy payment	(52,220)	
2020/21 BWP 007 NNDR Forecast - Section 31 Grants	7,710	
2021/22 BWP 015 Treasury Mgt	180	
2022/23 BWP 002 Vacancy Allowance	(1,790)	
2022/23 BWP 004 Depreciation	80,750	
2022/23 BWP 005 Benefits Estimates	58,970	
2022/23 BWP 009 NNDR Cost of Collection	940	
2022/23 BWP 011 Revenues Court Costs Income	(7,500)	
2022/23 BWP 017 Superannuation Allowances	(1,240)	
2022/23 BWP 019 Audit Fee	18,160	
2022/23 BWP 020 Bank Charges & Cash Security	7,880	
2022/23 BWP 021 Apprenticeship Levy	930	
2022/23 BWP 023 Treasury Management	(116,850)	
2022/23 BWP 036 Interest SOCH/HAA	(380)	
2022/23 BWP 043 Insurance	(17,260)	5,180
Pay Adjustments		34,490
Changes in Recharges		-
		<u>8,781,280</u>

Assistant Director Assets		
Virements		-
Committee Decisions		
2021/22 Policy Change AST 7 Marmion House Accommodation		900
Inflation		15,070
Other		
2022/23 BWP 002 Vacancy Allowance	(450)	
2022/23 BWP 004 Depreciation	(5,350)	
2022/23 BWP 010 TBC NNDR Properties	13,710	
2022/23 BWP 033 Gas & Electricity	10,470	
2022/23 BWP 040 Industrial and Commercial rents	(108,000)	
2022/23 BWP 043 Insurance	(11,830)	(101,450)
Pay Adjustments		6,350
Changes in Recharges		-
		(79,130)
Assistant Director Neighbourhoods		
Virements		-
Committee Decisions		-
Inflation		1,650
Other		
2022/23 BWP 002 Vacancy Allowance	(1,110)	
2022/23 BWP 004 Depreciation	5,300	
2022/23 BWP 024 HRA Alarm Call Contract	210	
2022/23 BWP 033 Gas & Electricity	2,000	
2022/23 BWP 039 Housing Bad Debt Provisions	(102,900)	
2022/23 BWP 043 Insurance	(2,200)	(98,700)
Pay Adjustments		14,870
Changes in Recharges		-
		(82,180)
Assistant Director Partnerships		
Virements		24,390
Committee Decisions		
2018/19 Policy Change AE 11 Vacant Posts Review	(2,980)	
2021/22 Policy Change PAR1 CPE Changes in predictions due to Pandemic	(39,000)	(41,980)
Inflation		(2,810)
Other		
2022/23 BWP 002 Vacancy Allowance	2,200	
2022/23 BWP 020 Bank Charges & Cash Security	(80)	
2022/23 BWP 033 Gas & Electricity	(10)	
2022/23 BWP 042 Private Sector Leasing Scheme	1,300	
2022/23 BWP 043 Insurance	(10,510)	(7,100)
Pay Adjustments		(310)
Changes in Recharges		-
		(27,810)
Total		8,766,090

() denotes saving

Technical Adjustments Analysis – Housing Revenue Account 2022/23

	£	£	£
HRA Summary			
Virements		-	
Committee Decisions			
2019/20 Policy Change HRA 1 Brickwork (spalling)	284,800		
2019/20 Policy Change HRA 2 Wall Finish & Lintels	941,500		
2021/22 Policy Change HRA 11 Fire Safety Officer	(36,670)		
2020/21 Policy Change HRA 19 Pensions	(780)	1,188,850	
Inflation		158,350	
Other			
2018/19 BWP 027 Debt Management	400		
2020/21 BWP 005 Pensions Lump Sum	(8,360)		
2022/23 BWP 003 Garage Rents	28,190		
2022/23 BWP 004 Depreciation	73,200		
2022/23 BWP 021 Apprenticeship Levy	270		
2022/23 BWP 023 Treasury Management	131,310		
2022/23 BWP 032 HRA Service Charges	(4,100)		
2022/23 BWP 037 Housing Rent	(784,130)		
2022/23 BWP 039 Housing Bad Debt Provisions	(7,800)	(571,020)	
Pay Adjustments		-	
Changes in Recharges		-	
			776,180
ED Communities			
Virements		-	
Committee Decisions		-	
Inflation		50	
Other			
2022/23 BWP 002 Vacancy Allowance		(210)	
Pay Adjustments		2,770	
Changes in Recharges		-	
			2,610
AD People			
Virements		-	
Committee Decisions			
2020/21 Policy Change HRA 12 Repairs Call Handling		(27,310)	
Inflation		220	
Other			
2022/23 BWP 002 Vacancy Allowance	1,560		
2022/23 BWP 043 Insurance	1,110	2,670	
Pay Adjustments		6,530	
Changes in Recharges		-	
			(17,890)

AD Operations & Leisure			
Virements			-
Committee Decisions			-
Inflation			310
Other			
	2022/23 BWP 002 Vacancy Allowance	1,760	
	2022/23 BWP 033 Gas & Electricity	(340)	
	2022/23 BWP 043 Insurance	(660)	760
Pay Adjustments			2,540
Changes in Recharges			-
			3,610
AD Assets			
Virements			-
Committee Decisions			
	2021/22 Policy Change HRA 11 Building Fire Safety Manager		36,670
Inflation			2,980
Other			
	2022/23 BWP 002 Vacancy Allowance	(4,360)	
	2022/23 BWP 024 HRA Alarm Call Contract	(110)	
	2022/23 BWP 033 Gas & Electricity	2,710	
	2022/23 BWP 043 Insurance	(7,990)	(9,750)
Pay Adjustments			21,660
Changes in Recharges			-
			51,560
AD Neighbourhoods			
Virements			-
Committee Decisions			
	2018/19 Policy Change HRA 7 Removal of Vacant Admin Post		(500)
Inflation			39,370
Other			
	2022/23 BWP 002 Vacancy Allowance	(3,060)	
	2022/23 BWP 010 TBC NNDR Properties	3,510	
	2022/23 BWP 017 Superannuation Allowances	(60)	
	2022/23 BWP 019 Audit Fee	5,780	
	2022/23 BWP 020 Bank Charges & Cash Security	2,120	
	2022/23 BWP 022 Healthshield Staff Health Insurance	(2,135)	
	2022/23 BWP 024 HRA Alarm Call Contract	3,520	
	2022/23 BWP 026 Enhanced Housing Management Charges	(8,250)	
	2022/23 BWP 032 HRA Service Charges	19,200	
	2022/23 BWP 033 Gas & Electricity	21,890	
	2022/23 BWP 043 Insurance	(70,045)	(27,530)
Pay Adjustments			41,520
Changes in Recharges			-
			52,860
Total			868,930

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General Fund – Technical Adjustments 2022/23

	Technical Adjustments							Total Adjusted Base 2022/23	
	Budget 2021/22	Virements £	Committee Decisions £	Inflation £	Other £	Pay Adjustments £	Changes in Recharges £		Total Adjustments £
Chief Executive	1,716,140	-	450,790	(22,250)	(5,860)	13,440	-	436,120	2,152,260
AD Growth & Regeneration	765,070	-	(180,100)	(4,370)	(82,560)	67,480	-	(199,550)	565,520
ED Organisation	474,480	(3,000)	1,100	12,100	(17,480)	6,860	-	(420)	474,060
AD People	1,866,050	-	(147,400)	15,250	38,710	33,660	-	(59,780)	1,806,270
AD Operations & Leisure	2,708,480	(21,390)	(31,230)	4,390	(23,120)	68,640	-	(2,710)	2,705,770
ED Finance	86,670	-	-	110	(2,610)	2,770	-	270	86,940
AD Finance	(8,697,820)	-	8,735,880	5,730	5,180	34,490	-	8,781,280	83,460
ED Communities	-	-	-	-	-	-	-	-	-
AD Assets	(588,150)	-	900	15,070	(101,450)	6,350	-	(79,130)	(667,280)
AD Neighbourhoods	968,580	-	-	1,650	(98,700)	14,870	-	(82,180)	886,400
AD Partnerships	958,770	24,390	(41,980)	(2,810)	(7,100)	(310)	-	(27,810)	930,960
Grand Total	258,270	-	8,787,960	24,870	(294,990)	248,250	-	8,766,090	9,024,360

Housing Revenue Account – Technical Adjustments 2022/23

	Technical Adjustments								
	Budget 2021/22	Virements £	Committee Decisions £	Inflation £	Other £	Pay Adjustments £	Changes in Recharges £	Total Adjustments £	Total Adjusted Base 2022/23
HRA Summary	(3,619,920)	-	1,188,850	158,350	(571,020)	-	-	776,180	(2,843,740)
ED Communities	72,720	-	-	50	(210)	2,770	-	2,610	75,330
AD People	232,950	-	(27,310)	220	2,670	6,530	-	(17,890)	215,060
AD Operations & Leisure	144,630	-	-	310	760	2,540	-	3,610	148,240
AD Assets	68,030	-	36,670	2,980	(9,750)	21,660	-	51,560	119,590
AD Neighbourhoods	3,444,200	-	(500)	39,370	(27,530)	41,520	-	52,860	3,497,060
Housing Repairs	-	-	-	-	-	-	-	-	-
Grand Total	342,610	-	1,197,710	201,280	(605,080)	75,020	-	868,930	1,211,540

General Fund Summary Budgets – 2022/23

<i>Figures exclude internal recharges which have no bottom line impact.</i>	Base Budget 2021/22 £	Technical Adjustments £	Policy Changes £	Budget 2022/23 £
Chief Executive	1,716,140	436,120	-	2,152,260
AD Growth & Regeneration	765,070	(199,550)	219,060	784,580
ED Organisation	474,480	(420)	-	474,060
AD People	1,866,050	(59,780)	125,640	1,931,910
AD Operations & Leisure	2,708,480	(2,710)	293,260	2,999,030
ED Finance	86,670	270	-	86,940
AD Finance	(1,821,470)	1,904,930	-	83,460
ED Communities	-	-	-	-
AD Assets	(588,150)	(79,130)	117,100	(550,180)
AD Neighbourhoods	968,580	(82,180)	-	886,400
AD Partnerships	958,770	(27,810)	57,820	988,780
Total Cost of Services	7,134,620	1,889,740	812,880	9,837,240
Transfer from Business Rates Reserve	(6,876,350)	6,876,350	-	-
Net Cost	258,270	8,766,090	812,880	9,837,240
Transfer to / (from) Balances	(206,157)	(3,114,765)	-	(3,320,922)
Revenue Support Grant	(188,572)	188,572	-	-
Retained Business Rates	(13,166,215)	(1,752,651)	-	(14,918,867)
Less: Tariff payable	10,405,841	2,112,819	-	12,518,660
Collection Fund Surplus (Council Tax)	(60,376)	90,564	-	30,188
Collection Fund Surplus (Business Rates)	7,137,191	(6,876,352)	-	260,839
Council Tax Requirement	(4,179,982)	585,723	(812,880)	(4,407,138)

General Fund Summary Budgets – 2021/22 to 2026/27

<i>Figures exclude internal recharges which have no bottom line impact.</i>	Budget 2021/22 £	Budget 2022/23 £	Budget 2023/24 £	Budget 2024/25 £	Budget 2025/26 £	Budget 2026/27 £
Chief Executive	1,716,140	2,152,260	2,171,800	2,134,690	2,180,060	2,166,180
AD Growth & Regeneration	765,070	784,580	431,450	467,320	500,790	531,400
ED Organisation	474,480	474,060	501,350	531,710	550,610	570,030
AD People	1,866,050	1,931,910	1,909,810	1,976,610	2,034,630	2,096,610
AD Operations & Leisure	2,708,480	2,999,030	2,983,070	3,034,300	3,108,030	3,182,160
ED Finance	86,670	86,940	89,840	92,820	95,860	98,990
AD Finance	(1,821,470)	83,460	741,700	1,102,380	1,421,980	1,716,890
ED Communities	-	-	-	-	-	-
AD Assets	(588,150)	(550,180)	(730,780)	(711,160)	(691,010)	(670,430)
AD Neighbourhoods	968,580	886,400	903,710	924,760	944,150	964,380
AD Partnerships	958,770	988,780	954,920	978,240	1,000,720	1,022,670
Total Cost of Services	7,134,620	9,837,240	9,956,870	10,531,670	11,145,820	11,678,880
Transfer from Business Rates Reserve	(6,876,350)	-	-	-	-	-
Net Cost	258,270	9,837,240	9,956,870	10,531,670	11,145,820	11,678,880
Transfer to / (from) Balances	(206,157)	(3,320,922)	(3,222,584)	(3,267,780)	(3,673,373)	(3,994,878)
Revenue Support Grant	(188,572)	-	-	-	-	-
Retained Business Rates	(13,166,215)	(14,918,867)	(15,217,244)	(15,521,589)	(15,832,021)	(16,148,661)
Less: Tariff payable	10,405,841	12,518,660	12,769,033	13,024,414	13,284,902	13,550,600
Collection Fund Surplus (Council Tax)	(60,376)	30,188	30,188	(33,000)	(33,000)	(33,000)
Collection Fund Surplus (Business Rates)	7,137,191	260,839	260,839	-	-	-
Council Tax Requirement	(4,179,982)	(4,407,138)	(4,577,102)	(4,733,715)	(4,892,328)	(5,052,941)

* Figures include proposed Policy Changes

Housing Revenue Account 2021/22 to 2026/27

<i>Figures exclude internal recharges which have no bottom line impact.</i>	Budget 2021/22 £	Budget 2022/23 £	Budget 2023/24 £	Budget 2024/25 £	Budget 2025/26 £	Budget 2026/27 £
HRA Summary	(3,619,920)	(2,843,740)	(4,301,470)	(4,236,230)	(4,525,930)	(4,855,730)
ED Communities	72,720	75,330	78,180	81,100	84,080	87,150
AD People	232,950	242,060	246,260	223,620	227,420	230,750
AD Operations & Leisure	144,630	148,240	151,100	154,060	156,550	159,110
AD Assets	68,030	1,085,110	1,110,250	1,136,400	1,162,890	1,189,120
AD Neighbourhoods	3,444,200	3,722,040	3,690,000	3,772,690	3,853,920	3,937,880
Housing Repairs	-	-	-	-	-	-
Grand Total	342,610	2,429,040	974,320	1,131,640	958,930	748,280

* Figures include proposed Policy Changes

Draft General Fund Capital Programme 2021/22 to 2025/26

General Fund Capital Programme	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Future High Streets Fund	9,994,600	1,848,810	-	-	-	11,843,410
Replacement PC's, Servers and Printers	60,000	60,000	60,000	40,000	40,000	260,000
Endpoint Protection and Web-Email Filter	40,000	-	-	40,000	-	80,000
Recovery & Reset ICT requirements	523,000	-	-	-	-	523,000
Street Lighting	-	233,600	120,000	50,960	-	404,560
Balancing Ponds	-	230,000	100,000	300,000	220,000	850,000
Disabled Facilities Grant	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
Recovery and Reset Programme	150,000	150,000	150,000	150,000	150,000	750,000
CCTV Upgrades	45,710	45,710	45,710	45,710	45,710	228,550
Total General Fund Capital	11,538,310	3,293,120	1,200,710	1,351,670	1,180,710	18,564,520
Proposed Financing:						
Grants - Disabled Facilities	546,890	546,890	546,890	546,890	546,890	2,734,450
Capital Grants	156,710	30,000	-	-	-	186,710
General Fund Capital Receipts	4,400	204,400	4,400	4,400	59,400	277,000
Golf Course Receipts	-	1,848,810	-	-	-	1,848,810
Sale of Council House Receipts	138,710	229,020	225,420	251,420	280,420	1,124,990
General Fund Capital Reserve	673,000	380,000	370,000	474,960	170,000	2,067,960
Other Contributions	10,018,600	24,000	24,000	24,000	24,000	10,114,600
Unsupported Borrowing	-	30,000	30,000	50,000	100,000	210,000
Total	11,538,310	3,293,120	1,200,710	1,351,670	1,180,710	18,564,520

Draft Housing Revenue Account Capital Programme 2022/23 to 2026/27

Housing Revenue Account	2022/23	2023/24	2024/25	2025/26	2026/27	TOTAL
Capital Programme	£	£	£	£	£	£
Structural Works	275,000	275,000	275,000	275,000	275,000	1,375,000
Bathroom Renewals	575,000	575,000	575,000	575,000	575,000	2,875,000
Gas Central Heating Upgrades and Renewals	685,500	685,500	685,500	685,500	685,500	3,427,500
Kitchen Renewals	700,000	700,000	700,000	700,000	700,000	3,500,000
Major Roofing Overhaul and Renewals	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	7,500,000
Window and Door Renewals	400,000	400,000	400,000	400,000	400,000	2,000,000
Neighbourhood Regeneration	500,000	500,000	500,000	500,000	500,000	2,500,000
Disabled Facilities Adaptations	250,000	250,000	250,000	250,000	250,000	1,250,000
Rewire	150,000	150,000	150,000	150,000	150,000	750,000
CO2 / Smoke Detectors	64,000	64,000	64,000	64,000	64,000	320,000
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
Fire Risk Mitigation Works	300,000	300,000	300,000	-	-	900,000
Damp and Mould Works	100,000	100,000	100,000	100,000	100,000	500,000
Decarbonisation	3,200,000	-	-	-	-	3,200,000
High Rise Refuse Chute Renewals	150,000	150,000	150,000	-	-	450,000
Works to Achieve Zero Carbon	-	-	2,500,000	2,500,000	2,500,000	7,500,000
Sheltered Lifts and Stairlift Renewals	360,000	250,000	50,000	50,000	50,000	760,000
Fire Alarm Panel Renewals	50,000	-	-	-	-	50,000
Scooter Storage at High Rise	30,000	30,000	-	-	-	60,000
Upgrade Pump Rooms at High Rise	25,000	25,000	-	-	-	50,000
Retention of Garage Sites	750,000	-	-	-	-	750,000
Capital Salaries	200,000	200,000	200,000	200,000	200,000	1,000,000
Street Lighting	-	350,400	180,000	76,440	-	606,840
Telecare System Upgrades	30,000	-	-	-	-	30,000
Regeneration & Affordable Housing	250,000	250,000	250,000	1,750,000	1,750,000	4,250,000
Total HRA Capital	10,714,500	6,924,900	8,999,500	9,945,940	9,869,500	46,454,340

	Revised Bids Part 1
	Revised Bids Part 2
	New Scheme Bids
	Existing programme

<u>Housing Revenue Account</u>	2022/23	2023/24	2024/25	2025/26	2026/27	TOTAL
<u>Capital Programme</u>	£	£	£	£	£	£
<u>Proposed Financing:</u>						
Major Repairs Reserve	4,116,500	2,933,500	2,933,500	2,932,500	2,933,500	15,849,500
HRA Capital Receipts	420,000	350,400	1,250,000	-	-	2,020,400
Regeneration Revenue Reserves	2,648,000	3,341,000	3,136,000	3,811,000	3,886,000	16,822,000
Capital Receipts from Additional Council House Sales (1-4-1)	100,000	100,000	100,000	626,000	550,000	1,476,000
Regeneration Reserve	2,430,000	200,000	180,000	76,440	-	2,886,440
Affordable Housing Reserve	-	-	1,400,000	-	-	1,400,000
Other	1,000,000	-	-	-	-	1,000,000
Unsupported Borrowing	-	-	-	2,500,000	2,500,000	5,000,000
Total	10,714,500	6,924,900	8,999,500	9,945,940	9,869,500	46,454,340

Contingencies 2022/23 - 2026/27

Revenue	2022/23	2023/24	2024/25	2025/26	2026/27
Specific Earmarked &	£'000	£'000	£'000	£'000	£'000
General					
General Fund					
<i>General Contingency re Income Targets</i>	169	169	169	169	169
Total General Contingency	169	169	169	169	169
Total GF Revenue	169	169	169	169	169
Housing Revenue Account					
<i>HRA - General Contingency</i>	130	130	130	130	130
Total HRA Revenue	130	130	130	130	130

Capital	2022/23	2023/24	2024/25	2025/26	2026/27
Specific Earmarked &	£'000	£'000	£'000	£'000	£'000
General					
General Fund					
General Contingency	135	-	-	-	-
Return on Investment	20	-	-	-	-
Plant & Equipment	100	-	-	-	-
Total GF Capital	255	-	-	-	-
Housing Revenue Account					
General Contingency	100	-	-	-	-
Total HRA Capital	100	-	-	-	-

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