

1st December 2022

REPORT OF THE LEADER OF THE COUNCIL

DRAFT BASE BUDGET FORECASTS 2023/24 to 2027/28

Purpose

To inform Members of the re-priced base budget for 2023/24, base budget forecasts for the period 2023/24 to 2027/28 (the 5 Year Medium Term Planning Period) and the underlying assumptions and to consider the future strategy to address the financial trends.

Recommendations

That:

- 1. the technical adjustments and re-priced base budget figures for 2023/24 and indicative budgets to 2027/28 be approved (as attached at Appendix B, C, D, E, F, G and H);**
- 2. consideration be given to the proposed Policy Changes and Capital Programmes, as detailed within the report;**
- 3. consideration be given to the planned changes to Council Tax and Housing Rent for 2023/24, as detailed within the report;**
- 4. the decision to freeze pension contributions for 3 years from 2023/24, with an advance payment in April 2023, be endorsed; and**
- 5. in compliance with the Constitution of the Council, note that the Leader's Budget Workshop were due to consider the budget proposals contained within this report on 30th November 2022.**

Executive Summary

The following detailed budget information is contained within the report:

Re-priced base budget information (and the associated technical adjustments) for 2023/24 in respect of the General Fund (GF) and Housing Revenue Account (HRA);

A five year, medium term financial forecast for the General Fund and HRA;

The associated strategy to address the financial trends and projection;

The Provisional Capital Programmes for the General Fund and Housing Revenue Account for the period 2023/24 to 2027/28.

When Council approved the 2022/23 Budget and Medium Term Financial Strategy in February 2022, the ongoing 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.

Significant uncertainties around the Council's finances remain, pending an update on the planned fair funding review (& business rates reset), as well as significant cost pressures arising from the current economic situation – Members will face difficult decisions around prioritising services, when faced with significant reductions in funding.

The Government previously said it will keep an open dialogue with the local authorities, including how to treat our accumulated business rates growth of £2m p.a. (pending the planned business rates baseline reset). On 28 June 2022, the then Secretary of State for Levelling Up, Housing & Communities gave an address at the Local Government Association conference.

Along with thanking the sector and highlighting various key policies relating to and delivered by local government, the speech confirmed that from next year there will be a two-year settlement (assumed to mean for 2023/24 and 2024/25), **and that a consultation would follow over the summer.** This did not take place.

It will be late December when the situation will be known - when the Draft Local Government Finance Settlement is published. Should the Government let District Councils keep some or all the accumulated growth in business rates then that would benefit the MTFS – but that would be subject to the effect of the 2023 Business Rates Revaluation on future business rate income and associated tariff adjustment.

There are also further uncertainties arising from current cost pressure and inflationary increases which have compounded the likely price increases for supplies that are required for building or construction/maintenance works.

In addition, and following the recent mini budget on 23rd September, there are cost pressures expected due to the financial markets' response to the contents of that budget. There is an increased likelihood of a rise in interest rates, and it can be expected that this will have a negative effect on the price of goods and services but a positive effect from the return from the Council's Treasury investments.

There will also 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 October and March for units rates charged for the year commencing April. The basket rates will experience a significant increase from April 2022.

Updated Forecasts

As a result of the updated forecast in October 2022, the Central Case forecast projections identified General Fund balances of £0.3m over 3 years – with a shortfall of £3.7m by 2026/27 and £7.2m over the 5 years to 2027/28, including the minimum approved level of £0.5m (compared to the 5 year projections within the approved MTFS, following receipt of the Local Government Finance Settlement and the updated forecast in February 2022, the MTFS projections identified General Fund balances of £2.8m over 3 years – with a shortfall of £1m by 2025/26 and £4.6m over the 4 years to 2026/27, including the minimum approved level of £0.5m).

This did not include:

- policy change proposals to be considered during the budget process;
- Potential unused reserves which could be used to support the budget - a review of reserves is planned for December 2022;
- retained Business rates (net of levy payment / s.31 grant income) due to retention of the growth since 2013, which could realise c.£1.5m in 2023/24 should the reset be deferred again.

Once the policy changes are included, the Central Case forecast projections identifies a shortfall in General Fund balances of £3.6m over 3 years – with a shortfall of £8.5m by 2026/27 and £13.5m over the 5 years to 2027/28.

However, should the business rate reset be deferred again then this could mean additional income of c.£1.5m in 2024/25, towards the projected shortfall over 3 years. In the longer term, significant savings will be required.

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

For the HRA, the Central Case forecast projections at October 2022 identified HRA balances of £1.3m over 3 years, £0.8m by 2026/27 and £0.3m over the 5 years to 2027/28, including the minimum approved level of £0.5m.

Once policy changes are included, the Central Case forecast projections identifies a shortfall in HRA balances of £0.5m over 3 years – with a shortfall of £1.6m by 2026/27 and £2.6m over the 5 years to 2027/28.

This includes the additional cost pressures of £1.7m over 5 years identified to date in the proposed HRA policy changes but it does not include the anticipated cost pressures for the HRA capital programme arising from the ongoing work in updating the 30 year HRA business plan). Early indications from the modelling are a potential shortfall over 30 years of £42m plus a significant and unsustainable increase in HRA debt levels arising from the capital programme pressures (of over £200m over 30 years).

The increased cost pressures currently being experienced will have an impact on the level of rent increase for 2023/24. 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 10.1%, the increase for 2023/24 will be at 11.1% (based on the forecast CPI inflation rate for September 2021) 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). However, DLUCh have recently consulted on the implementation of a rent cap in 2023/24 (& potentially 2024/25) at 3%, 5% or 7% (with a preferred 5% indicated – subsequently confirmed at 7%). This will mean a rent loss to the HRA of £4.2m over 5 years based on a 7% rent cap.

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

- Future Government financial support and Revenue Support Grant levels for future years - the budget setting process has faced significant constraints in Government funding in recent years - following years of austerity.

When Council approved the 2022/23 Budget and Medium Term Financial Strategy in February 2022, the ongoing 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.

It also outlined that the government has only held single-year Spending Reviews over the past 2 years, with 2019 being a single year due to the political turbulence around Brexit, and 2020 being a single year, given the COVID-19 pandemic. On 7th September 2021, the Chancellor wrote to Secretaries of State to confirm the government's intention to complete a multi-year Spending Review (SR2021), setting revenue and capital budgets for 2022/23 to 2024/25.

However, as part of the Spending Review carried out in 2021, 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 was published in December 2021 (& confirmed in February 2022), is 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 was 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.

Latest Update

On 28 June 2022, the then Secretary of State for Levelling Up, Housing & Communities gave an address at the Local Government Association conference.

Along with thanking the sector and highlighting various key policies relating to and delivered by local government, the speech confirmed that from next year there will be a two-year settlement (assumed to mean for 2023/24 and 2024/25), **and that a consultation would follow over the summer.** This did not take place.

There is also an intention to reduce the number of individual and bid based funding streams.

The speech also confirms that further devolution deals will be offered to all parts of England that want them by 2030. These will be under a new "coherent" framework, offering counties and districts a chance to agree a deal, and suggests that these will not necessarily require an elected mayor.

"While I'm an unabashed admirer of the mayoral model, I also recognise it won't be right everywhere."

In addition, the speech announced the creation of a new Office for Local Government. This is intended to "shine a light on how local authorities are performing and delivering", covering key services, progress towards net zero and so on."

- There are also further uncertainties arising from current cost pressure and inflationary increases which have compounded the likely price increases for supplies that are required for building or construction/maintenance works.

In addition, and following the recent mini budget on 23rd September, there are cost pressures expected due to the financial markets' response to the contents of that budget. There is an increased likelihood of a rise in interest rates, and it can be expected that this will have a negative effect on the price of goods and services but a positive effect from the return from the Council's Treasury investments.

There will also 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. The basket rates will experience a significant increase from April 2022.

Energy efficiency is likely to be a significant feature 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.

An increase in the cost of repairs has been included in the MTFs due to the current market cost pressures. The RICS through their Building cost indicator service (BCIS) 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 repairs. 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.

- 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 (announced as 3% for 2023/24) or £5, whichever is greater.
- For 2021/22 a 1.75% increase in Local Government pay was agreed. For 2022/23, an offer of a £1,925 increase on all pay points has been subject to union ballot and has been agreed. Future years remain uncertain but a 4.0% increase has been assumed for 2023/24 with annual increases of 2.5% p.a. from 2024/25.
- The impact of any further uncertainty over future interest rate levels and their impact on investment income / treasury management.

Options Considered

As part of the budget setting process a number of options for the council tax increase levels for 2023/24 and future years have been modelled / considered.

Council Tax	Option Modelled / Considered
Model 1	£5.00 increase in Council tax in 2023/24 (followed by increases of £5.00 p.a.)
Model 2	3.0% increase in Council tax in 2023/24 (followed by increases of £5.00 p.a.)
Model 3	£1 increase in Council tax in 2023/24 (followed by increases of £1 p.a.)
Model 4	9.9% increase in Council tax in 2023/24 (followed by increases of £5.00 p.a.)
Model 5	0% increase in Council tax in 2023/24 (followed by increases of 0% thereafter)
Model 6	1.99% increase in Council tax in 2023/24 (followed by increases of 1.99% thereafter)

Rent	Option Modelled / Considered
CPI plus 1%	The Government previously 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
Cap at 3%	DLUCH have consulted on the implementation of a rent cap in 2023/24 (& potentially 2024/25) at 3%, 5% or 7% (subsequently confirmed at 7%)
Cap at 5%	
Cap at 7%	
No increase	No general increase in annual rent

Resource Implications

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

As a result of the updated forecast in October 2022, the Central Case forecast projections identified General Fund balances of £0.3m over 3 years – with a shortfall of £3.7m by 2026/27 and £7.2m over the 5 years to 2027/28, including the minimum approved level of £0.5m (compared to the 5 year projections within the approved MTFs, following receipt of the Local Government Finance Settlement and the updated forecast in February 2022, the MTFs projections identified General Fund balances of £2.8m over 3 years – with a shortfall of £1m by 2025/26 and £4.6m over the 4 years to 2026/27, including the minimum approved level of £0.5m).

This did not include:

- policy change proposals to be considered during the budget process;
- Potential unused reserves which could be used to support the budget - a review of reserves is planned for December 2022;
- retained Business rates (net of levy payment / s.31 grant income) due to retention of the growth since 2013, which could realise c.£1.5m in 2023/24 should the reset be deferred again.

Once the policy changes are included, the Central Case forecast projections identifies a shortfall in General Fund balances of £3.6 over 3 years – with a shortfall of £8.5m by 2026/27 and £13.5m over the 5 years to 2027/28.

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

For the HRA, the Central Case forecast projections at October 2022 identified HRA balances of £1.3m over 3 years, £0.8m by 2026/27 and £0.3m over the 5 years to 2027/28, including the minimum approved level of £0.5m (compared to the 5 year projections within the approved MTFs approved by Council in February 2022, which identified HRA balances of £2.4m over 3 years with a balances of £2m over the 4 years to 2025/26 reducing to £1.8m in 2026/27, including the minimum approved level of £0.5m).

Once policy changes are included, the Central Case forecast projections identifies a shortfall in HRA balances of £0.5m over 3 years – with a shortfall of £1.6m by 2026/27 and £2.6m over the 5 years to 2027/28.

This includes the additional cost pressures of £1.6m over 5 years identified to date in the proposed HRA policy changes but it does not include the anticipated cost pressures for the HRA capital programme arising from the ongoing work in updating the 30 year HRA business plan. Early indications from the modelling are a potential shortfall over 30 years of £42m plus a significant and unsustainable increase in HRA debt levels arising from the capital programme pressures (of over £200m over 30 years).

Legal / Risk Implications

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

In line with the constitution a Leaders Budget Workshop has been arranged for 30th November. 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 25th January 2023. Proposed amendments to the 2022/23 base budget, approved by Council on 22nd February 2022, are detailed within the report.

Risks to Capital and Revenue Forecasts:

Risk	Control Measure
Major variances to the level of grant / subsidy from the Government (including specific grants e.g. Benefits administration, Business Rates Section 31 funding); (High)	Sensitivity modelling undertaken to assess the potential impact in the estimation of future Government support levels; (High / Medium)
Potential ‘capping’ of council tax increases by the Government or local Council Tax veto / referendum; (Medium)	Current indications are that increases of 2% risk ‘capping’ (3% or £5 for District Councils in 2023/24); (Low)
The achievement / delivery of substantial savings / efficiencies will be needed to ensure sufficient resources will be available to deliver the Council’s objectives through years 4 to 5. Ongoing; (High)	A robust & critical review of savings proposals will be required / undertaken before inclusion within the forecast; (High/Medium)
Pay awards greater than forecast; (Medium)	An offer of £1,925 for 2022/23 has been accepted. Increases of 2.5% p.a. assumed from 2024/25 following 4% in 2023/24; (High / Medium)
Pension costs higher than planned / adverse performance of pension fund; (Medium)	Regular update meetings with Actuary; Following an option to ‘freeze’ the ‘lump sum’ element for the 3 years from 2020/21 (after the triennial review during 2019), a further freeze to 2025/26 is possible followed by 1% p.a. year on year increases included from 2026/27; (Medium/Low)

Risk	Control Measure
<p>Assessment of business rates collection levels to inform the forecast / budget (NNDR1) and estimates of appeals, mandatory & discretionary reliefs, cost of collection, bad debts and collection levels;</p> <p>New burdens (Section 31) grant funding for Central Government policy changes – including impact on levy calculation;</p> <p>(High)</p>	<p>Robust estimates included to arrive at collection target. Ongoing proactive management & monitoring will continue;</p> <p>Business Rates Collection Reserve - provision of reserve funding to mitigate impact of any changes in business rate income levels;</p> <p>Monitoring of the situation / regular reporting;(High / Medium)</p>
<p>Local Council Tax Reduction scheme potential yield changes and maintenance of collection levels due to increases in unemployment caused by the pandemic;</p> <p>(High)</p>	<p>Robust estimates included. Ongoing proactive management & monitoring (including a quarterly healthcheck on the implications on the organisation – capacity / finance) will continue; (High / Medium)</p>
<p>Achievement of income streams in line with targets in light of the economic conditions e.g. treasury management interest, car parking, planning, commercial & industrial rents etc.;</p> <p>(High / Medium)</p>	<p>Robust estimates using a zero based budgeting approach have been included;</p> <p>(Medium)</p>
<p>Delivery of the capital programme (GF / HRA – including Regeneration schemes) dependent on funding through capital receipts and grants (including DFG funding through the Better Care Fund);</p> <p>(High / Medium)</p>	<p>Robust monitoring and evaluation – should funds not be available then schemes would not progress;</p> <p>(Medium)</p>
<p>Dependency on partner organisation arrangements and contributions e.g. Waste Management (SCC/LDC).</p> <p>(High / Medium)</p>	<p>Memorandum of Understanding in place with LDC.</p> <p>(Medium)</p>
<p>Delivery of the planned Commercial Investment Strategy actions - recent review of the Treasury Management Investment Guidance / Minimum Revenue Provision Guidance carried out - with a potential restriction of investments by Councils given increased risk exposure.</p> <p>(High/Medium)</p>	<p>The main issue seems to be the increased risks associated with those Councils who are borrowing large sums to invest in commercial property activities.</p> <p>Property Fund investment review carried out 2021.</p> <p>(Medium)</p>
<p>Maintenance and repairs backlog for corporate assets – and planned development of long term strategic plan to address such.</p> <p>(High / Medium)</p>	<p>Planned development of long term strategic corporate capital strategy and asset management plan to consider the requirements and associated potential funding streams. (Medium)</p>
<p>Significant financial penalties arising from the implementation of the General Data Protection Regulations (GDPR).</p> <p>(High / Medium)</p>	<p>Implementation plan in place with corporate commitment and good progress.</p> <p>(Medium)</p>

Risk	Control Measure
<p>Property funds are not risk free - as such a risk based approach will need to be adopted – to balance risk against potential yield or return. Based on past performance there is the potential for returns of c.4% p.a. but this is not guaranteed.</p> <p>The value of the funds are also subject to fluctuation – which could mean a capital loss in one year (as well as expected gains).</p> <p>The initial cost associated with the purchase of the investment in the funds is expected to be in the region of 5% - which would have to be recovered over the life of the investment (either from annual returns or capital appreciation). There is a real risk of a revenue loss therefore in the first year.</p> <p>(High/Medium)</p>	<p>Any investment in funds which are deemed as capital expenditure will require the necessary capital programme budgets to be approved by full Council. Risk is inherent in Treasury Management and as such a risk based approach will need to be adopted – to balance risk against potential yield or return. It is suggested that risk be mitigated (although not eliminated) through investment in a diversified portfolio using a range of property funds.</p> <p>The Council used the secondary market for purchases to potentially gain access to a fund at a lower level of cost than via the primary route. Mitigation regulations are in place to defer any potential principal loss for 5 years.</p> <p>Property Fund investment review carried out 2021.</p> <p>(Medium)</p>

Report Author

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

Background Papers:-	Corporate Vision, Priorities Plan, Budget & Medium Term Financial Strategy 2021/22, Council 22 nd February 2022
	Budget and Medium Term Financial Planning Process, Cabinet 8 th September 2022

Base Budget Forecast 2023/24 to 2027/28

Revisions / updates have been made to the 2022/23 base budget in order to produce an adjusted base for 2023/24 and forecast base for 2024/25 onwards.

General Fund Revenue

Forecast – When the budget for 2022/23, and indicative budgets for 2023/24 to 2024/25, were approved by Council in February 2022 it was anticipated that balances would remain above the minimum approved level of £0.5m for the 3 year period.

As a result of the updated forecast in October 2022, the Central Case forecast projections identified General Fund balances of £0.3m over 3 years – with a shortfall of £3.7m by 2026/27 and £7.2m over the 5 years to 2027/28, including the minimum approved level of £0.5m (compared to the 5 year projections within the approved MTFs, following receipt of the Local Government Finance Settlement and the updated forecast in February 2022, the MTFs projections identified General Fund balances of £2.8m over 3 years – with a shortfall of £1m by 2025/26 and £4.6m over the 4 years to 2026/27, including the minimum approved level of £0.5m).

This did not include:

- policy change proposals to be considered during the budget process;
- Potential unused reserves which could be used to support the budget - a review of reserves is planned for December 2022;
- retained Business rates (net of levy payment / s.31 grant income) due to retention of the growth since 2013, which could realise c.£1.5m in 2023/24 should the reset be deferred again.

Once policy changes are included, the Central Case forecast projections identifies a shortfall in General Fund balances of £3.6m over 3 years – with a shortfall of £8.5m by 2026/27 and £13.5m over the 5 years to 2027/28.

The forecast has been updated to include:

Change:

Savings / increased income

- Additional balances brought forward due to a higher than projected outturn underspend of £467k for 2021/22;
- A revised Council Taxbase of 23,376 an additional increase of 408 band D properties (128 higher than forecast)
- Additional interest from Treasury management investments due to rising interest rates (earlier than forecast)

Budget Impact

£(467)k for 2021/22 only

c.£(25)k p.a. from 2023/24

£(2.2)m over 5 years from 2023/24

Change:

- Forecast savings arising from freeze in contributions following actuarial review (net of increase in primary rate costs of c.£3m over 5 years)
- The projected outturn underspend of £563k for 2022/23 (as at Period 6);
- Continued Revenue Support Grant (RSG) at c.£200k p.a. plus inflationary increases;

Additional costs / reduced income

- Delay in achieving anticipated savings from decommissioning of Marmion House
- Reduction in implementation of recovery and reset savings targets
- Revised forecast business rates baseline
- Increase energy costs
- Other Inflationary cost pressures arising from current high inflation levels
- Cost of pay award for 2022/23 (net of increase in pension primary rate costs of c.£3m over 5 years)

Budget Impact

c.£(3)m over 5 years from 2023/24

£(563)k for 2022/23 only

c.£(200)k p.a.

£160k p.a. for 3 years from 2023/24

c.£135k in 2023/24 (£215k p.a. thereafter)

£60k p.a.

£453k p.a. from 2023/24

£219k p.a. from 2023/24

c.£400k p.a. from 2023/24

- For future years, it has been assumed that the retained growth will be redistributed as part of the business rates reset and therefore business rates received will be equivalent to the tariff payable – meaning the Council will only retain the Government assessed Business Rates Baseline;
- The previously approved policy changes are included within this forecast – Assistant Directors were issued with the provisional information in August to review, confirm & resubmit by the end of September.

Should the Government let District Councils keep the accumulated growth in business rates (as they did last year) then that would benefit the MTFS – but that would be subject to the effect of the planned revaluation from April 2023 on future business rate income.

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

Implications & Options

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

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

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

Housing Revenue Account

Forecast – When the budget for 2022/32, and indicative budgets for 2023/24 to 2027/28, were approved by Council in February 2022 it was anticipated that balances would remain above the minimum approved level of £0.5m for the 5-year period.

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

For the HRA, the Central Case forecast projections at October 2022 identified HRA balances of £1.3m over 3 years, £0.8m by 2026/27 and £0.3m over the 5 years to 2027/28, including the minimum approved level of £0.5m (compared to the 5 year projections within the approved MTFS approved by Council in February 2022, which identified HRA balances of £2.4m over 3 years with a balances of £2m over the 4 years to 2025/26 reducing to £1.8m in 2026/27, including the minimum approved level of £0.5m).

Once policy changes are included, the Central Case forecast projections identifies a shortfall in HRA balances of £0.5m over 3 years – with a shortfall of £1.6m by 2026/27 and £2.6m over the 5 years to 2027/28.

This includes the additional cost pressures of £1.6m over 5 years identified to date in the proposed HRA policy changes but it does not include the anticipated cost pressures for the HRA capital programme arising from the ongoing work in updating the 30 year HRA business plan. Early indications from the modelling are a potential shortfall over 30 years of £42m plus a significant and unsustainable increase in HRA debt levels arising from the capital programme pressures (of over £200m over 30 years).

The forecast has been updated to include:

Change:

Budget Impact

Savings / increased income

- Additional balances brought forward due to a higher than projected outturn underspend of £382k for 2021/22;
- Additional interest from Treasury management investments due to rising interest rates (earlier than forecast)
- Forecast savings arising from freeze in contributions following actuarial review (net of increase in primary rate costs of c.£1m over 5 years)

£(382)k for 2021/22 only

£(142)k over 5 years from 2023/24

c.£(1)m over 5 years from 2023/24

Additional costs / reduced income

- The projected outturn overspend of £74k for 2022/23 (as at Period 3);
- Additional interest on housing debt due to rising interest rates
- Increased bad debt provision
- Inflationary cost pressures arising from current high inflation levels (including increased energy costs of c.£478k p.a.)
- Cost of pay award for 2022/23 (net of increase in primary rate costs of c.£1m over 5 years)

£74k for 2022/23 only

£330k p.a. from 2023/24

£168k p.a. from 2023/24

£548k p.a. from 2023/24

c.£130k p.a. from 2023/24

Detailed Considerations

Base Budget Forecasts 2023/24 to 2027/28

Revisions / updates have been made to the 2022/23 base budget in order to produce an adjusted base for 2023/24 and forecast base for 2024/25 onwards. These changes, known as technical adjustments, have been informed by feedback from budget managers and calculated to take account of:

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

General Fund – Technical Adjustments Summary

Technical Adjustments	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Base Budget B/Fwd	6,580	9,767	11,277	11,871	12,063
Committee Decisions	2,390	36	57	5	0
Inflation	219	71	75	70	73
Other	(675)	986	120	(220)	51
Pay Adjustments (Including pay award / 7.5% reduction for vacancy allowance)	1,253	417	342	337	323
Revised charges for non-general fund activities	0	0	0	0	0
Virements	0	0	0	0	0
Total / Revised Base Budget	9,767	11,277	11,871	12,063	12,510

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

Future Revenue Support Grant & Business Rate Income

On 7th February 2022, 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 final 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 7.4% for 2022/23 and an overall increase for the period 2015/16 to 2022/23 of 21.2%.

Core Spending Power National Position	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m	£m	£m	£m	£m
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	1,275
Council Tax	22,036	23,247	24,666	26,332	27,768	29,227	30,327	31,742
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	556
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	2,347
Market Sustainability & Fair Cost of Care	-	-	-	-	-	-	-	162
Core Spending Power	44,666	43,730	44,296	45,098	46,213	48,999	50,392	54,122
Change %		(2.1)%	1.3%	1.8%	2.5%	6.0%	2.8%	7.4%
Cumulative change %		(2.1)%	(0.8)%	1.0%	3.5%	9.7%	12.8%	21.2%

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.

The business rates multiplier was frozen again for 2022/23. Therefore the three elements of the Business Rates Retention system (Baseline Need, NNDR Baseline and Tariff/Top Up amounts) remained at 2020/21 levels. However, the under-indexing multiplier grant has been increased, in order that local authorities do not lose what would have been the increase to the multiplier (as per previous years when a cap was applied) – reflected in additional section 31 grant. 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 benefited 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.

On 28 June 2022, the then Secretary of State for Levelling Up, Housing & Communities gave an address at the Local Government Association conference.

Along with thanking the sector and highlighting various key policies relating to and delivered by local government, the speech confirmed that from next year there will be a two-year settlement (assumed to mean for 2023/24 and 2024/25), **and that a consultation would follow over the summer.** This did not take place.

It will be late December when the situation will be known - when the Draft Local Government Finance Settlement is published. Should the Government let District Councils keep some or all the accumulated growth in business rates then that would benefit the MTFs – but that would be subject to the effect of the 2023 Business Rates Revaluation on future business rate income and associated tariff adjustment.

For future years (post 2022/23), it has been assumed that there will be an inflationary increase in Revenue Support Grant, as detailed below.

BASE BUDGET	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	£	£	£	£	£	£	£
Revenue Support Grant	188,572	194,648	198,736	202,869	206,927	211,065	215,287
% Increase	0.7%	3.2%	2.1%	2.1%	2.0%	2.0%	2.0%

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. For 2021/22 a levy of c.£1.356m was payable.

The latest estimates for 2022/23 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).

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

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

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

BASELINE	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	£	£	£	£	£	£
February 2022 MTFs:						
Retained Business Rates	12,744,347	15,217,244	15,521,589	15,832,021	16,148,661	16,471,635
Less: Tariff payable	(10,405,841)	(12,769,033)	(13,024,414)	(13,284,902)	(13,550,600)	(13,821,612)
Total SFA	2,338,506	2,448,211	2,497,175	2,547,119	2,598,061	2,650,022
% Reduction	-7.5%	4.7%	2.0%	2.0%	2.0%	2.0%
Base Budget Forecast (November 2022):						
Retained Business Rates	12,744,347	14,160,000	14,454,500	14,743,600	15,038,500	15,339,300
Less: Tariff payable	(10,405,841)	(11,772,385)	(12,017,223)	(12,257,577)	(12,502,757)	(12,752,842)
Total SFA	2,338,506	2,387,615	2,437,277	2,486,023	2,535,743	2,586,458
% Reduction	-7.5%	2.1%	2.1%	2.0%	2.0%	2.0%
Increase / (Decrease)	-	(60,596)	(59,898)	(61,096)	(62,318)	(63,565)

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

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

BASE BUDGET	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	£	£	£	£	£	£
February 2022 MTFS:						
Retained Business Rates	13,252,313	15,217,244	15,521,589	15,832,021	16,148,661	16,471,635
Less: Tariff payable	(10,405,841)	(12,769,033)	(13,024,414)	(13,284,902)	(13,550,600)	(13,821,612)
Total	2,846,472	2,448,211	2,497,175	2,547,119	2,598,061	2,650,022
% Reduction*	-3.5%	-14.0%	2.0%	2.0%	2.0%	2.0%
Base Budget Forecast (November 2022):						
Retained Business Rates	13,252,313	14,160,000	14,454,500	14,743,600	15,038,500	15,339,300
Less: Tariff payable	(10,405,841)	(11,772,385)	(12,017,223)	(12,257,577)	(12,502,757)	(12,752,842)
Total	2,846,472	2,387,615	2,437,277	2,486,023	2,535,743	2,586,458
% Reduction	-3.5%	-16.1%	2.1%	2.0%	2.0%	2.0%
Increase / (Decrease)	-	(60,596)	(59,898)	(61,096)	(62,318)	(63,565)

* The reduction in retained business rates for the base budget reflects the assumed re-distribution of accumulated growth with retained business rates falling to baseline from 2023/24.

Based on this Government financial support is shown below:

DRAFT MTFS	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	£	£	£	£	£	£
February 2022 MTFS:						
Revenue Support Grant	194,648	0	0	0	0	0
Retained Business Rates	13,252,313	15,217,244	15,521,589	15,832,021	16,148,661	16,471,635
Less: Tariff payable	(10,405,841)	(12,769,033)	(13,024,414)	(13,284,902)	(13,550,600)	(13,821,612)
Total	3,041,120	2,448,211	2,497,175	2,547,119	2,598,061	2,650,022
% Reduction	3.1%	-19.5%	2.0%	2.0%	2.0%	2.0%
Base Budget Forecast (November 2022):						
Revenue Support Grant	194,648	198,736	202,869	206,927	211,065	215,287
Retained Business Rates	13,252,313	14,160,000	14,454,500	14,743,600	15,038,500	15,339,300
Less: Tariff payable	(10,405,841)	(11,772,385)	(12,017,223)	(12,257,577)	(12,502,757)	(12,752,842)
Total	3,041,120	2,586,351	2,640,146	2,692,949	2,746,808	2,801,744
% Reduction	3.1%	-15.0%	2.1%	2.0%	2.0%	2.0%
Increase / (Decrease)	-	138,139	142,971	145,830	148,747	151,722

New Homes Bonus (NHB)

There remains significant uncertainty over the future operation of the scheme with the Government setting out its intention to hold a consultation on the future of the New Homes Bonus, with a view to implementing reform in 2023/24.

No New Homes Bonus income has been forecast for 2023/24 pending the consultation. Following the announcement of additional funding for 2022/23 only, income was included as follows:

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

Forecast

Using the funding forecast and assuming increases in Council Tax of £5 per annum for 2023/24 onwards, the five year base budget forecast is as follows:

Summary	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Estimated Net Cost of Services	9,767	11,277	11,871	12,063	12,510
Proposed Policy Changes / Additional Costs Identified	711	246	714	610	613
Net Expenditure	10,479	11,523	12,585	12,673	13,123
Financing:					
RSG	199	203	207	211	215
Collection Fund Surplus/(Deficit) - CTAX	(30)	33	33	33	33
Collection Fund Surplus/(Deficit) - NNDR	(261)	-	-	-	-
Tariff Payable	(11,772)	(12,017)	(12,258)	(12,503)	(12,753)
Non Domestic Ratepayers	14,160	14,455	14,744	15,039	15,339
Council Tax Income (Model 1)	4,603	4,760	4,919	5,080	5,244
Gross Financing	6,899	7,434	7,645	7,860	8,078
Surplus(-) /Deficit	3,580	4,089	4,940	4,813	5,045
Balances Remaining (-) / Overdrawn	(5,883)	(1,794)	3,146	7,959	13,004

Per Council, 22 nd February 2022	(5,669)	(2,796)	-	-	-
Band D Equivalents	23,376	23,576	23,776	23,976	24,176

As a result of the updated forecast in October 2022, the Central Case forecast projections identified General Fund balances of £0.3m over 3 years – with a shortfall of £3.7m by 2026/27 and £7.2m over the 5 years to 2027/28, including the minimum approved level of £0.5m (compared to the 5 year projections within the approved MTFS, following receipt of the Local Government Finance Settlement and the updated forecast in February 2022, the MTFS projections identified General Fund balances of £2.8m over 3 years – with a shortfall of £1m by 2025/26 and £4.6m over the 4 years to 2026/27, including the minimum approved level of £0.5m).

This did not include:

- policy change proposals to be considered during the budget process;
- Potential unused reserves which could be used to support the budget - a review of reserves is planned for December 2022;
- retained Business rates (net of levy payment / s.31 grant income) due to retention of the growth since 2013, which could realise c.£1.5m in 2023/24 should the reset be deferred again.

Once the policy changes are included, the Central Case forecast projections identifies a shortfall in General Fund balances of £3.6m over 3 years – with a shortfall of £8.5m by 2026/27 and £13.5m over the 5 years to 2027/28.

Balances are forecast to be £9.5m at 31st March 2023.

A detailed summary of the budget for 2023/24 is attached at **Appendix F** with 5 years attached at **Appendix G**.

Future Strategy

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

1) Variations to Council Tax Policy/Strategy

For future years potential 'capping' of the increase by the Government or a proposed local council tax referendum/veto needs to be considered when setting future Council Tax increases. The Council's Council Tax is currently £191.89.

The indication is that the 'capping' threshold for District Councils will be the higher of £5 or 3.0% - following a freeze in 2011/12 & 2012/13 and a below 2% increase from 2013/14 to 2016/17 (followed by c.3% or £5 p.a. to 2022/23).

Council Tax	Option Modelled / Considered
Model 1	£5.00 increase in Council tax in 2023/24 (followed by increases of £5.00 p.a.)
Model 2	3.0% increase in Council tax in 2023/24 (followed by increases of £5.00 p.a.)
Model 3	£1 increase in Council tax in 2023/24 (followed by increases of £1 p.a.)
Model 4	9.9% increase in Council tax in 2023/24 (followed by increases of £5.00 p.a.)
Model 5	0% increase in Council tax in 2023/24 (followed by increases of 0% thereafter)
Model 6	1.99% increase in Council tax in 2023/24 (followed by increases of 1.99% thereafter)

The impact of a £5 p.a. increase (Band D) is outlined below:

Model 1 Impact of £5 increase in Council Tax in 2023/24 (followed by £5 p.a.)

Year:	2023/24	2024/25	2025/26	2026/27	2027/28
Forecast:	£'000	£'000	£'000	£'000	£'000
Surplus (-) /Deficit	3,580	4,089	4,940	4,813	5,045
Balances Remaining (-) / Overdrawn	(5,884)	(1,795)	3,145	7,958	13,003
£ Increase	5.00	5.00	5.00	5.00	5.00
% Increase	2.61%	2.54%	2.48%	2.42%	2.36%
Note: Resulting Band D Council Tax	196.89	201.89	206.89	211.89	216.89

Indicating a potential shortfall in General fund balances of approx. £3.6m over 3 years (with a shortfall of £8.5m over 4 years & £13.5m over the 5 year period) - including the minimum approved level of £0.5m.

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

Model 2 Impact of 3.0% increase in Council Tax in 2023/24 (followed by increases of £5 p.a. thereafter)

Year:	2023/24	2024/25	2025/26	2026/27	2027/28
Forecast:	£'000	£'000	£'000	£'000	£'000
(Increase) in Council Tax £	(18)	(18)	(18)	(18)	(18)
Revised Surplus (-) /Deficit	3,562	4,072	4,922	4,795	5,026
Balances Remaining (-) / Overdrawn	(5,899)	(1,826)	3,095	7,890	12,917
£ Increase	5.76	5.00	5.00	5.00	5.00
% Increase	3.00%	2.53%	2.47%	2.41%	2.35%
Note: Resulting Band D Council Tax	197.65	202.65	207.65	212.65	217.65

Indicating a potential shortfall in General fund balances of approx. £3.6m over 3 years (with a shortfall of £8.4m over 4 years & £13.4m over the 5 year period) - including the minimum approved level of £0.5m.

Model 3 Impact of £1 increase in Council Tax in 2023/24 (followed by increases of £1 p.a. thereafter)

Year:	2023/24	2024/25	2025/26	2025/26	2027/28
Forecast:	£'000	£'000	£'000	£'000	£'000
Reduction in Council Tax £	94	188	283	379	476
Revised Surplus (-) /Deficit	3,674	4,278	5,223	5,192	5,520
Balances Remaining (-) / Overdrawn	(5,787)	(1,508)	3,714	8,906	14,427
£ Increase	1.00	1.00	1.00	1.00	1.00
% Increase	0.52%	0.52%	0.52%	0.51%	0.51%
Note: Resulting Band D Council Tax	192.89	193.89	194.89	195.89	196.89

Indicating a potential shortfall in General fund balances of approx. £4.2m over 3 years (with a shortfall of £9.4m over 4 years & £14.9m over the 5 year period) - including the minimum approved level of £0.5m.

Model 4 Impact of 9.9% increase in Council Tax in 2023/24 (followed by increases of £5 p.a. thereafter)

Year:	2023/24	2024/25	2025/26	2025/26	2027/28
Forecast:	£'000	£'000	£'000	£'000	£'000
Reduction in Council Tax £	(327)	(327)	(327)	(327)	(327)
Revised Surplus (-) /Deficit	3,253	3,763	4,613	4,486	4,717
Balances Remaining (-) / Overdrawn	(6,208)	(2,444)	2,168	6,654	11,372
£ Increase	19.00	5.00	5.00	5.00	5.00
% Increase	9.90%	2.37%	2.32%	2.26%	2.21%
Note: Resulting Band D Council Tax	210.89	215.89	220.89	225.89	230.89

Indicating a potential shortfall in General fund balances of approx. £2.7m over 3 years (with a shortfall of £7.2m over 4 years & £11.9m over the 5 year period) - including the minimum approved level of £0.5m.

Model 5 Impact of 0% increase in Council Tax in 2023/24 (followed by increases of 0% thereafter)

Year:	2023/24	2024/25	2025/26	2025/26	2027/28
Forecast:	£'000	£'000	£'000	£'000	£'000
Reduction in Council Tax £	117	235	354	474	595
Revised Surplus (-) /Deficit	3,697	4,325	5,294	5,287	5,639
Balances Remaining (-) / Overdrawn	(5,764)	(1,438)	3,855	9,142	14,782
£ Increase	0.00	0.00	0.00	0.00	0.00
% Increase	0.0%	0.0%	0.0%	0.0%	0.0%
Note: Resulting Band D Council Tax	191.89	191.89	191.89	191.89	191.89

Indicating a potential shortfall in General fund balances of approx. £4.4m over 3 years (with a shortfall of £9.6m over 4 years & £15.3m over the 5 year period) - including the minimum approved level of £0.5m.

Model 6 Impact of 1.99% increase in Council Tax in 2023/24 (followed by increases of 1.99% p.a. thereafter)

Year:	2023/24	2024/25	2025/26	2025/26	2027/28
Forecast:	£'000	£'000	£'000	£'000	£'000
Reduction in Council Tax £	28	54	78	101	122
Revised Surplus (-) /Deficit	3,608	4,144	5,018	4,914	5,166
Balances Remaining (-) / Overdrawn	(5,853)	(1,708)	3,309	8,223	13,390
£ Increase	3.82	3.90	3.98	4.05	4.14
% Increase	1.99%	1.99%	1.99%	1.99%	1.99%
Note: Resulting Band D Council Tax	195.71	199.61	203.59	207.64	211.78

Indicating a potential shortfall in General fund balances of approx. £3.8m over 3 years (with a shortfall of £8.7m over 4 years & £13.9m over the 5 year period) - including the minimum approved level of £0.5m.

2) *Potential Savings / additional costs*

Potential revenue policy changes are highlighted below:

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000	27/28 £'000
PE1	To retain the provision of Customer Service Advisor (CSA) resource with the Customer Experience Team for the period April 2023 to March 2024	Extension of temp staff contracts which were due to end March 2023, 2.63 FTE in total	73.54	(73.54)	-	-	-
PE2	Reduction of 1 FTE CSO once temporary contract ends March 2023 to account for service for Staffs CC staff in Marmion House no longer being required.		(28.35)	-	-	-	-
PE3	Removal of income budget relating to services recharged to Staffs CC		16.23	-	-	-	-
PE4	New post of Security Officer Gr D plus provision for cover during periods of annual leave (previously provided via contract with SSG but budgetary funding not ongoing - to be recharged in part to HRA)		17.50	-	-	-	-

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000	27/28 £'000
PE5	New Temporary Post of Electoral Services Administrator, to add resource to enable the implementation of the Elections Act which comes into force January 2023. Post initially temp for 1 year as the true impact on workload is not yet known.		25.00	(25.00)	-	-	-
PE6	Increase grade of current Electoral services Assistant from Grade D to Grade E, to reflect additional responsibilities and duties the post holder will now undertake.		6.50	-	-	-	-
OPS 1	Create an ongoing permanent budget of £180k for salaries at the Assembly Rooms, to include GX0604 and GX0606.	Temporary staff to stay permanent. Cover 10% shift allowance and First Aid.	158.60	(158.60)	-	-	-
OPS 2	An additional £115k will be required for additional contract hire over 5 years and the infrastructure to support electric vehicles within the fleet. This may fluctuate further dependant of interest rates.	An additional £17k per annum (£85k over 5 years) will be require to completed the acquisition of the vehicles as required to undertake operational duties (both statutory and non statutory)	41.40	-	-	-	-
		£30k provide the infrastructure for charging the new electric vehicles	30.00	(30.00)	-	-	-

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000	27/28 £'000
OPS 3	Establishment of a 3-year budget plan for annual Castle Summer events.	Estimated costs	50.00	-	-	(50.00)	-
OPS 4	An additional £43,225 for the revenue budget for the purchase/maintenance of mowing equipment for the authority.		43.30	-	-	-	-
OPS 5	£2k to provide an annual revenue budget to support the delivery of the Tamworth Civic Pride Awards.		2.00	-	-	-	-
OPS 6	Additional funding to be provided for GX0609 Outdoor Summer Events and Fireworks for Tamworth	St Georges Day – increase of £3k to £12,500	3.00	-	-	-	-
		Theatre & Bandstand - increase of £2,160 to £11k	2.16	-	-	-	-
		Fireworks – increase of £6k to £39,000	6.00	-	-	-	-
OPS 7	The WAMITAB qualification (this is the name given to the legal requirement of having a technically competent person on site) is a legal requirement for the Councils depot to be able to operate and store and transfer waste.	£15k for the next year until training for the depot technically competent person is complete	15.00	(15.00)	-	-	-

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000	27/28 £'000
OPS 8	The request is to create an additional budget to create defences to assist in deterring illegal encampments, and to help reduce future disruption from traveller encampments on public open spaces, together with reducing the associated clean up costs.		50.00	(50.00)	-	-	-
FIN1	Creation of a Project Accountant post	To provide sufficient capacity to deliver ongoing financial management information and advice relating to the significant number of corporate and regeneration projects	45.00	-	-	-	-
		Part funding from recharge to capital schemes	(45.00)	-	-	-	-
FIN2	Contingency provision required due to uncertainty over future income levels	Income levels have held up well during the past 3 years, however the current economic situation means that there is a significant risk to future income levels	-	-	460.00	-	-

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000	27/28 £'000
NEI 1	Annual cost of BT Redcare telephone lines which are still required as part of the Council's CCTV infrastructure.	The Council together with West Midlands Combined Authority are continuing to review the infrastructure and there is a potential to phase out the use of these BT Redcare lines over the next year.	17.00	(17.00)	-	-	-
PAR1	To continue to maintain the level of potential income on car park enforcement at agreed pandemic level of £57,750 plus inflation for 2023/24		59.19	(59.19)	-	-	-
G&R 1	Additional salary to budget to underpin the costs of making the new Senior Licensing Officer post permanent which was approved earlier in the year originally for 18 months. The position is currently financed until January 2024. The request is for ongoing budget.		11.60	40.00	3.00	-	-
	Funding from Community Safety Grant in year 1 and additional fees and charges income from year 2		(5.00)	(46.60)	(3.00)	-	-
G&R 2	Request a permanent budget of 5K for Net Zero activity, specifically referenced in the Cabinet Report dated 30 June 2022		5.00	-	-	-	-

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000	27/28 £'000
G&R 3	Request an additional post for a period of three years to kick start activity on the net zero workstream	Salary & on costs	47.60	2.70	5.90	(56.20)	-
		Car allowance	1.25	-	-	(1.25)	-
G&R 4	To create a budget for the delivery of a programme of large-scale heritage and educational events in the Castle and Grounds		20.00	(20.00)	-	-	-
G&R 5	To allocate an additional £10,000 per annum to GX1501 10025 (Maintenance and Security) to increase and enhance pest control to provide a cleaner and safer working and visitor environment	Contribution from Shared Prosperity Funding	(20.00)	20.00	-	-	-
	To cover the operating budget for TEC 2, for five years, which will be delivered by November 2023 as part of the Future High Street Fund programme of regeneration	Expenditure budgets	60.00	88.00	2.00	3.00	3.00
		Contribution from income	(25.00)	(120.00)	-	-	-
Total New Items / Amendments			710.52	(464.23)	467.90	(104.45)	3.00

As part of the planned review & scrutiny process leading up to formal presentation of the budget, Executive Management Team will consider feedback received from the Budget Consultation process, the Joint Scrutiny Budget workshop and the Joint Budget Scrutiny Committee (planned for 25th January 2023) in order to inform the next stages of the budget process:

- a review of the proposals including:
 - Reference to the Council's corporate priorities together with the feedback & issues raised by the budget consultation exercise, and
 - Consideration of how the limited resources can be 'rationed' (& whether service improvements in a priority area should be met from service reductions elsewhere).
- Inclusion of any further potential savings in order to mitigate the forecast budget shortfall. This process is ongoing and will be reported as policy changes in the next phase of the budget process in order to formulate a balanced medium term financial strategy for approval by Cabinet and Council in February 2023.

Housing Revenue Account – Technical Adjustments Summary

Technical Adjustments	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Base Budget B/Fwd	1,951	419	(109)	219	103
Committee Decisions	(1,226)	108	50	50	0
Inflation	548	244	251	259	266
Other	(1,273)	(988)	(82)	(533)	(553)
Pay Adjustments (Including pay award / reduction of 7.5% for vacancy allowance)	419	108	109	108	102
Revised charges for non-general fund activities	0	0	0	0	0
Virements	0	0	0	0	0
Total / Revised Base Budget	419	(109)	219	103	(82)

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

Summary	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Estimated Net (Surplus) / Deficit	419	(109)	219	103	(82)
Proposed Policy Changes / Additional Costs Identified	1,113	1,096	981	1,002	1,023
Surplus (-) / Deficit	1,532	987	1,200	1,105	941
Balances Remaining (-) / Overdrawn	(2,158)	(1,171)	29	1,134	2,075

Per Council, 22 nd February 2022	(2,875)	(2,401)	(2,041)	(1,833)	-
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For the HRA, the Central Case forecast projections at October 2022 identified HRA balances of £1.3m over 3 years, £0.8m by 2026/27 and £0.3m over the 5 years to 2027/28, including the minimum approved level of £0.5m (compared to the 5 year

projections within the approved MTFs approved by Council in February 2022, which identified HRA balances of £2.4m over 3 years with a balance of £2m over the 4 years to 2025/26 reducing to £1.8m in 2026/27, including the minimum approved level of £0.5m).

Once policy changes are included, the Central Case forecast projections identifies a shortfall in HRA balances of £0.5m over 3 years – with a shortfall of £1.6m by 2026/27 and £2.6m over the 5 years to 2027/28.

This includes the additional cost pressures of £1.6m over 5 years identified to date in the proposed HRA policy changes but it does not include the anticipated cost pressures for the HRA capital programme arising from the ongoing work in updating the 30 year HRA business plan. Early indications from the modelling are a potential shortfall over 30 years of £42m plus a significant and unsustainable increase in HRA debt levels arising from the capital programme pressures (of over £200m over 30 years).

The increased cost pressures currently being experienced will also have an impact on the level of rent increase for 2023/24. 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 10.1%, the increase for 2023/24 will be at 11.1% (based on the forecast CPI inflation rate for September 2022) 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). However, DLUCH have consulted on the implementation of a rent cap in 2023/24 (& potentially 2024/25) at 3%, 5% or 7% (with a preferred 5% indicated – subsequently confirmed at 7%). This would mean a rent loss to the HRA of £4.2m over 5 years based on a 7% rent cap which has also been included within the policy changes cost pressures.

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

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000	27/28 £'000
HRA1	DLUCH have consulted on the implementation of a rent cap in 2023/24 (& potentially 2024/25) at 3%, 5% or 7% (with a preferred 5% indicated - subsequently confirmed as 7%).	For 2023/24 (and in the medium term), should rents be set in line with the approved policy including a general increase of the consumer price index (CPI) measure of inflation of plus 1% - this would equate to a 11.1% increase (followed by forecast increases of 3% p.a.), due to the increased cost pressures currently being experienced. Each 1% increase would equate to additional income of c.£200k p.a. (£1m over 5 years).	798.25	0.31	39.57	20.66	21.13

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000	27/28 £'000
HRA2	New post of Security Officer Gr D plus provision for cover during periods of annual leave (previously provided via contract with SSG but budgetary funding not ongoing - to be recharged in part to HRA)		17.50	-	-	-	-
HASS1	Updated Stock Condition Survey and options appraisal	Options appraisal to inform future capital programme spending	-	20.00	(20.00)	-	-
HNEI1	Permanent budget provision to cover the costs of the `Housing Regulatory & High Rise Co-ordinator` which has been a temporary post over the last 2 years	Given the Council are accelerating its plans to undertake a comprehensive self-assessment action plan against the social housing regulatory consumer standards and the proposals set out in the social housing white paper, then this additional staffing resource will be needed more now than ever	38.00	-	-	-	-
	This post delivers key tenancy management services to all high rise flatted accommodation and the landlord compliance against regulatory standards	Recharges to capital / repairs	(38.00)	-	-	-	-

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000	27/28 £'000
HNEI2	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 2024, pending review and impact assessment	In consultation with partners including the Police the Council has implemented a very successful pilot whereby a `Resident Support Worker` position has been created. This post holder is located full time at the Eringden Block with the aim of addressing such problems, supporting residents and day to day management of the building.	38.00	(38.00)	-	-	-

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000	27/28 £'000
HNEI3	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.	To ensure our Council Housing estate communal areas are kept clean/safe and to ensure compliance with the social housing regulatory standards around Health & Safety/Neighbourhood Management. In the past these types of jobs have ordinarily been picked up by the Council's caretaking team, however due to health & safety this team deem it no longer safe to carry out these types of works.	15.00	-	-	-	-
HNEI4	Budget provision to cover the cost of a temporary post "Housing solutions advisor" from April 2023 until March 2025	Required due to significant increase in demand via new digital channels to reduce significant backlogs in applications, external email boxes	34.00	-	(34.00)	-	-

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000	27/28 £'000
HNEI5	Resourcing the self-assessment programme for the regulation of its HRA and council housing service	<p>It is anticipated that under the co-ordination of the Assistant Director Neighbourhoods a Project lead; Tenant & Leaseholder Regulatory Manager and dedicated ICT resources will be required for up to two years</p> <p>To ensure that the green bins across the sheltered schemes are readily pulled out to the curb side to enable them to be emptied as part of the Councils green bin collection service. This function cannot be undertaken by either residents or staff due to health & safety implications. In the past this service was, on occasion, carried out by the Council's Caretaking Team as well as residents and staff also pulling the green bins out. However due to health & safety concerns this team no longer deem it safe to carry out this function nor is it safe to expect residents or staff to carry out this duty. Neighbourhoods Service have also been advised that the Caretaking service is unable to assist with this function as there is no capacity with the HMOs as they are fully committed with black, blue and flatted bins.</p>	100.00	-	(100.00)	-	-
HNEI6	Budget provision to cover the cost of a green bin pull out service at the 10 Sheltered Warden Schemes across the Borough.		12.60	-	-	-	-

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000	27/28 £'000
HOPS 1	Request for an additional circa £98k of HRA funding to ensure future delivery of an additional environmental cleansing improvement programme within the HRA areas	7.5T Minimatic refuse collection vehicle	37.90	-	-	-	-
		2 members of staff to operate the vehicle and deliver the added value HRA cleansing service	60.10	-	-	-	-
Total New Items / Amendments			1,113.35	(17.69)	(114.43)	20.66	21.13

Rent Setting Policy

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

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

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

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

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

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

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

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

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

For 2023/24 (and in the medium term), should rents be set in line with the approved policy including a general increase of the consumer price index (CPI) measure of inflation of plus 1% - this would equate to a 11.1% increase (followed by forecast increases of 3% p.a.), due to the increased cost pressures currently being experienced. 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 10.1% (September 2022), the forecast increase for 2023/24 will be 11.1% 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).

However, DLUCH have consulted on the implementation of a rent cap in 2023/24 (& potentially 2024/25) at 3%, 5% or 7% (with a preferred 5% indicated – subsequently confirmed at 7%). This would mean a rent loss to the HRA of £4.2m over 5 years based on a 7% rent cap.

The following options have been modelled:

	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £
Option 1: CPI + 1%						
Rent (52 Weeks)	85.98	95.52	98.38	101.34	104.38	107.51
Rent (48 Weeks)	93.14	103.48	106.58	109.78	113.07	116.47
% Increase	4.1%	11.1%	3.0%	3.0%	3.0%	3.0%
Option 2: CPI						
Rent (52 Weeks)	85.98	94.66	96.55	98.48	100.45	102.46
Rent (48 Weeks)	93.14	102.55	104.60	106.69	108.82	111.00
% Increase	0.04	0.10	0.02	0.02	0.02	0.02
Reduced Rent compared to Option 1		194,690	420,240	639,330	874,660	1,118,970
		5 year impact				3,247,890
Option 3: No increase						
Rent (52 Weeks)	85.98	85.98	85.98	85.98	85.98	85.98
Rent (48 Weeks)	93.14	93.14	93.14	93.14	93.14	93.14
% Increase	4.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Reduced Rent compared to Option 1		2,161,100	2,847,360	3,442,560	4,102,450	4,775,470
		5 year impact				17,328,940
Inflation at CPI + 1%	4.1%	11.1%	3.0%	3.0%	3.0%	3.0%

Effect of the potential cap:

	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2026/27 £
CAP 3%						
Rent (52 Weeks)	85.97	88.55	91.34	93.94	96.76	99.66
Rent (48 Weeks)	93.13	95.92	98.80	101.77	104.82	107.96
% Increase	4.1%	3.0%	3.0%	3.0%	3.0%	3.0%
	0	1,579,000	1,615,260	1,657,900	1,698,750	1,740,540
5 year impact						<u>8,291,450</u>
CAP 5%						
Rent (52 Weeks)	85.98	90.27	93.13	95.77	98.65	101.60
Rent (48 Weeks)	93.14	97.80	100.73	103.75	106.87	110.07
% Increase	4.1%	5.0%	3.0%	3.0%	3.0%	3.0%
	0	1,187,630	1,205,870	1,246,980	1,277,700	1,309,150
5 year impact						<u>6,227,330</u>
CAP 7%						
Rent (52 Weeks)	85.98	91.99	94.90	97.60	100.52	103.54
Rent (48 Weeks)	93.14	99.66	102.65	105.73	108.90	112.17
% Increase	4.1%	7.0%	3.0%	3.0%	3.0%	3.0%
	0	798,250	798,560	838,130	858,790	879,920
5 year impact						<u>4,173,650</u>

Corporate Capital Strategy

The Council has an ongoing capital programme of over £53m for 2022/23 and an asset base valued at £301m (as at 31st March 2022).

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

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

This Strategy sets the policy framework for the development, management and monitoring of this investment and forms a key component of the Council's planning alongside the Medium Term Financial Strategy.

The Capital Strategy will:

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

The capital strategy feeds into the annual revenue budget and MTFS by informing the revenue implications of capital funding decisions. The implications for the MTFS are fully considered before any capital funding decisions are confirmed.

Equally, the availability of prudential borrowing means that capital and revenue solutions to service delivery can be considered, and ranked, alongside each other as part of an integrated revenue and capital financial strategy.

The Capital Strategy further sets out the Council's approach to the allocation of its capital resources and how this links to its priorities at a corporate and service level. It describes how the Council has responded to the opportunities provided by prudential borrowing and other new sources of finance.

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

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

All capital bids should be prepared in light of the following list of criteria, and the proposed investment should address and be assessed with regard to:

- the contribution its delivery makes towards the achievement of the Council's Corporate Priorities;
- the achievement of Government priorities and grant or other funding availability;
- the benefits in terms of the contribution to the Council's Corporate Objectives and compliance with the Corporate Capital Strategy requirements of:
 1. Invest to save
 2. Maintenance of services and assets
 3. Protection of income streams
 4. Avoidance of cost.

The current de-minimis for capital expenditure is £10k per capital scheme.

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

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

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

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

Following a review of the Capital Programme approved by Council on 22nd February 2022, 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).

A significant number of new or amended schemes have been proposed and the forecast highlights that insufficient resources are available to finance all of the schemes submitted.

The minimum approved level of GF capital balances is £0.5million and, should the programme progress without amendment, would mean additional borrowing of £4.725m over the next 5 years (£4.25m over 3 years). There has been an increase of £5.1m over 5 years since the provisional programme was approved (including new year 5 costs of c.£0.88m). The current GF Capital Financing Requirement (CFR) stands at £3.937m with planned borrowing in 2022/23 of £1.123m.

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 2027/28.

Work is progressing on the updated forecast resources but given the significant changes in spend over the 5 years of c.£10.100m (£7.425m in year 5) 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 2022/23 of £1.688m.

With regard to the contingency schemes/allocation **£350k** remains in current year contingency funds (£250k GF/ £100k HRA) - which will be re-profiled into 2023/24 to provide General Contingency funding.

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

General Fund

1) Capital Repairs Programme - Castle

Project Score: 9

A new appraisal form has been prepared totalling £375k for completion of repair and maintenance works to the Scheduled Monument identified in Condition Report 2019 as urgent or required (desirable) within 10 years.

Year one design and prelims (£100k), year two capital works delivery (£250k).

Project Score: 12

A new appraisal form has been prepared totalling £56k for the upgrade of Civica Digital360 environment to supported version (£44k). Technical refresh of Windows 2012 servers (out of support with Microsoft next year), Implementation of Digital Image Store (£12k) replacing the out of support image server.

7) With regard to the provisional programme:

a) Balancing ponds and sustainable drainage systems

Project Score: 63

A 30 year rolling programme of works was approved for inclusion in the capital programme, with an annual spend required from 2023/24, for the 8 ponds at Stoneydelph, Belgrave, Lakeside, Peelers Way.

The total cost of the programme over 30 years is £4.68m partially financed by existing reserves of £604k and annual revenue contributions totaling £1.92m, leaving a balance of £2.156m (from existing reserves/retained fund (£200k), Section 106 commuted sums (£404k) and ongoing annual revenue contributions (of £64k p.a.).

b) Technology Improvement/Replacement

Project Score: 12

A rolling programme was approved for £60k in 2023/24 followed by £40k p.a. – a revised capital appraisal has been received to revise this to £50k in 2023/24 followed by £60k p.a.

Significantly increased reliance on ICT has resulted in a commitment to ongoing, large scale upgrade and maintenance to the TBC infrastructure, in line with technology lifecycles. The Council is also on a journey towards digital transformation and self service for customers, demand for flexible resilient and available ICT services to support this requires continued investment into the authorities hardware and associated software. The organisation is also establishing new, more flexible and agile ways of working which requires investment into technology to support ongoing effectiveness.

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

c) Endpoint Protection and Web-Email Filter

Project Score: 60

A rolling programme was approved for £40k in 2022/23 followed by £40k every 3 years for Endpoint Protection (covering Anti Virus, Anti Malware and Encryption and the contract for Web and Email filtering).

d) Street Lighting

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

e) Disabled Facilities Grants (DFG)

The provisional programme included £650k p.a. part funded by redistributed Better Care Fund (BCF) grant of £547k.

f) Energy Efficiency Upgrades to Commercial & Industrial Units

A rolling programme with an annual spend of £75k was approved from 2017/18.

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

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

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

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

g) CCTV Upgrades

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

h) Refurbishment of Play Areas

Following approval a year 1 £35k budget, an additional £20k was approved for year 2 in 2023/24.

i) Future High Street Funding

The final year allocation of £1,848,810 was approved – funded by the Councils contribution from the capital receipt from the Golf Course sale.

8) General Fund Capital Contingency Budget

The remaining 2022/23 contingency budget totalling £250k will be rolled forward to 2023/24.

Housing

There have been some significant changes in the Housing capital programme from that provisionally approved – with a number of new schemes proposed. It has also been updated to include the new year 5 costs for 2027/28.

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 2022/23 of £1.688m.

Housing Revenue Account

The provisional capital programme has been reviewed and updated:

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

Structural works budgets have been decreased by £75k p.a. to £200k p.a. from year 2, 2024/25 (from an increase of £75k p.a. last year)

Neighbourhood regeneration budgets have been reduced by £150k p.a. from year 2, 2024/25 to £0.5m p.a.

Electrical rewiring budgets have been reduced by £50k p.a. to £100k p.a. from year 2, 2024/25

Sheltered Lifts and Stairlift renewals has increased by £110k in 2023/24 (previously £250k) and £200k in 2024/25 (previously £50k)

b) Decarbonisation

The 3 year programme has been brought forward a year to 2023/24 (£2.5m p.a.)

c) Street Lighting

HRA share continues in line with the approved 30 year programme

Existing Capital schemes have continued in line with the provisional programme (including the new year 5 and capital salaries recharge of £200k p.a. for management of the programme) with the following additions:

1) Improvements to Retained Garage Sites

A new capital submission had been prepared for spend of £500k in 2023/24.

2) Drainage to High Rise

A new capital submission had been prepared for spend of £600k in 2023/24.

3) Decarbonisation / Solar PV

A 5 year programme has been included at £400k p.a.

4) Renewal of Roofing at Eringden

A new capital submission had been prepared for spend of £220k in 2023/24.

5) Renewal of Windows at Eringden

A new capital submission had been prepared for spend of £180k in 2023/24.

6) Internal flooring and decoration at Eringden

A new capital submission had been prepared for spend of £90k in 2024/25.

Main Assumptions

Inflationary Factors	2023/24	2024/25	2025/26	2026/27	2027/28
Inflation Rate - Pay Awards	4.00%	2.50%	2.50%	2.50%	2.50%
National Insurance	10.25%	10.25%	10.25%	10.25%	10.25%
Superannuation	22.1%	22.1%	22.1%	22.1%	22.1%
Inflation Rate (RPI)	7.00%	3.00%	3.00%	3.00%	3.00%
Inflation Rate (CPI)	5.00%	2.50%	2.50%	2.50%	2.50%
Investment Rates	4.40%	3.30%	2.60%	2.50%	2.80%
Base Interest Rates	3.40%	3.00%	2.50%	2.50%	2.50%

1. For 2021/22 a 1.75% increase in Local Government pay was agreed. For 2022/23, an offer of a £1,925 increase on all pay points has been subject to union ballot and has been agreed. Future years remain uncertain but a 4.0% increase has been assumed for 2023/24 with annual increases of 2.5% p.a. from 2024/25.
2. Overall Fees and Charges will rise generally by 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. Revenue Support Grant of £194,648 will increase annually by CPI from 2023/24 after an inflationary increase for 2022/23, 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 2022.
6. The New Homes Bonus scheme ends pending consultation on the future of the scheme;
7. An increase of £5 p.a. in Council Tax - current indications are that increases of 3% or £5 and above risk 'capping' (£5 for District Councils for 2022/23 was confirmed);
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), a further overall freeze has been assumed in line with the Actuary's indications for the 3 years from 2023/24 (together with a pre-payment of the 3 year contributions in April 2023). The primary contribution rate will rise to 22.1% from 2023/24 (16.5% 2022/23) with a corresponding reduction in the lump sum element – better reflecting the split between future costs (funded by the primary contribution) which are

expected to rise in line with inflation and past service costs (funded by the lump sum element). 1% p.a. year on year increases have been included from 2026/27;

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. However, DLUCH have consulted on the implementation of a rent cap in 2023/24 (& potentially 2024/25) at 3%, 5% or 7% (with a preferred 5% indicated – subsequently confirmed at 7%). This will mean a rent loss to the HRA of £4.2m over 5 years based on a 7% rent cap.
11. Forecasts have been informed by the Bank of England Inflation report (August 2022), HM Treasury – Forecasts for the UK Economy (August 2022), Office for Budget Responsibility Economic & Fiscal Outlook (March 2022). Any significant variances will be considered later in the budget setting process.

Technical Adjustments Analysis – General Fund 2023/24

<u>Director</u>	<u>Data Type</u>	<u>Narrative</u>	£	£	£
Chief Executive					
	Virements			(15,680)	
	Committee Decisions				
		2019/20 Policy Change CEXEC 1 Revised Waste Management Costs	18,390		
		2020/21 Policy Change WM1 Potential Waste Management Cost Increases	14,830		
		2020/21 Policy Change A&G1 Review of Elections Budgets	68,000		
		2021/22 Policy Change A&G1 Review of Elections Budget re Pandemic	(71,350)		
		Cabinet 09/09/21 Dry Recycling Update	2,000	31,870	
	Inflation			(9,700)	
	Other				
		2023/24 BWP 002 Vacancy Allowance	(1,480)		
		2023/24 BWP 003 Cost Pressure Changes	700		
		2023/24 BWP 011 TBC NNDR Properties	110		
		2023/24 BWP 034 Gas and Electricity	660		
		2023/24 BWP 044 Insurance	(40)	(50)	
	Pay Adjustments			44,830	
	Changes in Recharges			-	
					51,270
Assistant Director Growth and Regeneration					
	Virements			-	
	Committee Decisions				
		2021/22 Policy Change G&R 2 Reversal of Reduced Educational Income following Pandemic Recovery	(16,360)		
		2021/22 Policy Change G&R 3 Reversal of Reduced Income following Pandemic Recovery	(17,150)		
		2021/22 Policy Change G&R 5 Match Funding for European Funded Projects	(10,000)		
		2022/23 Policy Change G&R 1 Reversal of Reduced Car Park Income	(256,550)		
		2022/23 Policy Change G&R 5 Castle Staffing Review	(8,320)		
		BWP 049 Cabinet 10/11/22 R&R Savings Not Achieved	40,000	(268,380)	
	Inflation			17,730	
	Other				
		2023/24 BWP 002 Vacancy Allowance	(13,650)		
		2023/24 BWP 011 TBC NNDR Properties	12,400		
		2023/24 BWP 021 Bank Charges	3,970		
		2023/24 BWP 028 Master Income	79,380		
		2023/24 BWP 034 Gas and Electricity	69,500		
		2023/24 BWP 042 Savings from Castle Review	(430)		
		2023/24 BWP 044 Insurance	3,260	154,430	
	Pay Adjustments			204,760	
	Changes in Recharges			-	

<u>Director</u>	<u>Data Type</u>	<u>Narrative</u>	£	£	£
					108,540
Executive Director Organisation					
	Virements			35,750	
	Committee Decisions				
		2022/23 Policy Change OR 1 Increased Costs of Shared Legal Service	8,500		
		2022/23 Policy Change OR 2 Technology Support for Council Meetings	12,000	20,500	
	Inflation			33,720	
	Other				
		2023/24 BWP 002 Vacancy Allowance	(4,210)		
		2023/24 BWP 007 Members Allowances	15,230		
		2023/24 BWP 008 Mayor and Deputy Mayors Allowances	330		
		2023/24 BWP 009 Land Charges	(1,000)		
		2023/24 BWP 044 Insurance	200	10,550	
	Pay Adjustments			36,650	
	Changes in Recharges			-	
					137,170
Assistant Director People					
	Virements			16,930	
	Committee Decisions				
		2022/23 Policy Change PE 1 Long Service Awards	(1,290)		
		2022/23 Policy Change PE 2 Extension of Temporary Contracts for CSA Staff	(74,400)		
		2022/23 Policy Change PE 4 Extension of Marmion House Security Contract	(12,250)	(87,940)	
	Inflation			42,930	
	Other				
		2022/23 BWP 023 Staff Health Insurance	(7,490)		
		2023/24 BWP 002 Vacancy Allowance	(13,390)		
		2023/24 BWP 003 Cost Pressure Changes	50,850		
		2023/24 BWP 005 Depreciation	36,900		
		2023/24 BWP 021 Bank Charges	(120)		
		2023/24 BWP 044 Insurance	330	67,080	
	Pay Adjustments			196,070	
	Changes in Recharges			-	
					235,070
Assistant Director Operations and Leisure					
	Virements			38,730	
	Committee Decisions				
		2022/23 Policy Change OPS 2 Increased Costs of Plants	(10,000)		
		2022/23 Policy Change OPS 4 Increased Cost of Vehicles	27,560		
		2022/23 Policy Change OPS 6 Assembly Rooms Staffing	(101,000)	(83,440)	

<u>Director</u>	<u>Data Type</u>	<u>Narrative</u>	£	£	£
	Inflation			61,820	
	Other				
		2021/22 OPS1 Policy change	2,840		
		2023/24 BWP 002 Vacancy Allowance	(21,520)		
		2023/24 BWP 003 Cost Pressure Changes	25,000		
		2023/24 BWP 005 Depreciation	(5,610)		
		2023/24 BWP 011 TBC NNDR Properties	3,260		
		2023/24 BWP 021 Bank Charges	11,290		
		2023/24 BWP 026 Assembly Rooms	11,400		
		2023/24 BWP 028 Master Income WP	7,780		
		2023/24 BWP 034 Gas and Electricity	129,040		
		2023/24 BWP 044 Insurance	20,720	184,200	
	Pay Adjustments			345,960	
	Changes in Recharges			-	
					547,270
Executive Director Finance					
	Virements			-	
	Committee Decisions			-	
	Inflation			180	
	Other				
		2023/24 BWP 002 Vacancy Allowance	(480)		
		2023/24 BWP 021 Bank Charges	20		
		2023/24 BWP 044 Insurance	(40)	(500)	
	Pay Adjustments			9,510	
	Changes in Recharges			-	
					9,190
Assistant Director Finance					
	Virements			(37,000)	
	Committee Decisions				
		2019/20 Policy Change FIN 5 Revenue Implications of Capital Programme	19,000		
		2019/20 Policy Change FIN 6 Revenue Implications of Capital Programme	30,000		
		2021/22 Policy Change FIN 2 New Homes Bonus	950		
		2021/22 Policy Change FIN 3 Revenue Implications of Capital Programme	13,000		
		2021/22 Policy Change FIN 4 Revenue Implications of Capital Programme	21,000		
		2021/22 Policy Change FIN 5 Pension Costs	93,710		
		2022/23 Policy Change FIN 1 New Homes Bonus	704,370		
		2022/23 Policy Change FIN 3 Removal of Lower Tier Grant	106,980		
		2022/23 Policy Change FIN 4 Business Rates Relief Section 31 Grant	754,680		
		2022/23 Policy Change FIN 5 Reversal of Local Government Services Grant	161,210		
		2022/23 Policy Change FIN 6 Revenue Implications of Capital Programme	2,000		
		2022/23 Policy Change FIN 7 Increased	5,000		

<u>Director</u>	<u>Data Type</u>	<u>Narrative</u>	£	£	£
		Contribution to WMCA			
		2022/23 Policy Change FIN 8 Reversal of Transfer to Business Rates Equalisation Reserve	939,380		
		BWP 049 Cabinet 10/11/22 R&R savings not achieved	100,000	2,951,280	
	Inflation			12,510	
	Other				
		2020/21 BWP 006 New Homes Bonus	211,750		
		2021/22 BWP 015 Treasury Management	20		
		2023/24 BWP 002 Vacancy Allowance	(12,010)		
		2023/24 BWP 006 Benefits	32,950		
		2023/24 BWP 010 Cost of Collection	4,980		
		2023/24 BWP 012 Court Costs	(1,500)		
		2023/24 BWP 018 Superannuation Allowances	(3,190)		
		2023/24 BWP 020 Audit Fee	143,630		
		2023/24 BWP 021 Bank Charges	(3,920)		
		2023/24 BWP 022 Apprenticeship Levy	5,430		
		2023/24 BWP 024 Treasury Management	(1,598,230)		
		2023/24 BWP 031 Pensions Lump Sum Freeze for 3 years	(393,480)		
		2023/24 BWP 044 Insurance	(520)	(1,614,090)	
	Pay Adjustments			208,620	
	Changes in Recharges			-	
					1,521,320
	Executive Director Communities				
	Virements			-	
	Committee Decisions			-	
	Inflation			-	
	Other			-	
	Pay Adjustments			-	
	Changes in Recharges			-	
					-
	Assistant Director Assets				
	Virements			(38,730)	
	Committee Decisions				
		2021/22 Policy Change AST 7 Marmion House Accommodation	31,640		
		2022/23 Planned Savings from Marmion House Decommissioning R&R BWP 202122	(1,390)		
		2022/23 Planned Savings from Marmion House Decommissioning R&R BWP 202122	(146,000)	(115,750)	
	Inflation			54,540	
	Other				
		2022/23 Policy Change AST 4 Overstated	(26,210)		
			-		
		2023/24 BWP 005 Depreciation	10,150		
		2023/24 BWP 011 TBC NNDR Properties	122,470		
		2023/24 BWP 034 Gas and Electricity	251,900		
		2023/24 BWP 041 Commercial and Industrial	20,000		

<u>Director</u>	<u>Data Type</u>	<u>Narrative</u>	£	£	£
		Rents			
		2023/24 BWP 044 Insurance	8,160		
		2023/24 BWP 048 Marmion House R&R deferral	<u>75,560</u>	462,030	
		Pay Adjustments		38,990	
		Changes in Recharges		-	
					<u><u>401,080</u></u>
Assistant Director	Neighbourhoods				
		Virements		-	
		Committee Decisions			
		2022/23 Policy Change R&R 13 Removal of Flexible Housing Support Grant	<u>80,000</u>	80,000	
		Inflation		7,760	
		Other			
		2023/24 BWP 002 Vacancy Allowance	(3,580)		
		2023/24 BWP 005 Depreciation	1,800		
		2023/24 BWP 025 Lone Worker Monitoring	(20)		
		2023/24 BWP 028 Master Income	(870)		
		2023/24 BWP 034 Gas and Electricity	1,910		
		2023/24 BWP 040 Housing Bad Debt Provisions	(6,800)		
		2023/24 BWP 044 Insurance	(250)		
		2023/24 BWP 045 B&B Cost and Income	<u>(10)</u>	(7,820)	
		Pay Adjustments		60,960	
		Changes in Recharges		-	
					<u><u>140,900</u></u>
Assistant Director	Partnerships				
		Virements		-	
		Committee Decisions			
		2021/22 Policy Change PAR1 CPE Changes in predictions due to Pandemic	<u>(55,000)</u>	(55,000)	
		Inflation		(2,480)	
		Other			
		2023/24 BWP 002 Vacancy Allowance	(5,820)		
		2023/24 BWP 015 Review of TEC Costs and Income	(8,630)		
		2023/24 BWP 021 Bank Charges	70		
		2023/24 BWP 028 Master Income	870		
		2023/24 BWP 044 Insurance	<u>(310)</u>	(13,820)	
		Pay Adjustments		106,530	
		Changes in Recharges		-	
					<u><u>35,230</u></u>
Total					3,187,040

() denotes saving

Technical Adjustments Analysis – Housing Revenue Account 2023/24

<u>Director</u>	<u>Data Type</u>	<u>Narrative</u>	£	£	£
HRA Summary					
	Virements			-	
	Committee Decisions				
		2019/20 Policy Change HRA 1 Brickwork (spalling)	(284,800)		
		2019/20 Policy Change HRA 2 Wall Finish & Lintels	(941,500)		
		2020/21 Policy Change HRS 9 Fire Risk Assessments	65,000		
		2020/21 Policy Change HRA 19 Pensions	28,660	(1,132,640)	
	Inflation			411,070	
	Other				
		2023/24 BWP 004 Garage Rent	25,850		
		2023/24 BWP 005 Depreciation	151,700		
		2023/24 BWP 022 Apprenticeship Levy	2,470		
		2023/24 BWP 024 Treasury Management	244,670		
		2023/24 BWP 031 Pensions Lump Sum Freeze for 3 years	(120,330)		
		2023/24 BWP 033 HRA Service Charges	(34,920)		
		2023/24 BWP 038 Housing Rent	(2,114,110)		
		2023/24 BWP 040 Housing Bad Debt Provisions	167,600	(1,677,070)	
	Pay Adjustments			-	
	Changes in Recharges			0	
					(2,398,640)
ED Communities					
	Virements			-	
	Committee Decisions			-	
	Inflation			150	
	Other				
		2023/24 BWP 002 Vacancy Allowance	(480)	(480)	
	Pay Adjustments			9,510	
	Changes in Recharges			0	
					9,180
AD People					
	Virements			-	
	Committee Decisions			-	
	Inflation			520	
	Other				
		2023/24 BWP 002 Vacancy Allowance	(3,240)		
		2023/24 BWP 044 Insurance	200	(3,040)	
	Pay Adjustments			20,510	
	Changes in Recharges			0	

<u>Director</u>	<u>Data Type</u>	<u>Narrative</u>	£	£	£
					17,990
	AD Operations & Leisure				
	Virements				-
	Committee Decisions				
		2022/23 Policy Change HOPS 2			
		Increased Cost of Vehicles	3,000		
		2022/23 Policy Change HOPS 4			
		Reduction in Neighbourhood Works			
		Budget	<u>(15,000)</u>	(12,000)	
	Inflation			1,270	
	Other				
		2023/24 BWP 002 Vacancy Allowance	(10,000)		
		2023/24 BWP 044 Insurance	<u>710</u>	(9,290)	
	Pay Adjustments			21,120	
	Changes in Recharges			0	
					1,100
	AD Assets				
	Virements				-
	Committee Decisions				
		2022/23 Policy Change HASS 1			
		Increased Cost of Vehicles	<u>2,000</u>	2,000	
	Inflation			18,910	
	Other				
		2023/24 BWP 002 Vacancy Allowance	(13,500)		
		2023/24 BWP 025 HRA Alarm Call			
		Contract	30		
		2023/24 BWP 034 Gas and Electricity	153,680		
		2023/24 BWP 044 Insurance	<u>1,120</u>	141,330	
	Pay Adjustments			133,620	
	Changes in Recharges			0	
					295,860
	AD Neighbourhoods				
	Virements				-
	Committee Decisions				
		2022/23 Policy Change HNEI 1 Remove			
		Temporary Recovery Post	(14,650)		
		2022/23 Policy Change HNEI 2 Remove			
		Temporary Resident Support Worker			
		Post	(34,400)		
		2022/23 Policy Change HNEI 4			
		Extension of Marmion House Security			
		Contract	(12,250)		
		2022/23 Policy Change HNEI 5 Remove			
		Temporary Housing Regulatory and High			
		Rise Co-Ordinator Post	(33,680)		
		2022/23 Planned Savings from Marmion			
		House Decommissioning R&R BWP			
		202122	<u>11,960</u>	(83,020)	
	Inflation			116,170	
	Other				

<u>Director</u>	<u>Data Type</u>	<u>Narrative</u>	£	£	£
		2022/23 BWP 023 Staff Health Insurance	(6,050)		
		2022/23 BWP 026 Enhanced Housing Management Charges	(4,320)		
		2023/24 BWP 002 Vacancy Allowance	(13,320)		
		2023/24 BWP 003 COST PRESSURES	11,730		
		2023/24 BWP 005 Depreciation	670		
		2023/24 BWP 011 TBC NNDR Properties	770		
		2023/24 BWP 018 Superannuation Allowances	(170)		
		2023/24 BWP 020 Audit Fee	70,610		
		2023/24 BWP 021 Bank Charges	420		
		2023/24 BWP 025 HRA Alarm Call Contract	(1,000)		
		2023/24 BWP 027 Enhanced Housing Management Charges	(38,830)		
		2023/24 BWP 033 HRA Service Charges	(21,210)		
		2023/24 BWP 034 Gas and Electricity	324,290		
		2023/24 BWP 039 Sheltered Housing Heating Charges	(64,560)		
		2023/24 BWP 044 Insurance	34,620		
		2022/23 Planned Savings from Marmion House Decommissioning R&R BWP 202122	(18,160)	275,490	
		Pay Adjustments		234,260	
		Changes in Recharges		0	
					542,900

() denotes saving

General Fund – Technical Adjustments 2023/24

	Budget 2022/23	Technical Adjustments							Total Adjusted Base 2023/24
		Virements £	Committee Decisions £	Inflation £	Other £	Pay Adjustments £	Changes in Recharges £	Total Adjustments £	
Chief Executive	2,150,460	(15,680)	31,870	(9,700)	(50)	44,830	-	51,270	2,201,730
AD Growth & Regeneration	749,460	-	(268,380)	17,730	154,430	204,760	-	108,540	858,000
ED Organisation	496,070	35,750	20,500	33,720	10,550	36,650	-	137,170	633,240
AD People	1,850,180	16,930	(87,940)	42,930	67,080	196,070	-	235,070	2,085,250
AD Operations & Leisure	2,920,120	38,730	(83,440)	61,820	184,200	345,960	-	547,270	3,467,390
ED Finance	85,280	-	-	180	(500)	9,510	-	9,190	94,470
AD Finance	(2,669,630)	(37,000)	2,951,280	12,510	(1,614,090)	208,620	-	1,521,320	(1,148,310)
ED Communities	-	-	-	-	-	-	-	-	-
AD Assets	(528,960)	(38,730)	(199,230)	54,540	545,510	38,990	-	401,080	(127,880)
AD Neighbourhoods	767,150	-	80,000	7,760	(7,820)	60,960	-	140,900	908,050
AD Partnerships	760,280	-	(55,000)	(2,480)	(13,820)	106,530	-	35,230	795,510
Grand Total	6,580,410	-	2,389,660	219,010	(674,510)	1,252,880	-	3,187,040	9,767,450

Housing Revenue Account – Technical Adjustments 2023/24

	Budget 2022/23	Technical Adjustments						Total Adjusted Base 2023/24	
		Virements £	Committee Decisions £	Inflation £	Other £	Pay Adjustments £	Changes in Recharges £		Total Adjustments £
HRA Summary	(2,306,580)	-	(1,132,640)	411,070	(1,677,070)	-	-	(2,398,640)	(4,705,220)
ED Communities	53,120	-	-	150	(480)	9,510	-	9,180	62,300
AD People	266,770	-	-	520	(3,040)	20,510	-	17,990	284,760
AD Operations & Leisure	280,300	-	(12,000)	1,270	(9,290)	21,120	-	1,100	281,400
AD Assets	53,790	-	2,000	18,910	141,330	133,620	-	295,860	349,650
AD Neighbourhoods	3,603,290	-	(83,020)	116,170	275,490	234,260	-	542,900	4,146,190
Housing Repairs	-	-	-	-	-	-	-	-	-
Grand Total	1,950,690	-	(1,225,660)	548,090	(1,273,060)	419,020	-	(1,531,610)	419,080

General Fund Summary Budgets – 2023/24

<i>Figures exclude internal recharges which have no bottom line impact.</i>	Base Budget 2022/23 £	Technical Adjustments £	Policy Changes £	Budget 2023/24 £
Chief Executive	2,150,460	51,270	-	2,201,730
AD Growth & Regeneration	749,460	108,540	105,450	963,450
ED Organisation	496,070	137,170	-	633,240
AD People	1,850,180	235,070	110,420	2,195,670
AD Operations & Leisure	2,920,120	547,270	418,460	3,885,850
ED Finance	85,280	9,190	-	94,470
AD Finance	(1,730,250)	581,940	-	(1,148,310)
ED Communities	-	-	-	-
AD Assets	(528,960)	401,080	-	(127,880)
AD Neighbourhoods	767,150	140,900	17,000	925,050
AD Partnerships	760,280	35,230	59,190	854,700
Recharges	-	0	-	0
Total Cost of Services	7,519,790	2,247,660	710,520	10,477,970
Transfer from Business Rates Reserve	(939,380)	939,380	-	-
Net Cost	6,580,410	3,187,040	710,520	10,477,970
Transfer to / (from) Balances	(257,591)	(3,322,554)	-	(3,580,145)
Revenue Support Grant	(194,648)	(4,088)	-	(198,736)
Retained Business Rates	(13,252,313)	(907,687)	-	(14,160,000)
Less: Tariff payable	10,405,841	1,366,544	-	11,772,385
Collection Fund Surplus (Council Tax)	(74,584)	104,772	-	30,188
Collection Fund Surplus (Business Rates)	1,200,215	(939,376)	-	260,839
Council Tax Requirement	(4,407,330)	515,349	(710,520)	(4,602,501)

General Fund Summary Budgets – 2022/23 to 2027/28

<i>Figures exclude internal recharges which have no bottom line impact.</i>	Base Budget 2022/23 £	Budget 2023/24 £	Budget 2024/25 £	Budget 2025/26 £	Budget 2026/27 £	Budget 2027/28 £
Chief Executive	2,150,460	2,201,730	2,176,950	2,235,290	2,233,360	2,231,410
AD Growth & Regeneration	749,460	963,450	972,140	1,028,160	1,019,400	1,066,380
ED Organisation	496,070	633,240	670,600	697,250	724,710	752,990
AD People	1,850,180	2,195,670	2,174,800	2,243,790	2,318,520	2,393,040
AD Operations & Leisure	2,920,120	3,885,850	3,750,950	3,853,010	3,904,890	4,001,670
ED Finance	85,280	94,470	97,560	100,730	103,990	107,310
AD Finance	(1,730,250)	(1,148,310)	(170,060)	492,270	689,910	815,650
ED Communities	-	-	-	-	-	-
AD Assets	(528,960)	(127,880)	(95,370)	(61,020)	(366,650)	(337,670)
AD Neighbourhoods	767,150	925,050	924,310	947,880	971,800	995,490
AD Partnerships	760,280	854,700	1,021,280	1,047,340	1,073,060	1,096,230
Recharges	-	0	0	0	0	0
Total Cost of Services	7,519,790	10,477,970	11,523,160	12,584,700	12,672,990	13,122,500
Transfer from Business Rates Reserve	(939,380)	0	-	-	-	-
Net Cost	6,580,410	10,477,970	11,523,160	12,584,700	12,672,990	13,122,500
Transfer to / (from) Balances	(257,591)	(3,580,145)	(4,090,255)	(4,939,733)	(4,812,907)	(5,044,222)
Revenue Support Grant	(194,648)	(198,736)	(202,869)	(206,927)	(211,065)	(215,287)
Retained Business Rates	(13,252,313)	(14,160,000)	(14,454,500)	(14,743,600)	(15,038,500)	(15,339,300)
Less: Tariff payable	10,405,841	11,772,385	12,017,223	12,257,577	12,502,757	12,752,842
Collection Fund Surplus (Council Tax)	(74,584)	30,188	(33,000)	(33,000)	(33,000)	(33,000)
Collection Fund Surplus (Business Rates)	1,200,215	260,839	-	-	-	-
Council Tax Requirement	(4,407,330)	(4,602,501)	(4,759,759)	(4,919,017)	(5,080,275)	(5,243,533)

* Figures include proposed Policy Changes

Housing Revenue Account 2022/23 to 2027/28

<i>Figures exclude internal recharges which have no bottom line impact.</i>	Base Budget 2022/23 £	Budget 2023/24 £	Budget 2024/25 £	Budget 2025/26 £	Budget 2026/27 £	Budget 2027/28 £
HRA Summary	(2,306,580)	(3,889,470)	(4,542,580)	(4,329,530)	(4,579,420)	(4,894,140)
ED Communities	53,120	62,300	65,370	68,520	71,760	75,070
AD People	266,770	284,760	261,500	266,230	270,500	274,900
AD Operations & Leisure	280,300	379,400	388,010	397,020	404,990	411,370
AD Assets	53,790	349,650	409,890	431,370	472,640	511,690
AD Neighbourhoods	3,603,290	4,345,790	4,404,920	4,366,190	4,464,010	4,562,090
Housing Repairs	0	0	0	0	0	0
	0	0	0	0	0	0
Grand Total	1,950,690	1,532,430	987,110	1,199,800	1,104,480	940,980

* Figures include proposed Policy Changes

Draft General Fund Capital Programme 2023/24 to 2027/28

General Fund Capital Programme	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
Future High Streets Fund	1,848,810	-	-	-	-	1,848,810
Capital Repairs Programme – Castle	100,000	275,000	-	-	-	375,000
Replacement PC's, Servers and Printers	50,000	60,000	60,000	60,000	60,000	290,000
Endpoint Protection and Web-Email Filter	-	-	40,000	-	-	40,000
Town Hall Improvements	688,800	270,000	-	-	-	958,800
Civica Digital Image Store	56,100	-	-	-	-	56,100
Street Lighting	233,600	120,000	50,960	-	-	404,560
Refrubishment of Play Areas	20,000	-	-	-	-	20,000
Balancing Ponds	230,000	100,000	300,000	220,000	-	850,000
Boardwalk Warwickshire Moor	20,000	-	-	-	-	20,000
Snowdome Footbridge	-	80,000	-	-	-	80,000
Play Area Refurbishment	90,000	50,000	50,000	50,000	50,000	290,000
Disabled Facilities Grant	650,000	650,000	650,000	650,000	650,000	3,250,000
Energy Efficiency Upgrades to Commercial and Industrial Units	75,000	75,000	75,000	75,000	75,000	375,000
R&R Office Requirements	150,000	150,000	150,000	150,000	-	600,000
Improved security at Depot including gates, alarms and access	120,000	-	-	-	-	120,000
Roofing and renewal of walkways to Ellerbeck & Caledonian shops	800,000	-	-	-	-	800,000
Refurbishment of Anker Valley changing rooms to improve facility and address water storage/heating issues.	250,000	100,000	-	-	-	350,000
Installation of 3G pitches at Anker Valley.	900,000	-	-	-	-	900,000
Fire and Intruder Alarm Renewals at Tamworth Castle	60,000	-	-	-	-	60,000
Heating Renewals at Tamworth Castle	36,000	-	-	-	-	36,000
Roofing Renewal at Tamworth Castle	110,000	-	-	-	-	110,000
Renewal of Lighting at Depot	50,000	-	-	-	-	50,000
CCTV Upgrades	45,710	45,710	45,710	45,710	45,710	228,550
Total General Fund Capital	6,584,020	1,975,710	1,421,670	1,250,710	880,710	12,112,820


General Fund Capital Programme	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
Proposed Financing:						
Grants - Disabled Facilities	546,890	546,890	546,890	546,890	546,890	2,734,450
Capital Grants	30,000	-	-	-	-	30,000
Section 106 Receipts	-	-	-	-	-	-
General Fund Capital Receipts	204,400	4,400	4,400	59,400	-	272,600
Golf Course Receipts	1,848,810	-	-	-	-	1,848,810
Sale of Council House Receipts	229,020	225,420	251,420	280,420	-	986,280
General Fund Capital Reserve	380,000	370,000	474,960	170,000	-	1,394,960
Other Contributions	24,000	24,000	24,000	24,000	24,000	120,000
Unsupported Borrowing	3,320,900	805,000	120,000	170,000	309,820	4,725,720
Total	6,584,020	1,975,710	1,421,670	1,250,710	880,710	12,112,820


Draft Housing Revenue Account Capital Programme 2023/24 to 2027/28


<u>Housing Revenue Account Capital Programme</u>	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	TOTAL £
Structural Works	275,000	200,000	200,000	200,000	200,000	1,075,000
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	350,000	350,000	350,000	350,000	1,900,000
Disabled Facilities Adaptations	250,000	250,000	250,000	250,000	250,000	1,250,000
Rewire	150,000	100,000	100,000	100,000	100,000	550,000
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	-	280,000
Fire Risk Mitigation Works	300,000	300,000	-	-	-	600,000
Damp and Mould Works	100,000	100,000	100,000	100,000	100,000	500,000
High Rise Refuse Chute Renewals	150,000	150,000	-	-	-	300,000
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
Scooter Storage at High Rise	30,000	-	-	-	-	30,000
Upgrade Pump Rooms at High Rise	25,000	-	-	-	-	25,000
Retention of Garage Sites	500,000	-	-	-	-	500,000
Installation of Solar PV to homes	400,000	400,000	400,000	400,000	400,000	2,000,000
Works associated with renewal of drainage at High Rise	600,000	-	-	-	-	600,000
Renewal of Roofing at Eringden	220,000	-	-	-	-	220,000
Renewal of Windows at Eringden	180,000	-	-	-	-	180,000
Internal flooring and decoration at Eringden	-	90,000	-	-	-	90,000
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
Regeneration & Affordable Housing	250,000	250,000	1,750,000	1,750,000	1,750,000	5,750,000
Total HRA Capital	11,434,900	9,434,900	10,070,940	7,494,500	7,424,500	45,839,340

Housing Revenue Account Capital Programme	2023/24	2024/25	2025/26	2026/27	2027/28	TOTAL
	£	£	£	£	£	£
<u>Proposed Financing:</u>						
Major Repairs Reserve	2,933,500	2,978,500	2,857,500	2,858,500	3,060,500	14,688,500
HRA Capital Receipts	350,400	420,000	350,000	-	-	1,120,400
Regeneration Revenue Reserves	4,451,000	2,886,000	3,987,000	3,486,000	3,450,000	18,260,000
Capital Receipts from Additional Council House Sales (1-4-1)	100,000	100,000	700,000	700,000	700,000	2,300,000
Regeneration Reserve	200,000	270,000	1,590,440	450,000	214,000	2,724,440
Affordable Housing Reserve	900,000	250,000	586,000	-	-	1,736,000
Unsupported Borrowing	2,500,000	2,500,000	-	-	-	5,000,000
Total	11,434,900	9,434,900	10,070,940	7,494,500	7,424,500	45,839,340

Key:

 Capital appraisal received with New Scheme for 2023/24 or adjusted figures supplied

 Figure agreed to previous years report or ongoing scheme assumed at same amount

 No appraisal received

 Confirmation still required

Contingencies 2023/24 – 2027/28

Revenue	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Specific Earmarked & General	£'000	£'000	£'000	£'000	£'000	£'000
General Fund						
General Contingency						
<i>General Contingency</i>	169	132	132	132	132	132
Total General Contingency	169	132	132	132	132	132
Total GF Revenue	169	132	132	132	132	132
Housing Revenue Account						
<i>HRA - General Contingency</i>	130	130	130	130	130	130
Total HRA Revenue	130	130	130	130	130	130

Capital	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Specific Earmarked & General	£'000	£'000	£'000	£'000	£'000	£'000
General Fund						
General Contingency	100	-	-	-	-	-
Return on Investment	20	-	-	-	-	-
Plant & Equipment	100	-	-	-	-	-
Castle Curtain Wall	30	-	-	-	-	-
Total GF Capital	250	-	-	-	-	-
Housing Revenue Account						

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

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