

## JOINT SCRUTINY COMMITTEE (BUDGET)

26<sup>th</sup> January 2022

### Report of the Cabinet

#### **DRAFT BUDGET AND MEDIUM TERM FINANCIAL STRATEGY 2022/23 to 2026/27**

#### **Purpose**

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

#### **Recommendations**

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

- 1. Consider the budget proposals due to be approved by Cabinet at the meeting on 20<sup>th</sup> January 2022;**
- 2. Provide views on the budget proposals and council tax strategy, taking into account the prioritisation of resources.**

#### **Executive Summary**

At its meeting on 20<sup>th</sup> January 2022, the Cabinet is due to consider a package of budget proposals for the period 2022/23 to 2026/27 and, as required by the Constitution of the Council, approved that the Scrutiny Committees be asked to consider the budget proposals contained within the report.

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

#### **Resource Implications**

As contained within the report.

#### **Legal / Risk Implications**

As contained within the report.

#### **Report Author**

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

<b>Background Papers:-</b>	<b>Corporate Vision, Priorities Plan, Budget &amp; Medium Term Financial Strategy 2021/22, Council 23<sup>rd</sup> February 2021</b>
	<b>Budget and Medium Term Financial Planning Process, Cabinet 19<sup>th</sup> August 2021</b>
	<b>Budget Consultation Report, Cabinet 2<sup>nd</sup> December 2021</b>
	<b>Leaders Budget Workshop, 1<sup>st</sup> December 2021</b>
	<b>Draft Base Budget Forecasts 2022/23 to 2026/27, Cabinet 2<sup>nd</sup> December 2021</b>
	<b>Draft Budget and Medium Term Financial Strategy 2022/23 to 2026/27, Cabinet 20<sup>th</sup> January 2022</b>

**CABINET**

**20<sup>th</sup> January 2022**

**JOINT SCRUTINY COMMITTEE (BUDGET)**

**26<sup>th</sup> January 2022**

**Report of the Leader of the Council**

**DRAFT BUDGET AND MEDIUM TERM FINANCIAL STRATEGY 2022/23 to 2026/27**

**Purpose**

To approve the draft package of budget proposals (**attached at Appendix A**) to consult with the Joint Scrutiny Committee (Budget) on 26<sup>th</sup> January 2022 and receive their feedback on the:

- General Fund Revenue (GF) Budget and Council Tax for 2022/23;
- Housing Revenue Account (HRA) Budget for 2022/23;
- Capital Programme – General Fund & HRA;
- Medium Term Financial Strategy (MTFS).

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

**Recommendations**

**That:**

- 3. Cabinet approve the draft package of budget proposals including the proposed policy changes (as detailed at Appendix B); and**
- 4. As required by the Constitution of the Council, the Joint Scrutiny Committee (Budget) on 26<sup>th</sup> January 2022 be requested to consider the budget proposals contained within this report.**

## Executive Summary

Based on the draft budget assumptions contained within the report, the headline figures for 2022/23 are:

- A General Fund Net Cost of Services of £9,277,930;
- A transfer of £453,953 from General Fund balances;
- The Band D Council Tax would be set at £191.89, an increase of £5 (2.68% - c.£0.10 per week) on the level from 2021/22 of £186.89;
- A transfer of £1,931,620 from HRA balances;
- Rents will be set in line with the approved Rent Setting Policy including a 4.1% increase in average rent (on the 2021/22 average rent of £89.21 based on a 48 week rent year) in line with Government confirmation that social housing rents can increase to include 'up to' a factor of the consumer price index (CPI) measure of inflation plus 1% for five years from 2020, following the conclusion of a consultation on the new rent standard – equating to an average rent of £92.87 based on a 48 week rent year;
- A General Fund Capital Programme of £18.6m for 5 years;
- A Housing Capital Programme of £46.5m for 5 years.

Currently projections identify:

1. General Fund balances of £2.7m over 3 years (with a shortfall of £4.4m over 5 years), including the minimum approved level of £0.5m;

**Further savings of around £0.9m p.a. will be required** over the next 5 years (based on annual £5 increases in Council Tax). On an annualised basis this would equate to a year on year ongoing saving of £0.3m over 5 years.

2. HRA balances of £2.7m over 3 years (with balances of £2.3m over 5 years) including the minimum recommended balances of £0.5m.

## 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.

There are further uncertainties arising from the finalisation of the Brexit process following the transition period. 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 7<sup>th</sup> 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.

The 2022/23 local government finance settlement has now been published, for one year only and is based on the Spending Review 2021 (SR21) funding levels. This is the first time since 2015 that, in the context of a multi-year Spending Review, the government has only provided local authorities with a single-year settlement.

No detailed announcements are made on funding reform, though the following statement is made:

*Government is committed to ensuring that funding allocations for councils are based on an up-to-date assessment of their needs and resources. The data used to assess this has not been updated in a number of years, dating from 2013-14 to a large degree, and even as far back as 2000. Over the coming months, we will work closely with the sector and other stakeholders to update this and to look at the challenges and opportunities facing the sector before consulting on any potential changes.*

*As part of this we will look at options to support local authorities through transitional protection. Councils should note the one-off 2022/23 Services Grant provided in the Local Government Finance Settlement in 2022/23 will be excluded from potential transitional protections.*

While this means the Council will be able to retain its business rate growth for 2022/23, it also means that the uncertainty continues and potentially the Council still faces losing this growth from 2023/24 as, over the coming months, the Government have stated that they will work with the sector before consulting on funding reform.

**There is a high risk that these reforms will have a significant effect on the Council's funding level from 2023/24.**

- Uncertainty over the ongoing funding for the **New Homes Bonus scheme**, as it has been 'rolled over' for another year, with allocations made and the final 2019/20 legacy payment honoured. There is no planned legacy payment for 2022/23 (as in 2020/21 and 2021/22).

The Government consulted on the future of the New Homes Bonus in 2021 and plan to publish their response early in 2022. The Government remains committed to reform and will use the additional year to carefully consider how to ensure the incentive is more focused and targeted on ambitious housing delivery and which complements wider Government priorities.

- 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.

## Background

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.

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 7<sup>th</sup> 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.

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While this means the Council will be able to retain its business rate growth for 2022/23, it also means that the uncertainty continues and potentially the Council still faces losing this growth from 2023/24 as, over the coming months, the Government have stated that they will work with the sector before consulting on funding reform.

**There is a high risk that these reforms will have a significant effect on the Council's funding level from 2023/24.**

Financial resilience is and has been the key requirement for local authorities at any time, but in the current crisis it has assumed unprecedented importance.

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 2 projections at 30<sup>th</sup> September 2021 – as part of a managed underspend plan.

Cabinet on 22<sup>nd</sup> 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 29<sup>th</sup> 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.



The Council remains committed to promoting and stimulating economic growth and regeneration; meeting our housing needs; creating a vibrant town centre economy and protecting those most vulnerable in our communities. The Council is responding to these challenges by considering the opportunities to make further savings and /or grow our income. We are ambitious with our commercial view and will continue to work hard to identify income streams that enable us to continue to meet the needs of our residents. More than ever, we recognise that our financial capacity will be less than in previous years which means that we will need to maintain our approach to innovation, collaboration and transformation.

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

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

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

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

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

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

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

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 23<sup>rd</sup> 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 Government's 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 2022/23 local government finance settlement has now been published, for one year only and is based on the Spending Review 2021 (SR21) funding levels. This is the first time since 2015 that, in the context of a multi-year Spending Review, the government has only provided local authorities with a single-year settlement.

While this means the Council will be able to retain its business rate growth for 2022/23, it also means that the uncertainty continues and potentially the Council still faces losing this growth from 2023/24 as, over the coming months, the Government have stated that they will work with the sector before consulting on funding reform.

In addition, there is continued uncertainty over the ongoing funding for the **New Homes Bonus scheme**, as it has been 'rolled over' for another year, with allocations made and the final 2019/20 legacy payment honoured. There is no planned legacy payment for 2022/23 (as in 2020/21 and 2021/22).

The Government consulted on the future of the New Homes Bonus in 2021 and plan to publish their response early in 2022. The Government remains committed to reform and will use the additional year to carefully consider how to ensure the incentive is more focused and targeted on ambitious housing delivery and which complements wider Government priorities.

- 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.

- For 2019/20 a 2% increase in Local Government pay was agreed and included the introduction of a new pay spine on 1<sup>st</sup> April 2019 based on a bottom rate of £17,364 with additions, deletions and changes to other spinal column points. 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.
- There are further uncertainties arising from the finalisation of the Brexit process following the transition period. 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.
- Energy efficiency is likely to be a significant future across all of our property portfolio including Council Housing. The commitment to achieve zero carbon within our own operations will present difficulties when considering our historic buildings like the Assembly Rooms, Castle and Town Hall. It is likely that investment in the property portfolio will be needed which has not yet been quantified and will need to be considered in future, in line with the Corporate Capital Strategy objectives.

It is anticipated that amendments to the Decent Homes Standard will look at building safety and energy efficiency for Council Housing. The cost is likely to be significant and could mean exploration of new ways of funding such as the application of service charges and as included within the 2022/23 capital programme, through grants available.

There is also likely to be a significant demand for the installation (& ongoing maintenance) of electric vehicle (EV) charging points in car parking areas and at places such as the sheltered schemes and individual residential properties (some work has started for former garage sites).

- Budgets for remedial works associated with the Building Safety Bill have been included within the Capital Programme for higher risk properties, however, it is likely that the requirements will extend to other buildings such as the low and medium rise blocks along with sheltered schemes. A Building Safety Manager as required by the Building Safety Bill is included in the budget but if the requirement extends then additional resource is likely to be needed, including for more frequent building inspections and it is likely that these inspections will result in an increase in the number of repairs being identified.
- Although the volume of repairs has remained fairly consistent during the pandemic as it has been in previous years we know that the average job cost is lower than previous years and is lower than industry average. It could well be that this is the new normal position and that the investment made in property over the years means has resulted in lower repair costs. However, there is a risk that fewer repairs are being reported due to the pandemic and that at some point in the future a backlog of unidentified repairs will present itself. At the moment this is considered a low risk as it would appear that our tenants are reporting repairs as and when they occur.
- An increase in the cost of repairs has been included due to the current market cost pressures. The RICS through their BCIS cost indicator service are predicting increasing tender prices over the next 5 years so this is likely to impact on existing contracts. There is the risk that if costs continue to increase in excess of CPI contractors will seek further uplifts. The impact on planned work is that less work will be done, this will extend the renewal period for key components which will increase demand on responsive. The volume of responsive repairs is unlikely to change.
- Income from the commercial/industrial portfolio has held up during the pandemic, but underlying market issues and the increase in online shopping (increased by the pandemic) mean that there is an immediate risk in relation to the income achievable from the Council's commercial property portfolio including the Ankerside Shopping Centre and NCP car park, while not known at present, could result in a significant loss of income.

Without investment our commercial/industrial property could become unlettable. In addition future management costs of the portfolio could be as high as 15% of the annual rental value which would have a significant impact on rental income.

- It was hoped that the current ongoing costs associated with Covid-19 could be reduced as we returned to pre-Covid normality but as the current Omicron issue has shown we don't yet know when this will be. It is likely that these costs will continue until the pandemic ends, or attitudes change and policy makers accept that additional precautions are no longer required.

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

## Options Considered

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

Council Tax	Option Modelled / Considered
Model 1	<b>£5.00 increase in Council tax in 2022/23 (followed by increases of £5.00 p.a.)</b>
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

A summary table of all the budget proposals is shown at the end of the report. The General Fund summary revenue budget for 2022/23 appears at **Appendix D**. A summary of the resulting budgets over the five year period appears at **Appendix F**.

The draft Budget and Medium Term Financial Strategy is based on a council tax increase of £5 (2.68%) for 2022/23 (the maximum permitted under the Government set limits to avoid a referendum) followed by increases at £5 p.a. thereafter & in line with statutory requirements. The Forecast projects General Fund balances of £2.7m over 3 years (with a shortfall of £4.4m over 5 years), including the minimum approved level of £0.5m.

It should be noted that in order to ensure General Fund balances remain above the minimum approved level of £0.5m over 5 years **further savings of around £0.9m p.a. will be required** (based on annual £5 increases in Council Tax). On an annualised basis this would equate to a year on year ongoing saving of £0.3m over 5 years.

The summary HRA Revenue Budget for 2022/23 appears at **Appendix C** (including a summary of the resulting budgets over the 5 year period). Closing balances over 3 years are estimated at £2.7m (£2.3m over 5 years) – in excess of the minimum approved level of £0.5m.

The proposed 5-year General Fund Capital Programme is included at **Appendix H** – the main changes, since the programme was provisionally approved in February 2021, included at this stage are detailed within the report.

The proposed 5-year Housing Capital Programme is included at **Appendix I** – the main changes, since the programme was provisionally approved in February 2021, included at this stage are detailed within the report.

### ***Options***

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

Cabinet on 22<sup>nd</sup> 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 29<sup>th</sup> July 2021 including the continuing work the agreed actions to address the financial position in future years:

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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.

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

- Completion of the Business Rates forecast / NNDR1 statutory return including the impact for the Staffordshire wide Business Rates pool arrangement for 2022/23; and
- Finalisation of the Policy changes.

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

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

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

### **Legal / Risk Implications**

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

In line with the constitution a Leaders Budget Workshop was held on 1<sup>st</sup> 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 26<sup>th</sup> January 2022.

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); <b>(High)</b>	Sensitivity modelling undertaken to assess the potential impact in the estimation of future Government support levels; <b>(High / Medium)</b>
New Homes Bonus grant levels lower than estimated; Continuation of the scheme for 2022/23 has been confirmed – doubt over its continuation in future years; <b>(High/Medium)</b>	Future levels included based on legacy payments only; <b>(Medium/Low)</b>
Potential ‘capping’ of council tax increases by the Government or local Council Tax veto / referendum; <b>(Medium)</b>	Confirmed that increases of over 2% or £5 risk ‘capping’ (was 2% or £5 for District Councils in 2021/22); <b>(Low)</b>
The achievement / delivery of substantial savings / efficiencies will be needed to ensure sufficient resources will be available to deliver the Council’s objectives through years 4 to 5. Ongoing; <b>(High)</b>	A robust & critical review of savings proposals will be required / undertaken before inclusion within the forecast; <b>(High/Medium)</b>
Pay awards greater than forecast; <b>(Medium)</b>	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; <b>(Medium / Low)</b>
Pension costs higher than planned / adverse performance of pension fund; <b>(Medium)</b>	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; <b>(Medium/Low)</b>
Assessment of business rates collection levels to inform the forecast / budget (NNDR1) and estimates of appeals, mandatory & discretionary reliefs, cost of collection, bad debts and collection levels;  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; <b>(High)</b>	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; <b>(High / Medium)</b>



Risk	Control Measure
<p>Local Council Tax Reduction scheme potential yield changes and maintenance of collection levels due to increases in unemployment caused by the pandemic; <b>(High)</b></p>	<p>Robust estimates included. Ongoing proactive management &amp; monitoring (including a quarterly healthcheck on the implications on the organisation – capacity / finance) will continue; <b>(High / Medium)</b></p>
<p>Achievement of income streams in line with targets in light of the economic conditions e.g. treasury management interest, car parking, planning, commercial &amp; industrial rents etc.; <b>(High / Medium)</b></p>	<p>Robust estimates using a zero based budgeting approach have been included; <b>(Medium)</b></p>
<p>Delivery of the capital programme (GF / HRA – including Regeneration schemes) dependent on funding through capital receipts and grants (including DFG funding through the Better Care Fund); <b>(High / Medium)</b></p>	<p>Robust monitoring and evaluation – should funds not be available then schemes would not progress; <b>(Medium)</b></p>
<p>Dependency on partner organisation arrangements and contributions e.g. Waste Management (SCC/LDC). <b>(High / Medium)</b></p>	<p>Memorandum of Understanding in place with LDC. <b>(Medium)</b></p>
<p>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. <b>(High/Medium)</b></p>	<p>The main issue seems to be the increased risks associated with those Councils who are borrowing large sums to invest in commercial property activities.  Property Fund investment review carried out 2021. <b>(Medium)</b></p>
<p>Maintenance and repairs backlog for corporate assets – and planned development of long term strategic plan to address such. <b>(High / Medium)</b></p>	<p>Planned development of long term strategic corporate capital strategy and asset management plan to consider the requirements and associated potential funding streams. <b>(Medium)</b></p>
<p>Significant financial penalties arising from the implementation of the General Data Protection Regulations (GDPR). <b>(High / Medium)</b></p>	<p>Implementation plan in place with corporate commitment and good progress. <b>(Medium)</b></p>
<p>Property funds are not risk free - as such a risk based approach will need to be adopted – to balance risk against potential yield or return.  Based on past performance there is the potential for returns of c.4% p.a. but this is not guaranteed.</p>	<p>Any investment in funds which are deemed as capital expenditure will require the necessary capital programme budgets to be approved by full Council.  Risk is inherent in Treasury Management and as such a risk based approach will need to be adopted – to balance risk against potential yield or return.</p>

<b>Risk</b>	<b>Control Measure</b>
<p>The value of the funds are also subject to fluctuation – which could mean a capital loss in one year (as well as expected gains).</p> <p>The initial cost associated with the purchase of the investment in the funds is expected to be in the region of 5% - which would have to be recovered over the life of the investment (either from annual returns or capital appreciation). There is a real risk of a revenue loss therefore in the first year.</p> <p><b>(High/Medium)</b></p>	<p>It is suggested that risk be mitigated (although not eliminated) through investment in a diversified portfolio using a range of property funds.</p> <p>The Council used the secondary market for purchases to potentially gain access to a fund at a lower level of cost than via the primary route.</p> <p>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><b>(Medium)</b></p>

**Report Author**

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

<p><b>Background Papers:-</b></p>	<p><b>Corporate Vision, Priorities Plan, Budget &amp; Medium Term Financial Strategy 2021/22, Council 23<sup>rd</sup> February 2021</b></p>
	<p><b>Budget and Medium Term Financial Planning Process, Cabinet 19<sup>th</sup> August 2021</b></p>
	<p><b>Budget Consultation Report, Cabinet 2<sup>nd</sup> December 2021</b></p>
	<p><b>Leaders Budget Workshop, 1<sup>st</sup> December 2021</b></p>
	<p><b>Draft Base Budget Forecasts 2022/23 to 2026/27, Cabinet 2<sup>nd</sup> December 2021</b></p>

## Summary of Appendices

<b>Description</b>	<b>Appendix</b>
Detailed Considerations	A
Policy Changes Summary – GF & HRA	B
HRA Budget Summary 2022/23 – 2026/27	C
General Fund Summary Revenue Budget 2022/23	D
General Fund Technical Adjustments 2022/23 (before policy changes)	E1
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### Detailed Considerations

The Council's approach to medium term planning aims to integrate the Council's Corporate and financial planning processes. In accordance with that approach this report contains firm proposals for 2022/23 and provisional proposals for the following years.

It is intended that all aspects of the budget should be agreed by Members and so this report details each amendment which is proposed to the 2021/22 budget to arrive at the starting point for 2022/23. The report deals in turn with each of the key elements and towards the end of each section is a summary table. Each of these tables is brought together in the summary and conclusions section at the end of the report.

The Council's medium term financial plan used as the basis for the 2022/23 budget, aimed both to deal with a challenging financial position and to find resources to address the Council's corporate priorities. The approved package was based upon:

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

### Financial Background

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

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

There are a number of challenges affecting the Medium Term Financial Planning process for the period from 2022/23 to 2026/27 which add a high level of uncertainty to budget projections.

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

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

Effect of x% movement:	% + / -	Impact over 1 year +/- £'000	Impact over 3 years +/- £'000	Impact over 5 years + / - £'000	Risk
Pay Award / National Insurance (GF)	0.5%	46	283	721	M
Pension Costs	0.5%	0	188	640	L
Council Tax	0.5%	42	203	477	L
Inflation / CPI	0.5%	66	379	943	H
Government Grant	1.0%	47	216	486	L
Investment Interest	0.5%	203	810	1,625	H
Key Income Streams	10%	192	1,228	3,177	H
Business Rates	0.5%	75	454	1,149	H

## GENERAL FUND

### Future Revenue Support Grant & Business Rate income

On 16<sup>th</sup> December 2021, the Secretary of State for the Department for Levelling Up, Housing and Communities (DLUHC), Rt. Hon. Michael Gove MP, released a written statement to Parliament on the provisional local government finance settlement 2022/23.

With the 2022/23 figures being for a single year only and the deferral on the Fair Funding Review, New Homes Bonus reform and the Business Rates Reset for a further year, the 2022/23 settlement is similar to the 2021/22 settlement; albeit, with an additional £1.8bn of funding (including the grant increase of £1.6bn and the Adult Social Care Reform funding of £0.2bn, as announced at Spending Review).

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 2022/23. It shows an increase of 6.9% for 2022/23 and an overall increase for the period 2015/16 to 2022/23 of 20.6%.

<b>Core Spending Power</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
<b>National Position</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Settlement Funding Assessment	21,250	18,602	16,633	15,574	14,560	14,797	14,810	14,882
Under-indexing business rates multiplier	165	165	175	275	400	500	650	1,025
Council Tax	22,036	23,247	24,666	26,332	27,768	29,227	30,327	31,728
Improved Better Care Fund	-	-	1,115	1,499	1,837	2,077	2,077	2,140
New Homes Bonus	1,200	1,485	1,252	947	918	907	622	554
Rural Services Delivery Grant	16	81	65	81	81	81	85	85
Lower Tier Services Grant	-	-	-	-	-	-	111	111
2022/23 Services Grant	-	-	-	-	-	-	-	822
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	2,346
Market Sustainability & Fair Cost of Care	-	-	-	-	-	-	-	162
<b>Core Spending Power</b>	<b>44,666</b>	<b>43,730</b>	<b>44,296</b>	<b>45,098</b>	<b>46,213</b>	<b>48,999</b>	<b>50,392</b>	<b>53,856</b>
<b>Change %</b>		<b>(2.1)%</b>	<b>1.3%</b>	<b>1.8%</b>	<b>2.5%</b>	<b>6.0%</b>	<b>2.8%</b>	<b>6.9%</b>
<b>Cumulative change %</b>		<b>(2.1)%</b>	<b>(0.8)%</b>	<b>1.0%</b>	<b>3.5%</b>	<b>9.7%</b>	<b>12.8%</b>	<b>20.6%</b>

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 2022/23 (after the deferral from 2021/22) 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.

It has now been announced that the business rates multiplier will be frozen again for 2022/23. Therefore the three elements of the Business Rates Retention system (Baseline Need, NNDR Baseline and Tariff/Top Up amounts) remains 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. 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 £2m, the Council benefits from net additional funds for 2022/23.

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.

The following statement is made:

*Government is committed to ensuring that funding allocations for councils are based on an up-to-date assessment of their needs and resources. The data used to assess this has not been updated in a number of years, dating from 2013-14 to a large degree, and even as far back as 2000. Over the coming months, we will work closely with the sector and other stakeholders to update this and to look at the challenges and opportunities facing the sector before consulting on any potential changes.*

*As part of this we will look at options to support local authorities through transitional protection. Councils should note the one-off 2022/23 Services Grant provided in the Local Government Finance Settlement in 2022/23 will be excluded from potential transitional protections.*

While this means the Council will be able to retain its business rate growth for 2022/23, it also means that the uncertainty continues and potentially the Council still faces losing this growth from 2023/24 as, over the coming months, the Government have stated that they will work with the sector before consulting on funding reform.

**There is a high risk that these reforms will have a significant effect on the Council's funding level from 2023/24.**

For future years (post 2022/23), it has been assumed that there will be a reduction in Revenue Support Grant to nil following the planned reforms, as detailed below.

<b>BASE BUDGET</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Revenue Support Grant	188,572	194,648	-	-	-	-
% Increase / (Reduction)	0.6%	3.2%	(100)%	-	-	-

## Business Rates

The 2022/23 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, this level was reduced due to the pandemic – with a levy payable of £495k.

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.£3m in additional relief has been granted in 2021/22 due to the pandemic – meaning that retail, leisure and hospitality businesses will pay reduced levels of business rates in 2021/22.

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



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

New Burdens (Section 31) Grant is receivable for additional reliefs given by the Government relating to business rates from 1<sup>st</sup> April 2013 e.g. Small Business Rate Relief – of which 50% of any in excess of the baseline will be payable in levy to the pool. A prudent approach has been taken in respect of any new burdens funding – and, due to uncertainties & risk, the creation of an associated Business Rates Collection reserve to mitigate fluctuation in income. The forecast Section 31 Grants and levy payments included within the base budget forecasts are detailed below – and will be updated following finalisation of the business rates forecast for 2022/23 during January.

Levy / Section 31 Grant	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £
NNDR Levy payment	1,087,260	-	-	-	-
Section 31 Grant income	-	-	-	-	-

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

BASELINE	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £
<b>Base Budget Forecast (November 2021):</b>					
Retained Business Rates	14,918,867	15,217,244	15,521,589	15,832,021	16,148,661
Less: Tariff payable	(12,518,660)	(12,769,033)	(13,024,414)	(13,284,902)	(13,550,600)
Total SFA	2,400,207	2,448,211	2,497,175	2,547,119	2,598,061
% Increase	2.6%	2.0%	2.0%	2.0%	2.0%
<b>Provisional LGFS (December 2021):</b>					
Retained Business Rates	12,744,347	15,217,244	15,521,589	15,832,021	16,148,661
Less: Tariff payable	(10,405,841)	(12,769,033)	(13,024,414)	(13,284,902)	(13,550,600)
Total SFA	2,338,506	2,448,211	2,497,175	2,547,119	2,598,061
% Increase	-	4.7%	2.0%	2.0%	2.0%
Increase / (Decrease)	-	-	-	-	-

Due to the variable nature of the BRR element of local authority funding, the provisional settlement no longer provides the absolute funding level for authorities. The Government's assessed Business Rates Baseline for the authority is only based on an adjusted average income figure, and therefore is not representative of the actual Business Rates Baseline.

The business rates forecast income is subject to confirmation / finalisation over the next few weeks – the latest estimates are detailed below:

<b>DRAFT MTFS</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Base Budget Forecast (November 2021):</b>					
Retained Business Rates	14,918,867	15,217,244	15,521,589	15,832,021	16,148,661
Less: Tariff payable	(12,518,660)	(12,769,033)	(13,024,414)	(13,284,902)	(13,550,600)
<b>Total</b>	<b>2,400,207</b>	<b>2,448,211</b>	<b>2,497,175</b>	<b>2,547,119</b>	<b>2,598,061</b>
<b>% Increase</b>	<b>(13.0)%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>
<b>Provisional LGFS (December 2021):</b>					
Retained Business Rates	14,918,867	15,217,244	15,521,589	15,832,021	16,148,661
Less: Tariff payable	(10,405,841)	(12,769,033)	(13,024,414)	(13,284,902)	(13,550,600)
<b>Total</b>	<b>4,513,026</b>	<b>2,448,211</b>	<b>2,497,175</b>	<b>2,547,119</b>	<b>2,598,061</b>
<b>% Increase</b>	<b>63.5%</b>	<b>(45.8)%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>
<b>Increase / (Decrease)</b>	<b>2,112,819</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

<b>DRAFT MTFS</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Base Budget Forecast (November 2021):</b>					
Revenue Support Grant	-	-	-	-	-
Retained Business Rates	14,918,867	15,217,244	15,521,589	15,832,021	16,148,661
Less: Tariff payable	(12,518,660)	(12,769,033)	(13,024,414)	(13,284,902)	(13,550,600)
<b>Total</b>	<b>2,400,207</b>	<b>2,448,211</b>	<b>2,497,175</b>	<b>2,547,119</b>	<b>2,598,061</b>
<b>% Increase</b>	<b>(18.6)%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>
<b>% RSG Increase / (Decrease)</b>	<b>(100.0)%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Provisional LGFS (December 2021):</b>					
Revenue Support Grant	194,648	-	-	-	-
Retained Business Rates	14,918,867	15,217,244	15,521,589	15,832,021	16,148,661
Less: Tariff payable	(10,405,841)	(12,769,033)	(13,024,414)	(13,284,902)	(13,550,600)
<b>Total</b>	<b>4,707,674</b>	<b>2,448,211</b>	<b>2,497,175</b>	<b>2,547,119</b>	<b>2,598,061</b>
<b>% Increase</b>	<b>59.6%</b>	<b>(48.0)%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>
<b>% RSG Increase / (Decrease)</b>	<b>3.2%</b>	<b>(100.0)%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Increase / (Decrease)</b>	<b>2,307,467</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The table shows that overall funding should be c.£2.3m higher than expected in 2022/23.

The retained Business Rates forecast will be updated based on the NNDR1 return which was not received until late December 2021. A separate report on this agenda is due to consider the latest forecast for Business Rates (the statutory NNDR1 return) once finalised – prior to final sign off by the statutory deadline of 31<sup>st</sup> January 2022.

There are still significant uncertainties - specifically the treatment of:

- Forecast levels of growth / contraction in business rates – including the level of void properties and unpaid business rates for 2022/23 following the impact of the pandemic on local businesses;
- The estimated level of mandatory and discretionary reliefs;
- The estimated level of refunds of Business Rates following the Appeal process – especially following the pandemic;
- the treatment of Section 31 grant funding (including Small Business Rate Relief Grant) – which could affect the calculation of any levy payment and thereby reduce retained Business Rate income; and
- The impact of the Business Rates Retention scheme review, Baseline reset (the Council's baseline need level), the Fair Funding Review and the Spending Review on the likely tariff levels for future years.

In addition, the next planned national Business Rates Revaluation will take effect from 2023 – with latest indications that the Government will also aim to introduce a centralised system for business rate appeals at the same time to cover future changes arising from the 2023 valuation list.

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

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

### **New Homes Bonus (NHB)**

There remains significant uncertainty over the ongoing funding for the New Homes Bonus scheme, as it has been 'rolled over' for another year, with allocations made and the final 2019/20 legacy payment honoured. There is no planned legacy payment for 2022/23 (as in 2020/21 and 2021/22).

The Government consulted on the future of the New Homes Bonus in 2021 and plan to publish their response early in 2022. The Government remains committed to reform and will use the additional year to carefully consider how to ensure the incentive is more focused and targeted on ambitious housing delivery and which complements wider Government priorities.

New Homes Bonus income forecasts had been included within the base budget as follows – with future levels included based on legacy payments only. However, following the announcement of additional funding for 2022/23, forecasts have subsequently been updated:

<b>BASE BUDGET NHB</b>	<b>2022/23</b> £	<b>2023/24</b> £	<b>2024/25</b> £	<b>2025/26</b> £	<b>2026/27</b> £
Base Budget Forecast (November 2021)	212,700	-	-	-	-
Revised MTFS forecast (December 2021)	917,070	-	-	-	-
<b>Increased / (Reduced) income</b>	704,370	-	-	-	-

This results in an overall gain to the MTFS of £0.7m for 2022/23, resulting from the growth in new homes in the borough to October 2021.

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

## Technical Adjustments

Revisions have been made to the 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 calculated to take account of:

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

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

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

<b>Technical Adjustments</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>	<b>2026/27 £'000</b>
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	-	-	-	-	-
<b>Total / Revised Base Budget</b>	<b>9,024</b>	<b>9,604</b>	<b>10,191</b>	<b>10,809</b>	<b>11,342</b>

\* ( ) denotes saving in base budget

## Policy Changes

The policy changes provisionally agreed by Council in February 2021 have been included within the technical adjustments for 2022/23 onwards. **A list of the proposed new policy changes for 2022/23 is summarised below:**

Item No	Policy Changes Identified – General Fund	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'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)	12.3	(12.3)	-	-	-
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 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	Additional revenue budgets for the purchase of vehicles and mechanical sweepers for the authority	56.2	27.6	-	-	-
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	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 c.£98k would be need to fully support this structure from 2022/23.	101.0	(101.0)	-	-	-

Item No	Policy Changes Identified – General Fund	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'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	-	-	-	-
FIN1	Revised New Homes Bonus	(704.4)	704.4	-	-	-
FIN2	Business Rates Levy payment	1,087.3	(1,087.3)	-	-	-
FIN3	Lower Tier Grant	(104.9)	104.9	-	-	-
FIN4	Business Rates Relief Section 31 Grant	TBA	-	-	-	-
FIN5	Local Government Services grant	(161.2)	161.2	-	-	-
FIN6	Revenue Implications of Capital Programme	2.0	1.0	1.0	2.0	5.0
PAR1	To maintain the level of potential income on car park enforcement at pandemic levels	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.	7.2	-	-	-	-
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 2021/22 it is recommended that the full budget be reinstated for 2022/23.	(54.6)	54.6	-	-	-
	<b>Total New Items / Amendments</b>	<b>923.8</b>	<b>(548.4)</b>	<b>(11.2)</b>	<b>(1.8)</b>	<b>5.0</b>
	<b>Cumulative</b>	<b>923.8</b>	<b>375.4</b>	<b>364.2</b>	<b>362.3</b>	<b>367.3</b>
	<b>Cumulative 5 years</b>					<b>2,393.1</b>

In addition, the following savings are proposed arising from Phase 1 of the Recovery and Reset programme:

Item No	Proposal/(Existing Budget)	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
R&R1	Digitalisation of CST service savings from use of portal (10% salary savings)	-	-	(50.0)	-	-
R&R2	Corporate review of Postage - Targeted saving	(20.0)	-	-	-	-
R&R3	Shopmobility - Cease funding	(10.0)	-	-	-	-
R&R4	Mobile Phone contract review	(8.0)	-	-	-	-
R&R5	Review of all IT software contacts	(5.0)	-	-	-	-
R&R6	Health Insurance, Occupational Health and Listening Service – targeted saving from re-procurement	(10.0)	-	-	-	-
R&R7	Highways Reverse Agency Agreement – budget review	(86.0)	-	-	-	-
R&R8	Expand street scene Service to cover all Corporate properties - castle outside	(3.0)	-	-	-	-
R&R9	Treasury Management income – targeted saving	(30.0)	-	-	-	-
R&R10	Review of Cross subsidy- Charge removed whilst under review (max of 2 years)	(229.6)	-	200.0	-	-
R&R11	Private Sector Leasing (PSL) savings from cessation of scheme	(30.0)	-	-	-	-
R&R12	Flexible Housing Support Grant - Saving on Reserve Account	(80.0)	80.0	-	-	-
R&R13	Voluntary Sector Grants to be reduced from £140k to £100k	(40.0)	-	-	-	-
R&R14	Review of Income - Planning fees and enforcement	(20.0)	-	-	-	-
R&R15	Increase service offer - planning advice , site appraisals and TPOs	(10.0)	-	-	-	-
R&R16	Review of planning Income - Re-active service at present need to scope and review	(10.0)	-	-	-	-
R&R17	Street trading - Reduction in income budget	15.0	-	-	-	-
R&R18	Corporate Management - Targeted savings from Ph.2 R&R service review	(100.0)	-	(90.0)	-	-
	<b>Total New Items / Amendments</b>	<b>(676.6)</b>	<b>80.0</b>	<b>60.0</b>	<b>-</b>	<b>-</b>
	<b>Cumulative</b>	<b>(676.6)</b>	<b>(596.6)</b>	<b>(536.6)</b>	<b>(536.6)</b>	<b>(536.6)</b>
	<b>Cumulative 5 years</b>					<b>(2,882.8)</b>



## Capping / Local Referendum

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

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

## Council Tax

Last year's medium term financial plan identified ongoing increases of £5 per annum from 2022/23. 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 2021/22).

Each £1 increase in the band D Council Tax would raise approximately £22k per annum. For each 1% increase in Council Tax, the Council will receive c. £40k additional income per annum.

A number of scenarios for future years' increases are set out 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	453	2,659	2,767	3,178	3,508
<b>Balances Remaining (-) / Overdrawn</b>	<b>(8,178)</b>	<b>(5,519)</b>	<b>(2,752)</b>	<b>426</b>	<b>3,934</b>
£ 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 potential General fund balances of approx. £2.7m over 3 years (with a shortfall of £0.9m over 4 years & £4.4m over the 5 year period) - including the minimum approved level of £0.5m. Further savings of approx. £0.9m 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
<b>(Increase) in Council Tax £</b>	<b>(14)</b>	<b>(32)</b>	<b>(54)</b>	<b>(80)</b>	<b>(111)</b>
Revised Surplus (-) /Deficit	439	2,627	2,713	3,098	3,397
<b>Balances Remaining (-) / Overdrawn</b>	<b>(8,192)</b>	<b>(5,565)</b>	<b>(2,852)</b>	<b>246</b>	<b>3,643</b>
£ 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 potential General fund balances of approx. £2.8m over 3 years (with a shortfall of £0.7m over 4 years & £4.1m over the 5 year period) - including the minimum approved level of £0.5m. Further savings of approx. £0.8m 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
<b>Reduction in Council Tax £</b>	<b>92</b>	<b>185</b>	<b>279</b>	<b>374</b>	<b>469</b>
Revised Surplus (-) /Deficit	545	2,844	3,046	3,552	3,977
<b>Balances Remaining (-) / Overdrawn</b>	<b>(8,086)</b>	<b>(5,242)</b>	<b>(2,196)</b>	<b>1,356</b>	<b>5,333</b>
£ 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 potential General fund balances of approx. £2.2m over 3 years (with a shortfall of £1.9m over 4 years & £5.8m over the 5 year period) - including the minimum approved level of £0.5m. Further savings of approx. £1.2m per annum over 5 years would have to be identified.

**Model 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
<b>Reduction in Council Tax £</b>	7	12	14	13	9
Revised Surplus (-) /Deficit	460	2,671	2,781	3,191	3,517
<b>Balances Remaining (-) / Overdrawn</b>	<b>(8,171)</b>	<b>(5,500)</b>	<b>(2,719)</b>	<b>472</b>	<b>3,989</b>
£ 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 potential General fund balances of approx. £2.7m over 3 years (with a shortfall of £1m over 4 years & £4.5m over the 5 year period) - including the minimum approved level of £0.5m. Further savings of approx. £0.9m 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
<b>Reduction in Council Tax £</b>	115	231	348	466	585
Revised Surplus (-) /Deficit	568	2,890	3,115	3,644	4,093
<b>Balances Remaining (-) / Overdrawn</b>	<b>(8,063)</b>	<b>(5,173)</b>	<b>(2,058)</b>	<b>1,586</b>	<b>5,679</b>
£ 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 potential General fund balances of approx. £2.1m over 3 years (with a shortfall of £2.1m over 4 years & £6.2m over the 5 year period) - including the minimum approved level of £0.5m. Further savings of approx. £1.2m per annum over 5 years would have to be identified.

**Model 6 Impact of 1.99% increase in Council Tax in 2022/23 (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
<b>Reduction in Council Tax £</b>	29	57	84	109	132
Revised Surplus (-) /Deficit	482	2,716	2,851	3,287	3,640
<b>Balances Remaining (-) / Overdrawn</b>	<b>(8,149)</b>	<b>(5,433)</b>	<b>(2,582)</b>	<b>705</b>	<b>4,345</b>
£ 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. £2.6m over 3 years (with a shortfall of £1.2m over 4 years & £4.8m over the 5 year period) - including the minimum approved level of £0.5m. Further savings of approx. £1m per annum over 5 years would have to be identified.

Also available to the Council to support expenditure otherwise funded from Council Tax are surpluses arising from the Council's share of surpluses within the Council Tax or Business Rates elements of the Collection Fund – subject to the projected impact of the pandemic these may be significantly reduced or could mean a deficit position which would have to be funded in 2022/23 by the preceptors (subject to the Government commitment to allow any deficit arising from the pandemic to be spread over 3 years).

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

However, these were impacted in 2020/21 by the effect of the pandemic resulting in a deficit position which was funded in 2021/22 by the preceptors (& subject to the Government requirement to allow any deficit arising from the pandemic to be spread over 3 years). At this stage, the forecast Collection Fund deficits arising from the 2020/21 pandemic have not been updated and are included in line with the requirement to spread the deficit over 3 years – these will be updated following finalisation of the estimated surplus/deficit calculations in January 2022.

Year:	2022/23	2023/24	2024/25	2025/26	2026/27
<b>Council Tax</b>	£'000	£'000	£'000	£'000	£'000
Council Tax Income	(4,407)	(4,577)	(4,734)	(4,892)	(5,053)
Collection Fund Surplus (Council Tax)	30	30	(33)	(33)	(33)
Collection Fund Surplus (Business Rates)	261	261	-	-	-

The County Council, OPCC and Fire & Rescue Authority are due to finalise their budgets for 2022/23 during February 2022. The impact of the Borough Council tax proposals is shown for each Council Tax Band in **Appendix G**.

### **Balances**

At the Council meeting on 23<sup>rd</sup> February 2016 Members approved a minimum working level of balances of £0.5m. At 31<sup>st</sup> March 2022 General Fund revenue balances are estimated to be £8.6m. The minimum level of balances for planning purposes will remain at around £0.5m.

### **Summary and Conclusions**

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

In addition, there remains a degree of uncertainty in a number of areas including future income levels following the pandemic, local authority pay settlements, the potential for interest rate changes and the future local government finance settlements. A summary of all the budget proposals is shown in the table below. The summary revenue budget for 2022/23 appears at **Appendix D**.

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

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

<b>GF Summary</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>	<b>2026/27 £'000</b>
<b>Estimated Net Cost of Services</b>	<b>9,024</b>	<b>9,604</b>	<b>10,191</b>	<b>10,809</b>	<b>11,342</b>
Proposed Policy Changes	247	(221)	(172)	(174)	(169)
Change in Recharges	6	7	6	7	6
Inflationary impact of policy changes	-	3	7	10	13
<b>Net Expenditure</b>	<b>9,277</b>	<b>9,393</b>	<b>10,032</b>	<b>10,651</b>	<b>11,192</b>
<b>Financing:</b>					
RSG	(195)	-	-	-	-
Collection Fund (Surplus) / Deficit – Council Tax	30	30	(33)	(33)	(33)
Collection Fund Surplus / Deficit – Business Rates	261	261	-	-	-
Non Domestic Ratepayers	(14,919)	(15,217)	(15,522)	(15,832)	(16,149)
Tariff Payable	10,406	12,769	13,024	13,285	13,551
Council Tax Income (Model 1)	(4,407)	(4,577)	(4,734)	(4,893)	(5,053)
<b>Gross Financing</b>	<b>(8,824)</b>	<b>(6,734)</b>	<b>(7,265)</b>	<b>(7,473)</b>	<b>(7,684)</b>
Surplus(-)/Deficit	453	2,659	2,767	3,178	3,508
Balances Remaining (-) / Overdrawn	(8,178)	(5,519)	(2,752)	426	3,934
Per Council, 23 <sup>rd</sup> February 2021	(3,845)	(526)	-	-	-
Band D Equivalents	22,968	23,247	23,447	23,647	23,847

Indicating potential General fund balances of approx. £2.7m over 3 years (with a shortfall of £0.9m over 4 years & £4.4m over the 5 year period) - including the minimum approved level of £0.5m.

## HOUSING REVENUE ACCOUNT

### Technical Adjustments

The 2021/22 approved budget has been used as a base to which amendments have been made reflecting the impact of technical adjustments. The impact of the policy led changes, will be added to this figure to produce the HRA budget for 2022/23.

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

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
<b>Total / Revised Base Budget</b>	1,212	(133)	51	(122)	(332)

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

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

and are summarised in **Appendix E**.

## Proposals

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

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	292.6	-	-	-	-
HRA2	Add cost of cleaners van to HRA Estates budget - used across the HRA estates	2.0	2.0	-	-	-
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	-	-	-	-
HOPS2	Increased cost of HMO van to HRA budget	3.0	3.0	-	-	-
HPE1	Customer Services Housing Repairs - Extension of temporary contract for temporary member of staff due to finish 31 <sup>st</sup> March 2022 for a further 2 years	27.0	-	(27.0)	-	-
	<b>Total New Items / Amendments</b>	<b>589.6</b>	<b>(105.0)</b>	<b>(27.0)</b>	<b>-</b>	<b>-</b>
	<b>Cumulative</b>	<b>589.6</b>	<b>484.6</b>	<b>457.6</b>	<b>457.6</b>	<b>457.6</b>
	<b>Cumulative 5 years</b>					<b>2,447.0</b>



In addition, there is the following cost arising Phase 1 of the Recovery and Reset programme:

Item No	Proposal/(Existing Budget)	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
R&R10	Review of Cross subsidy- Charge removed whilst under review (max of 2 years)	229.6	-	(200.0)	-	-

Assuming increases in Rent in line with the maximum allowed by the Government's Rent Standard (CPI plus 1% p.a.) in order to support investment in the housing stock, the proposals will mean that balances will remain above the approved minimum level of £0.5m over the five year period.

Summary	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
<b>Estimated Net (Surplus) / Deficit</b>	1,212	(133)	51	(122)	(332)
Proposed Policy Changes	819	714	487	487	487
Change in Recharges / inflationary impact	(99)	(91)	(83)	(75)	(66)
Surplus (-) / Deficit	1,932	490	455	290	89
Balances Remaining (-) / Overdrawn	(3,648)	(3,158)	(2,703)	(2,413)	(2,324)
Per Council, 23 <sup>rd</sup> February 2021	(3,160)	(3,069)	(2,790)	(2,665)	-

Indicating Housing Revenue Account (HRA) balances of £2.7m over 3 years (with balances of £2.3m over 5 years) including the minimum recommended balances of £0.5m.

### Rent Setting Policy

The introduction of rent restructuring in April 2003 required the Council to calculate rents in accordance with a formula on a property by property basis and account separately for rental payments and payments which are for services (for example grounds maintenance, upkeep of communal areas, caretaking) within the total amounts charged.

This framework removed the flexibility to independently set rent levels from Social Landlords and replaced it with a fixed formula (RPI plus 0.5% plus £2.00) based on the value of the property and local incomes.

The aim of the framework was to ensure that by a pre-set date all social landlord rents have reached a 'target rent' for each property that will reflect the quality of accommodation and levels of local earnings. In achieving this target rent councils were also annually set a "limit rent" which restricted the level of rent increase in any one year.

From 2015/16, Councils could decide locally at what level to increase rents. Government Guidance suggested an increase of CPI plus 1%, however, the Council agreed to vary this level, and applied the formula CPI plus 1% plus £2 (capped at formula rent) **for 2015/16 only**, to generate additional funding to support increased maintenance costs and the regeneration of key housing areas within the Borough.

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

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

In setting the rent setting policy the Council had full regard to legislation, regulations and associated rent setting guidance including the Welfare Reform and Work Act 2016 which gave effect to the Government's 1% rent reduction for four years up to 2020/21.

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
	£	£	£	£	£	£
<b>Option 1: CPI + 1%</b>						
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
<b>Option 2: CPI</b>						
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%
<b>Reduced Rent compared to Option 1</b>	-	<b>187,670</b>	<b>384,780</b>	<b>601,910</b>	<b>802,380</b>	<b>1,023,300</b>
		<b>5 year impact</b>				<b>3,000,040</b>
<b>Option 3: No increase</b>						
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%
<b>Reduced Rent compared to Option 1</b>	-	<b>769,400</b>	<b>1,348,520</b>	<b>431,640</b>	<b>2,541,280</b>	<b>3,155,410</b>
		<b>5 year impact</b>				<b>8,246,250</b>
Inflation at CPI + 1%	1.5%	4.1%	3.0%	3.0%	3.0%	3.0%

## Balances

The forecast level of balances at 31<sup>st</sup> March 2022 is £5.6m. The impact on balances of the adjustments outlined in this report would be as follows:

Balances	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Proposed Withdrawal from / Addition to (-) Balances	1,932	490	455	290	89
<b>Balances Remaining (-) / Overdrawn</b>	<b>(3,648)</b>	<b>(3,158)</b>	<b>(2,703)</b>	<b>(2,413)</b>	<b>(2,324)</b>

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

## Corporate Capital Strategy

The Council has an ongoing capital programme of over £52m for 2021/22 and an asset base valued at £252m (as at 31<sup>st</sup> 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) and the Asset Strategy Steering Group (ASSG) review capital bids. Once capital bids have been prioritised, Executive Management Team will review the outcome of the deliberations of CMT / ASSG and will make recommendations to Cabinet through an updated Medium Term Financial Strategy (MTFS) report on a proposed budget package which will include capital budget proposals.

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

Following a review of the Capital Programme approved by Council on 23<sup>rd</sup> 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 **£340k** remains in current year contingency funds (£240k GF/ £100k HRA) - which will be re-profiled into 2022/23 to provide General Contingency funding.

## Policy Changes Summary

SERVICE AREA	Sheet No.	Budget Changes 22/23 £'000	Budget Changes 23/24 £'000	Budget Changes 24/25 £'000	Budget Changes 25/26 £'000	Budget Changes 26/27 £'000
EXECUTIVE DIRECTOR ORGANISATION	1	-	8.5	11.0	-	-
PEOPLE	2	125.6	(87.9)	2.6	(3.8)	-
OPERATIONS AND LEISURE	3	299.9	(83.4)	(25.8)	-	-
EXECUTIVE DIRECTOR FINANCE		-	-	-	-	-
FINANCE	4	118.8	(115.8)	1.0	2.0	5.0
EXECUTIVE DIRECTOR COMMUNITIES		-	-	-	-	-
NEIGHBOURHOODS		-	-	-	-	-
PARTNERSHIPS	5	57.8	(57.8)	-	-	-
ASSETS	6	95.8	-	-	-	-
CHIEF EXECUTIVE		-	-	-	-	-
GROWTH & REGENERATION	7	226.0	(212.0)	-	-	-
<b>TOTAL</b>		<b>923.8</b>	<b>(548.4)</b>	<b>(11.2)</b>	<b>(1.8)</b>	<b>5.0</b>
<b>Cumulative Cost / (Saving)</b>		<b>923.8</b>	<b>375.4</b>	<b>364.2</b>	<b>362.3</b>	<b>367.3</b>
HOUSING REVENUE ACCOUNT	Sheet No.	Budget Changes 22/23 £'000	Budget Changes 23/24 £'000	Budget Changes 24/25 £'000	Budget Changes 25/26 £'000	Budget Changes 26/27 £'000
HRA - ASSETS	8	334.6	2.0	-	-	-
HRA - NEIGHBOURHOODS	9	228.0	(107.0)	-	-	-
HRA - PEOPLE	10	27.0	-	(27.0)	-	-
<b>TOTAL</b>		<b>589.6</b>	<b>(105.0)</b>	<b>(27.0)</b>	<b>-</b>	<b>-</b>
<b>Cumulative Cost / (Saving)</b>		<b>589.6</b>	<b>484.6</b>	<b>457.6</b>	<b>457.6</b>	<b>457.6</b>

## Policy Changes Summary Staffing Implications

SERVICE AREA	Sheet No.	Budget Changes 22/23 FTE	Budget Changes 23/24 FTE	Budget Changes 24/25 FTE	Budget Changes 25/26 FTE	Budget Changes 26/27 FTE
EXECUTIVE DIRECTOR ORGANISATION	1	-	-	-	-	-
PEOPLE	2	4.0	(3.0)	-	-	-
OPERATIONS AND LEISURE	3	2.6	(2.6)	-	-	-
EXECUTIVE DIRECTOR FINANCE		-	-	-	-	-
FINANCE	4	-	-	-	-	-
EXECUTIVE DIRECTOR COMMUNITIES		-	-	-	-	-
NEIGHBOURHOODS		-	-	-	-	-
PARTNERSHIPS	5	-	-	-	-	-
ASSETS	6	-	-	-	-	-
CHIEF EXECUTIVE		-	-	-	-	-
GROWTH & REGENERATION	7	0.5	(0.3)	-	-	-
<b>TOTAL</b>		<b>7.1</b>	<b>(5.9)</b>	<b>-</b>	<b>-</b>	<b>-</b>

HOUSING REVENUE ACCOUNT - ASSETS	Sheet No.	Budget Changes 22/23 FTE	Budget Changes 23/24 FTE	Budget Changes 24/25 FTE	Budget Changes 25/26 FTE	Budget Changes 26/27 FTE
HRA - ASSETS	8	-	-	-	-	-
HRA - NEIGHBOURHOODS	9	6.5	(3.0)	-	-	-
HRA - PEOPLE	10	1.0	-	(1.0)	-	-
<b>TOTAL</b>		<b>7.5</b>	<b>(3.0)</b>	<b>(1.0)</b>	<b>-</b>	<b>-</b>



**EXECUTIVE DIRECTOR ORGANISATION**

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			22/23	23/24	24/25	25/26	26/27
			£'000	£'000	£'000	£'000	£'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	-	-
<b>Total New Items / Amendments</b>			-	8.5	11.0	-	-

**STAFFING IMPLICATIONS**

Item No	Proposal/(Existing Budget)	Implications	22/23	23/24	24/25	25/26	26/27
			FTE	FTE	FTE	FTE	FTE
<b>TOTAL</b>			-	-	-	-	-

2022/23 Budget Process - Policy Changes				Sheet	2			
PEOPLE								
Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change	
			22/23	23/24	24/25	25/26	26/27	
			£'000	£'000	£'000	£'000	£'000	
PE1	HR - Increase in long service award budget to meet profiled expenditure for the next three years		4.9	(1.3)	2.6	(3.8)	-	
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. Ongoing hosting costs are £15k pa est.	Move to utilising more cloud-based services in line with approved ICT Strategy, improved business continuity of essential system, reduce resource required for application upgrades/patches/maintenance, reduce resources required maintain iTrent server environment and databases – both allowing ICT to focus on delivery of other projects/Strategy related value-add activities. MHR Cloud services will also give greater flexibility of access/availability for iTrent.	15.0					
PE4	Customer Services - Hire of Security - extension of contract to December 2022 (also impact on HRA)		12.3	(12.3)				
PE5	Communications & Marketing - Permanent extension of existing temporary contract		19.1					
<b>Total New Items / Amendments</b>			<b>125.6</b>	<b>(87.9)</b>	<b>2.6</b>	<b>(3.8)</b>	<b>-</b>	
<b>STAFFING IMPLICATIONS</b>								
Item No	Proposal/(Existing Budget)	Implications	22/23	23/24	24/25	25/26	26/27	
			FTE	FTE	FTE	FTE	FTE	
PE2	Five temporary Gr B staff to be retained to 31st March 2023 (112.2 hours in total)		3.03	(3.03)				
PE5	Communications & Marketing - Permanent extension of existing temporary contract		1.00					
<b>TOTAL</b>			<b>4.03</b>	<b>(3.03)</b>	<b>-</b>	<b>-</b>	<b>-</b>	

2022/23 Budget Process - Policy Changes				Sheet 3			
OPERATIONS AND LEISURE							
Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000
OPS 1	Remove income streams from the activity centre	To remove the income lines for both the crazy golf and the gym within the activity centre. Which will increase bottom line costs	0.6				
			26.4		(25.8)		
OPS 2	Increase purchase of plants budget	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	15.0				
		A further £10k is requested for 2022/23 so as to enable additional floral displays to enhance the Queens Platinum Jubilee celebrations throughout the town	10.0	(10.0)			
OPS 3	A budget of £15k be created to provide Members Environmental Improvement Grants.	To provide each member with £500 per annum to use to aid environmental improvements in their ward. The grant can be pooled with other ward members and can be rolled over for up to four financial years to enable larger improvements to be made.	15.0				
OPS 4	An additional revenue budgets required for the purchase of vehicles and mechanical sweepers for the authority.	An additional £50k for the revenue budget for the purchase of vehicles and mechanical sweepers for the authority.	56.2	27.6			
OPS 5	Assembly Rooms - Increase maintenance revenue budget by £33k	The 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 £9k, therefore the increase required is £33k	33.0				

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000
OPS 6	Create additional budget of £98k for salaries at the Assembly Rooms.	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, (6 <sup>th</sup> April 2021) it was identified that £98k would be need to fully support this structure from 2022/23. It was agreed at that point that this would be considered within the budget process	101.0	(101.0)			
OPS 7	Reduction in Income from Staffs County Council	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 dramatically reduced to the equivalent of two cuts pa. The Council rejected this as not sustainable or safe and after lengthy negotiation it was agreed that the fee would now relate for 6 annual cuts plus payment for the grass cutting of some additional spaces from new developments.	28.3				
AST2	Increase in BRF to reflect market cost changes	Upward price pressures from the construction market has forced an increase in contractor costs. This will be reviewed bi-annually	14.5				
<b>Total New Items / Amendments</b>			<b>299.9</b>	<b>(83.4)</b>	<b>(25.8)</b>	-	-
<b>STAFFING IMPLICATIONS</b>							
			22/23 FTE	23/24 FTE	24/25 FTE	25/26 FTE	26/27 FTE
OPS 6	4 posts at assembly rooms, 3 duty managers 1.84 FTE and 0.75 FTE of leisure services post		2.60	(2.60)			
<b>TOTAL</b>			<b>2.60</b>	<b>(2.60)</b>	-	-	-

## FINANCE

Item	Proposal/(Existing Budget)	Implications	Budget	Budget	Budget	Budget	Budget
			22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000
FIN1	Revised New Homes Bonus	Updated NHB grant notification following confirmation of continuation of scheme for 2022/23	(704.4)	704.37	-	-	-
FIN2	Business Rates Levy payment	Inclusion of budget for levy payment following deferral of the Business Rates reset	1,087.3	(1,087.3)	-	-	-
FIN3	Lower Tier Grant	Inclusion of income budget for Lower Tier grant notified for 2022/23	(104.9)	104.90	-	-	-
FIN4	Business Rates Relief Section 31 Grant	New Burdens funding for Government scheme to reduce business rates charges following deferral of the reset	TBA	-	-	-	-
FIN5	Local Government Services grant	Inclusion of income budget for new, one-off Services grant notified for 2022/23	(161.2)	161.2	-	-	-
FIN6	Revenue Implications of Capital Programme	Repayment of debt (4%) on unsupported borrowing / lost investment income	2.0	1.0	1.0	2.0	5.0
<b>Total New Items / Amendments</b>			<b>118.8</b>	<b>(115.8)</b>	<b>1.0</b>	<b>2.0</b>	<b>5.0</b>
<b>STAFFING IMPLICATIONS</b>							
Item No	Proposal/(Existing Budget)	Implications	22/23 FTE	23/24 FTE	24/25 FTE	25/26 FTE	26/27 FTE
	<b>TOTAL</b>		-	-	-	-	-

**PARTNERSHIPS**

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			22/23	23/24	24/25	25/26	26/27
			£'000	£'000	£'000	£'000	£'000
PAR1	To maintain the level of potential income on car park enforcement at agreed pandemic level of £57,750 plus inflation for 2022/23		57.8	(57.8)	-	-	-
<b>Total New Items / Amendments</b>			<b>57.8</b>	<b>(57.8)</b>	<b>-</b>	<b>-</b>	<b>-</b>

**STAFFING IMPLICATIONS**

Item No	Proposal/(Existing Budget)	Implications	22/23	23/24	24/25	25/26	26/27
			FTE	FTE	FTE	FTE	FTE
<b>TOTAL</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**ASSETS**

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000
AST1	Valuation of General Fund Assets	There is a requirement to value assets on an annual basis for the accounts. Our 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. This will be reviewed bi-annually	44.3				
AST3	Servicing of castle grounds toilet facilities	This reflects the increase ongoing cost of servicing and cleansing of the castle ground toilets in order to keep them operational.	1.5				
<b>Total New Items / Amendments</b>			<b>95.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**STAFFING IMPLICATIONS**

Item No	Proposal/(Existing Budget)	Implications	22/23	23/24	24/25	25/26	26/27
			FTE	FTE	FTE	FTE	FTE
<b>TOTAL</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**GROWTH & REGENERATION**

Item	Proposal/(Existing Budget)	Implications	Budget	Budget	Budget	Budget	Budget
			22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000
G&R1	A c 30% drop in planned revenue in car parking revenue for financial year 2022 / 2023 compared to 2019/2020.	<p>The COVID-19 pandemic has closed significant portions of the economy and as such in 2020/2021 and parts of 2021/ 2022 has had a significant impact on car park income to date. Wider projects across the Town Centre, indicate that usage and footfall is still only at best 70% of pre pandemic levels. At this time it is difficult to predict likely impact on car parking revenue throughout 2022 / 2023. It is thought high likely that revenue will be still be impacted as people swap habits as a result of the pandemic and the affects construction in the Town centre as a result of FHSF projects is unclear. The budget for the current financial year, expects a 40% decrease in anticipated revenue against pre pandemic levels. Estimates for fy 2022 / 2023 are a c 70% return based on 2019 / 2020 income projections.</p>	240.0	(240.0)			
			16.6	(16.6)			
G&R2	Providing additional salary to budget to underpin the costs of a new post, approved earlier in the year. The Castle is required to provide 25% of the salary plus on costs which for the next financial year is £10,065. The request is for ongoing budget to support the position ofss Heritage and Facilities Officer.	A new post of Heritage and Leisure Facilities Officer was approved at the April 2021 Appointment and Staffing Committee. The post ensures that venues such as the Assembly Rooms, Castle, Town Hall and Activity centre are well maintained and fit for audiences, removing the duties from the Arts & Events staff and Castle Manager thus enabling these roles to fully concentrate on delivering their specific agendas.	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.	The previous post holder had previously reduced their hours to 30 hours per week and retired in 2021. This post is essential to the Environmental Health service and is heavily involved in dealing with infectious diseases, Covid-19 outbreaks, dealing with Illegal Traveller Encampments and Licensing Applications. When we recruited a replacement it was essential for the team that this be a full time post and a business case was agreed to fulfil this need using reserve budgets. It is essential that sufficient Officer capacity is maintained in the Environmental Health Service and if approved, this Policy change will be make a big difference.	7.2				
G&R4	The proposal is to remove the predicted reduction in general admission income at the castle as we emerge from pandemic restrictions. Adjustment to 2021/22 policy change	When the policy change recommendations were made in respect of visitor admissions the recovery of this aspect of the service was anticipated to take several years. Given the positive indications in 21/22 it is recommended that the full budget be reinstated for 22/23.	(54.6)	54.6			



Item	Proposal/(Existing Budget)	Implications	Budget	Budget	Budget	Budget	Budget
			22/23	23/24	24/25	25/26	26/27
			£'000	£'000	£'000	£'000	£'000
AST2	Increase in BRF to reflect market cost changes	Upward price pressures from the construction market has forced an increase in contractor costs. This will be reviewed bi-annually	6.9				
<b>Total New Items / Amendments</b>			<b>226.0</b>	<b>(212.0)</b>	-	-	-
<b>STAFFING IMPLICATIONS</b>							
			22/23	23/24	24/25	25/26	26/27
			FTE	FTE	FTE	FTE	FTE
G&R2	0.25 FTE towards leisure services officer under the Assembly rooms		0.3	(0.3)			
G&R3	0.2 FTE on environmental health		0.2				
<b>TOTAL</b>			<b>0.5</b>	<b>(0.3)</b>	-	-	-

**HOUSING REVENUE ACCOUNT - ASSETS**

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000
HRA1	Increase in response repairs budget to reflect market cost changes	Upward price pressures from the construction market has forced an increase in contractor costs. This Cleaners vans is not being used for corporate assets but is being used across the HRA estates  There is a requirement to value assets on an annula basis for the accounts. Our auditors have identified some key areas of improvement which will require additional investment.  Failure to service and maintain equipment installed as part of a DFA will result in increased costs of renewals	292.61	-	-	-	-
HRA2	Add cost of cleaners van to HRA Estates budget		2.00	2.00	-	-	-
HRA3	Valuation of Housing Revenue Account Assets		25.00	-	-	-	-
HRA4	Servicing of specialist disabled equipment installed as part of Disabled Facilities Adaptation		15.00	-	-	-	-
<b>Total New Items / Amendments</b>			<b>334.61</b>	<b>2.00</b>	<b>-</b>	<b>-</b>	<b>-</b>

**STAFFING IMPLICATIONS**

Item No	Proposal/(Existing Budget)	Implications	22/23 FTE	23/24 FTE	24/25 FTE	25/26 FTE	26/27 FTE
<b>TOTAL</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

2022/23 Budget Process - Policy Changes			Sheet	9			
HOUSING REVENUE ACCOUNT - NEIGHBOURHOODS							
Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000
NEI1	Former Tenancy Arrears Officer - Budget provision to cover the cost of extending the temporary full-time post 'Former Tenancy Arrears Officer' within Mike Buckland's department to address the recovery of HRA's wide range of former arrears until March 2023 on a Grade D.		14.65	(14.65)	-	-	-
NEI2	Resident Support Worker – Eringden Block - Budget provision to cover the cost of extending the temporary post 'Resident Support Worker' at Eringden Block for a further year until March 2023 on a Grade D.		34.40	(34.40)			
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.		15.00	(15.00)			
NEI4	Customer Services - Hire of Security - extension of contract to December 2022		12.25	(12.25)			
NEI5	Extending the temporary post 'Housing Regulatory & High Rise Co-ordinator' a further year until March 2023 on a Grade E.		33.68	(33.68)			
NEI6	Required annually to provide ongoing additional waste collections to HRA flatted areas, to be facilitated by the Councils waste provider		20.00				
HOPS1	Create 3.5 FTE positions within housing maintenance operatives	circa £95k to fund three additional Housing maintenance operatives - 3 full time positions, together with a 50% share in the funding of the Waste and Environmental Officer to oversee the coordination of works within Streetscene.	95.00				
HOPS2	Add cost of HMO van to HRA budget	Increased costs of vans following tender exercise	3.00	3.00			
<b>Total New Items / Amendments</b>			<b>227.98</b>	<b>(106.98)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>STAFFING IMPLICATIONS</b>							
Item No	Proposal/(Existing Budget)	Implications	22/23 FTE	23/24 FTE	24/25 FTE	25/26 FTE	26/27 FTE
NEI1	Former Tenancy Arrears Officer - extending the temporary full-time post to address the recovery of HRA's wide range of former arrears until March 2023 on a Grade D		1.0	(1.0)			
NEI2	Resident Support Worker – Eringden Block - Extending the temporary post 'Resident Support Worker' at Eringden Block for a further year until March 2023 on a Grade D		1.0	(1.0)			
NEI5	Extending the temporary post 'Housing Regulatory & High Rise Co-ordinator' a further year until March 2023 on a Grade E.		1.0	(1.0)			
HOPS1	Create 3.5 FTE positions within housing maintenance operatives		3.5				
<b>TOTAL</b>			<b>6.5</b>	<b>(3.0)</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>HRA - PEOPLE</b>
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Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			22/23	23/24	24/25	25/26	26/27
			£'000	£'000	£'000	£'000	£'000
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)		
<b>Total New Items / Amendments</b>			<b>27.00</b>	<b>-</b>	<b>(27.00)</b>	<b>-</b>	<b>-</b>

<b>STAFFING IMPLICATIONS</b>
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Item No	Proposal/(Existing Budget)	Implications	22/23	23/24	24/25	25/26	26/27
			FTE	FTE	FTE	FTE	FTE
HPE1	One temporary full time post to be retained to 31st March 2024		1.00		(1.00)		
<b>TOTAL</b>			<b>1.00</b>	<b>-</b>	<b>(1.00)</b>	<b>-</b>	<b>-</b>

## HOUSING REVENUE ACCOUNT BUDGET SUMMARY 2022/23 – 2026/27

<i>Figures exclude internal recharges which have no bottom line impact.</i>	<b>Budget 2022/23 £</b>	<b>Budget 2023/24 £</b>	<b>Budget 2024/25 £</b>	<b>Budget 2025/26 £</b>	<b>Budget 2026/27 £</b>
HRA Summary	(2,306,580)	(3,756,620)	(3,883,500)	(4,165,120)	(4,486,640)
ED Communities	53,170	56,020	58,940	61,920	64,990
AD People	262,820	267,020	244,380	248,180	251,510
AD Operations & Leisure	279,780	270,720	273,830	276,480	279,200
AD Assets	58,240	85,430	111,680	138,280	164,620
AD Neighbourhoods	3,584,190	3,567,150	3,649,840	3,731,070	3,815,030
<b>Grand Total</b>	<b>1,931,620</b>	<b>489,720</b>	<b>455,170</b>	<b>290,810</b>	<b>88,710</b>

Figures include proposed Policy Changes

## General Fund Summary Budgets – 2022/23

<i>Figures exclude internal recharges which have no bottom line impact.</i>	<b>Base Budget 2021/22 £</b>	<b>Technical Adjustments £</b>	<b>Policy Changes £</b>	<b>Budget 2022/23 £</b>
Chief Executive	1,716,140	434,550	-	2,150,690
AD Growth & Regeneration	765,070	(219,940)	197,950	743,080
ED Organisation	474,480	21,680	-	496,160
AD People	1,866,050	(62,960)	72,640	1,875,730
AD Operations & Leisure	2,708,480	(1,980)	213,880	2,920,380
ED Finance	86,670	(1,340)	-	85,330
AD Finance	(1,821,470)	1,933,650	(11,220)	100,960
ED Communities	-	-	-	-
AD Assets	(588,150)	(87,000)	95,750	(579,400)
AD Neighbourhoods	968,580	(94,190)	(110,000)	764,390
AD Partnerships	958,770	(26,430)	(211,730)	720,610
<b>Total Cost of Services</b>	<b>7,134,620</b>	<b>1,896,040</b>	<b>247,270</b>	<b>9,277,930</b>
<b>Transfer from Business Rates Reserve</b>	<b>(6,876,350)</b>	6,876,350	-	-
<b>Net Cost</b>	<b>258,270</b>	<b>8,772,390</b>	<b>247,270</b>	<b>9,277,930</b>
Transfer to / (from) Balances	(206,157)	(247,796)	-	(453,953)
Revenue Support Grant	(188,572)	(6,076)	-	(194,648)
Retained Business Rates	(13,166,215)	(1,752,651)	-	(14,918,867)
Less: Tariff payable	10,405,841	-	-	10,405,841
Collection Fund Surplus (Council Tax)	(60,376)	90,564	-	30,188
Collection Fund Surplus (Business Rates)	7,137,191	(6,876,352)	-	260,839
<b>Council Tax Requirement</b>	<b>(4,179,982)</b>	19,921	<b>(247,270)</b>	<b>(4,407,330)</b>

## General Fund – Technical Adjustments 2022/23

	Budget 2021/22	Technical Adjustments						Total Adjusted Base 2022/23	
		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
<b>Grand Total</b>	<b>258,270</b>	<b>-</b>	<b>8,787,960</b>	<b>24,870</b>	<b>(294,990)</b>	<b>248,250</b>	<b>-</b>	<b>8,766,090</b>	<b>9,024,360</b>

## Housing Revenue Account – Technical Adjustments 2022/23

	Budget 2021/22	Technical Adjustments						Total Adjustments £	Total Adjusted Base 2022/23
		Virements £	Committee Decisions £	Inflation £	Other £	Pay Adjustments £	Changes in Recharges £		
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	-	-	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>342,610</b>	<b>-</b>	<b>1,197,710</b>	<b>201,280</b>	<b>(605,080)</b>	<b>75,020</b>	<b>-</b>	<b>868,930</b>	<b>1,211,540</b>



## General Fund Five Year Revenue Budget Summary

<i>Figures exclude internal recharges which have no bottom line impact.</i>	<b>Budget 2022/23</b>	<b>Budget 2023/24</b>	<b>Budget 2024/25</b>	<b>Budget 2025/26</b>	<b>Budget 2026/27</b>
	£	£	£	£	£
Chief Executive	2,150,690	2,170,230	2,133,120	2,178,490	2,164,610
AD Growth & Regeneration	743,080	388,460	423,780	456,670	486,680
ED Organisation	496,160	523,450	554,020	573,420	593,340
AD People	1,875,730	1,853,750	1,870,670	1,928,820	1,990,930
AD Operations & Leisure	2,920,380	2,933,800	2,987,590	3,063,300	3,139,450
ED Finance	85,330	88,230	91,210	94,250	97,380
AD Finance	100,960	643,420	915,100	1,236,700	1,536,610
ED Communities	0	0	0	0	0
AD Assets	(579,400)	(758,860)	(738,070)	(716,710)	(694,900)
AD Neighbourhoods	764,390	861,740	882,830	902,260	922,530
AD Partnerships	720,610	688,160	911,470	933,950	955,900
Recharges	0	0	0	0	0
<b>Total Cost of Services</b>	<b>9,277,930</b>	<b>9,392,380</b>	<b>10,031,720</b>	<b>10,651,150</b>	<b>11,192,530</b>
Transfer to / (from) Balances	(453,953)	(2,657,897)	(2,767,628)	(3,178,496)	(3,508,316)
Revenue Support Grant	(194,648)	-	-	-	-
Retained Business Rates	(14,918,867)	(15,217,244)	(15,521,589)	(15,832,021)	(16,148,661)
Less: Tariff payable	10,405,841	12,769,033	13,024,414	13,284,902	13,550,600
Collection Fund Surplus (Council Tax)	30,188	30,188	(33,000)	(33,000)	(33,000)
Collection Fund Surplus (Business Rates)	260,839	260,839	-	-	-
<b>Council Tax Requirement</b>	<b>(4,407,330)</b>	<b>(4,577,299)</b>	<b>(4,733,917)</b>	<b>(4,892,535)</b>	<b>(5,053,153)</b>

Figures include proposed Policy Changes

## Appendix G

### Council Tax levels at each band for 2022/23

Authority:	Tamworth Borough Council Tax 2021/22	Tamworth Borough Council	* Staffordshire County Council	* Office of the Police & Crime Commissioner (OPCC) Staffordshire	* Staffordshire Commissioner Fire and Rescue Authority	<b>Total 2022/23</b>	Total Council Tax 2020/21
	£	£	£	£	£	£	£
Demand/Precept on Collection Fund		4,407,138	32,183,715	5,708,817	1,845,346	<b>44,145,016</b>	
Council Tax Band							
A	121.26	127.93	934.20	165.71	53.57	<b>1,281.41</b>	1,186.78
B	141.47	149.25	1,089.90	193.33	62.49	<b>1,494.97</b>	1,384.58
C	161.68	170.57	1,245.60	220.95	71.42	<b>1,708.54</b>	1,582.38
<b>D</b>	<b>181.89</b>	<b>191.89</b>	<b>1,401.30</b>	<b>248.57</b>	<b>80.35</b>	<b>1,922.11</b>	1,780.17
E	222.31	234.53	1,712.70	303.81	98.21	<b>2,349.25</b>	2,175.76
F	262.73	277.17	2,024.10	359.05	116.06	<b>2,776.38</b>	2,571.36
G	303.15	319.82	2,335.50	414.28	133.92	<b>3,203.52</b>	2,966.95
H	363.78	383.78	2,802.60	497.14	160.70	<b>3,844.22</b>	3,560.34
% increase	2.83%	2.68%	2.99%	4.19%	1.99%	3.07%	3.78%

*\* Assuming increases in Council Tax levels in line with the referendum limits. At the time of writing precept information for the County Council, OPCC and the Fire & Rescue Authority is still awaited.*

## Draft General Fund Capital Programme 2022/23 to 2026/27

<b>General Fund Capital Programme</b>	<b>2022/23 £</b>	<b>2023/24 £</b>	<b>2024/25 £</b>	<b>2025/26 £</b>	<b>2026/27 £</b>	<b>Total £</b>
Future High Streets Fund	9,994,600	1,848,810	-	-	-	<b>11,843,410</b>
Replacement PC's, Servers and Printers	60,000	60,000	60,000	40,000	40,000	<b>260,000</b>
Endpoint Protection and Web-Email Filter	40,000	-	-	40,000	-	<b>80,000</b>
Recovery & Reset ICT requirements	523,000	-	-	-	-	<b>523,000</b>
Street Lighting	-	233,600	120,000	50,960	-	<b>404,560</b>
Balancing Ponds	-	230,000	100,000	300,000	220,000	<b>850,000</b>
Disabled Facilities Grant	650,000	650,000	650,000	650,000	650,000	<b>3,250,000</b>
Energy Efficiency Upgrades to Commercial and Industrial Units	75,000	75,000	75,000	75,000	75,000	<b>375,000</b>
Recovery and Reset Programme	150,000	150,000	150,000	150,000	150,000	<b>750,000</b>
CCTV Upgrades	45,710	45,710	45,710	45,710	45,710	<b>228,550</b>
<b>Total General Fund Capital</b>	<b>11,538,310</b>	<b>3,293,120</b>	<b>1,200,710</b>	<b>1,351,670</b>	<b>1,180,710</b>	<b>18,564,520</b>
<b>Proposed Financing:</b>						
Grants - Disabled Facilities	546,890	546,890	546,890	546,890	546,890	<b>2,734,450</b>
Capital Grants	156,710	30,000	-	-	-	<b>186,710</b>
General Fund Capital Receipts	4,400	204,400	4,400	4,400	59,400	<b>277,000</b>
Golf Course Receipts	-	1,848,810	-	-	-	<b>1,848,810</b>
Sale of Council House Receipts	138,710	229,020	225,420	251,420	280,420	<b>1,124,990</b>
General Fund Capital Reserve	673,000	380,000	370,000	474,960	170,000	<b>2,067,960</b>
Other Contributions	10,018,600	24,000	24,000	24,000	24,000	<b>10,114,600</b>
<b>Unsupported Borrowing</b>	<b>-</b>	<b>30,000</b>	<b>30,000</b>	<b>50,000</b>	<b>100,000</b>	<b>210,000</b>
Total	<b>11,538,310</b>	<b>3,293,120</b>	<b>1,200,710</b>	<b>1,351,670</b>	<b>1,180,710</b>	<b>18,564,520</b>

Appendix I

Draft Housing Revenue Account Capital Programme 2021/22 to 2025/26

<b>Housing Revenue Account Capital Programme</b>	<b>2022/23 £</b>	<b>2023/24 £</b>	<b>2024/25 £</b>	<b>2025/26 £</b>	<b>2026/27 £</b>	<b>TOTAL £</b>
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
<b>Total HRA Capital</b>	<b>10,714,500</b>	<b>6,924,900</b>	<b>8,999,500</b>	<b>9,945,940</b>	<b>9,869,500</b>	<b>46,454,340</b>

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

## 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 1<sup>st</sup> 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' (confirmed at £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.

## Sensitivity Analysis

		Potential Budgetary Effect				
	Risk	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
<b>Pay Award / National Insurance (GF)</b>						
Impact +/- 0.5% Variance £'000	L	46	94	143	193	245
Budget Impact over 1 year	L	46				
Budget Impact over 3 years	M	283				
Budget Impact over 5 years	M	721				
<b>Pay Award / National Insurance (HRA)</b>						
Impact +/- 0.5% Variance £'000	L	14	28	43	59	74
Budget Impact over 1 years	L	14				
Budget Impact over 3 years	L	85				
Budget Impact over 5 years	M	218				
Subject to negotiation for Local Government pay (including any protection for low paid employees)						
<b>Pension Costs</b>						
Impact +/- 0.5% Variance £'000	L	0	62	126	192	260
Budget Impact over 1 year	L	0				
Budget Impact over 3 years	L	188				
Budget Impact over 5 years	M	640				
3 year agreement in place from 2020/21 - subject to stock market & membership changes						
<b>Council Tax</b>						
Impact on Council Tax income £'000		42	67	94	122	152
Budget Impact over 1 year	L	42				
Budget Impact over 3 years	L	203				
Budget Impact over 5 years	M	477				
<b>Inflation / CPI</b>						
Impact +/- 0.5% Variance £'000	L	66	126	187	250	314
Budget Impact over 1 year	L	66				
Budget Impact over 3 years	L	379				
Budget Impact over 5 years	M	943				
<b>Government Grant</b>						
Impact +/- 1.0% Variance £'000	L	47	72	97	122	148
Budget Impact over 1 year	L	47				
Budget Impact over 3 years	L	216				
Budget Impact over 5 years	M	486				
<b>Investment Interest</b>						



		Potential Budgetary Effect				
	Risk	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Impact +/- 0.5% Variance £'000	L	203	276	331	381	434
Budget Impact over 1 year	L	203				
Budget Impact over 3 years	H	810				
Budget Impact over 5 years	H	1625				
<b>Key Income Streams (GF)</b>						
Impact +/- 10% Variance £'000	L	192	407	629	858	1091
Budget Impact over 1 year	L	192				
Budget Impact over 3 years	H	1228				
Budget Impact over 5 years	H	3177				
<b>Key Income Streams (HRA)</b>						
Impact +/- 1% Variance £'000	L	195	395	600	810	1025
Budget Impact over 1 years	L	195				
Budget Impact over 3 years	H	1190				
Budget Impact over 5 years	H	3025				
<b>Business Rates</b>						
Impact +/- 0.5% Variance £'000	L	75	151	228	307	388
Budget Impact over 1 year	L	75				
Budget Impact over 3 years	M	454				
Budget Impact over 5 years	H	1149				

**Contingencies 2022/23 - 2026/27**

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

<b>Capital</b>	2022/23	2023/24	2024/25	2025/26	2026/27
Specific Earmarked &	£'000	£'000	£'000	£'000	£'000
<b>General</b>					
<b>General Fund</b>					
<b>General Contingency*</b>	120	-	-	-	-
Return on Investment*	20	-	-	-	-
Plant & Equipment*	100	-	-	-	-
<b>Total GF Capital</b>	240	-	-	-	-
<b>Housing Revenue Account</b>					
<b>General Contingency*</b>	100	-	-	-	-
<b>Total HRA Capital</b>	100	-	-	-	-

\* Forecast to be re-profiled from 2021/22 Capital Programme