

JOINT SCRUTINY COMMITTEE (BUDGET)

25th January 2023

Report of the Cabinet

DRAFT BUDGET AND MEDIUM TERM FINANCIAL STRATEGY 2023/24 to 2027/28

Purpose

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

Recommendations

That Members:

- 1. Consider the budget proposals due to be approved by Cabinet at the meeting on 19th January 2023;**
- 2. Provide views on the budget proposals and council tax strategy, taking into account the prioritisation of resources.**

Executive Summary

At its meeting on 19th January 2023, the Cabinet is due to consider a package of budget proposals for the period 2023/24 to 2027/28 and, as required by the Constitution of the Council, approved that the Scrutiny Committees be asked to consider the budget proposals contained within the report.

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

Resource Implications

As contained within the report.

Legal / Risk Implications

As contained within the report.

Report Author

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

Background Papers:-	Corporate Vision, Priorities Plan, Budget & Medium Term Financial Strategy 2022/23, Council 22nd February 2022
	Budget and Medium Term Financial Planning Process, Cabinet 8th September 2022
	Leaders Budget Workshop, 30th November 2022
	Draft Base Budget Forecasts 2022/23 to 2026/27, Cabinet 1st December 2022
	Draft Budget and Medium Term Financial Strategy 2023/24 to 2027/28, Cabinet 19th January 2023

CABINET

19th January 2023

JOINT SCRUTINY COMMITTEE (BUDGET)

25th January 2023

Report of the Leader of the Council

DRAFT BUDGET AND MEDIUM TERM FINANCIAL STRATEGY 2023/24 to 2027/28

Purpose

To approve the draft package of budget proposals (**attached at Appendix A**) to consult with the Joint Scrutiny Committee (Budget) on 25th January 2023 and receive their feedback on the:

- General Fund Revenue (GF) Budget and Council Tax for 2023/24;
- Housing Revenue Account (HRA) Budget for 2023/24;
- Capital Programme – General Fund & HRA;
- Medium Term Financial Strategy (MTFS)
- Annual Survey.

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

Recommendations

That:

- 1. Cabinet approve the draft package of budget proposals including the proposed policy changes (as detailed at Appendix B); and**
- 2. As required by the Constitution of the Council, the Joint Scrutiny Committee (Budget) on 25th January 2023 be requested to consider the budget proposals contained within this report.**

Executive Summary

Based on the draft budget assumptions contained within the report, the headline figures for 2023/24 are:

A General Fund Net Cost of Services of £9,598,590;

- A transfer of £1,716,924 from General Fund balances;
- The Band D Council Tax would be set at £196.89, an increase of £5 (2.6% - c.£0.10 per week) on the level from 2022/23 of £191.89;
- A transfer of £1,012,430 from HRA balances;

General dwelling Rent increases will be capped at a 7% increase in average rent (on the 2022/23 average rent of £93.14 based on a 48 week rent year) equating to an average rent of £99.66 based on a 48 week rent year. 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 level of CPI of 10.1% in September, the increase for 2023/24 should have been 11.1% (based on the 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, DLUHC 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 cap on maximum rent increases does not apply to existing tenants of supported housing. This means that the maximum rent increase in 2023/24 for such accommodation remains set at 11.1% (CPI in September 2022, plus 1%).

Formula rents will rise at 11.1% in 2023/24, reflecting CPI +1% (in line with previous policy). This will not affect the rent paid by an existing tenant but does mean that a new tenant will pay a higher rent – in line with the approved policy of re-letting dwellings at the formula rent.

- A General Fund Capital Programme of £10.8m for 5 years;
- A Housing Capital Programme of £38m for 5 years.

Currently projections identify:

1. General Fund balances of £0.7m over 3 years (with a shortfall of £8.8m over 5 years), including the minimum approved level of £0.5m;

Further savings of around £1.8m p.a. will be required over the next 5 years (based on annual £5 increases in Council Tax). On an annualised basis this would equate to a year on year ongoing saving of £0.6m over 5 years.

2. HRA balances of £1.5m over 3 years (with balances of £0.5m over 5 years) including the minimum recommended balances of £0.5m.

Key Risks

- 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.

On 12th December 2022, the Secretary of State for Levelling Up, Communities and Local Government published a written ministerial statement which was accompanied by a policy statement on the 2023/24 local government finance settlement and assumptions about the 2024/25 local government finance settlement.

This statement came ahead of the 2023/24 provisional local government finance settlement announcement, which was published in December 2022, detailing local authority-level figures for 2023/24.

The Government has set out some planning assumptions for the 2024/25 local government finance settlement as follows:

- The Review of Relative Needs and Resources ('Fair Funding Review') and a reset of Business Rates growth will not be implemented in the next two years.

- The council tax referendum principles will continue the same as 2023/24.
- Revenue support grant will continue and be uplifted in line with baseline funding levels (assumed now to be now based on September 2023 CPI), while social care grants will increase as set out in the table above.
- Business rates pooling will continue.
- The Government will set out the future position of New Homes Bonus ahead of the 2024/25 local government finance settlement.

This settlement represents a 'holding position' until the next Parliament, aiming at stability. The ruling out of a business rates reset, or a fair funding review, means that the funding distribution will stay fairly stable (with the exception of Extended Provider Responsibility funding). But this means that the big questions about the future of the funding system remain unaddressed one way or another.

While this means the Council will be able to retain its business rate growth for 2023/24 and 2024/25, it also means that the uncertainty continues and potentially the Council still faces losing this growth from 2025/26.

There is a high risk that these reforms will have a significant effect on the Council's funding level from 2025/26.

- 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.

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.

Background

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

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While this means the Council will be able to retain its business rate growth for 2023/24 and 2024/25, it also means that the uncertainty continues and potentially the Council still faces losing this growth from 2025/26.

There is a high risk that these reforms will have a significant effect on the Council's funding level from 2025/26.

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.

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

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

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

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

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

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

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

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

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

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

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

Options Considered

As part of the budget setting process a number of options for the council tax increase levels for 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	2.99% increase in Council tax in 2023/24 (followed by increases of 2.99% 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

A summary table of all the budget proposals is shown at the end of the report. The General Fund summary revenue budget for 2023/24 appears at **Appendix D**. A summary of the resulting budgets over the five year period appears at **Appendix F**.

The draft Budget and Medium Term Financial Strategy is based on a council tax increase of £5 (2.6%) for 2023/24 (the maximum permitted under the Government set limits to avoid a referendum is 2.99% or £5.73) followed by increases at £5 p.a. thereafter. The Forecast projects General Fund balances of £0.7m over 3 years (with a shortfall of £8.8m over 5 years), including the minimum approved level of £0.5m.

It should be noted that in order to ensure General Fund balances remain above the minimum approved level of £0.5m over 5 years **further savings of around £1.8m p.a. will be required** (based on annual £5 increases in Council Tax). On an annualised basis this would equate to a year on year ongoing saving of £0.6m over 5 years.

The summary HRA Revenue Budget for 2023/24 appears at **Appendix C** (including a summary of the resulting budgets over the 5 year period). Closing balances over 3 years are estimated at £1.5m (£0.5m over 5 years) – including the minimum approved level of £0.5m.

The proposed 5-year General Fund Capital Programme is included at **Appendix H** – the main changes, since the programme was provisionally approved in February 2022, included at this stage are detailed within the report.

The proposed 5-year Housing Capital Programme is included at **Appendix I** – the main changes, since the programme was provisionally approved in February 2022, included at this stage are detailed within the report.

Options

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

The Recovery & Reset Programme package of savings originally reported in July 2022 estimated savings to be in the region of c£3.5m over 5 years; £2.8m of which was unbudgeted capital costs for continuing to occupy Marmion House.

As part of the latest update report to Cabinet on 10th November 2022, including those already built into the medium-term financial plan and the revised programme potentially delivers efficiencies of c£5.1m over the next 5-year medium term. This includes the c£3.5m already identified; plus, an additional £1.6m already delivered through the service re-design project within the programme.

In light of the base budget and MTF5 forecast considered by Cabinet on 1st December 2022, following the Leaders Budget Workshop on 30th November 2022, Managers were asked to identify further areas for potential savings – which have now been included in the policy changes, amounting to c.£1.8m over 5 years.

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

- Completion of the Business Rates forecast / NNDR1 statutory return including the impact for the Staffordshire wide Business Rates pool arrangement for 2023/24; and
- Finalisation of the Policy changes.

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

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

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

Legal / Risk Implications

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

In line with the constitution a Leaders Budget Workshop was held on 30th November 2022.

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.

The results of the annual survey and budget consultation, to inform the decision-making process around council budget and priorities are attached at Appendix N.

712 people chose to take part in this, nearly 200 more than in 2021, and sees the most responses we've had to a consultation.

Council priorities, spending and income

There is a clear endorsement from the majority of respondents of our council priorities, agreeing that all are very of fairly important. This would suggest the corporate priorities are, and remain, the right focus for Tamworth Borough Council.

There is a clear appetite for more spending on many of our very visible services:

- Parks and open spaces
- Tackling anti-social behaviour
- Improving the economic, physical, social and environmental condition of Tamworth

This is wholly consistent with the other findings in this survey, views around Tamworth as a place to live, responsiveness of the council and dissatisfaction match these same areas where people would like to see increases in spending.

Beyond increases, it is more difficult to make clear conclusions.

There is however appetite to reduce spending on

- Improved access to information/customer services
- Arts, Assembly Rooms and Events
- Voluntary sector grants and commissioning

This is also reflected in the question where we ask where people think we should make savings.

Respondents chose to increase charges for leisure and commercial property and opted for the lowest increase in council tax.

Tamworth as a place to live

Responses match those areas which where the council is already working hard to improve. So, while overall satisfaction results for Tamworth as a place to live have decreased from the previous survey carried out in March 2021, plans are already in place to address these concerns.

- 57% are satisfied with Tamworth as a place to live.
- 64% feel safe when out during the day, the feeling of safety decreases after dark.
- 31% agree people pull together to improve the local area.
- 44% agree people from different backgrounds get on well together.

In terms of 'problems in the area', the top three issues:

- Rubbish and litter
- People using or dealing drugs
- Vandalism, graffiti or deliberate damage

Aside from people using or dealing drugs, the others were also the top issues in the 2021 survey. Showing these remain the key issues for local people, and confirms the council is right to seek improvements in these areas. There has also been an increase in the feeling that groups hanging around the streets has become a bigger issue. These factors could be adding to the fear of crime we're seeing in people feeling safe outside.

Interestingly, recent research by Sunlife Insurance¹ ranks Tamworth fourth in a list of safest places for over 60s to live in England and Wales. To compile the list, the company analysed the number of burglaries and thefts per person in UK towns to determine which is the least dangerous. They also considered the prevalence of influenza and ambulance response times.

Satisfaction with services

As we've seen in the previous section people are dissatisfied with Tamworth as a place to live, which is influenced by a much wider range of factors, many outside of Tamworth Borough Council control or influence. However, it is likely people see Tamworth Borough Council (rightly or wrongly) behind some of that dissatisfaction.

- 37% satisfied with how the council runs things.
- 24% agree the council acts on the concerns of residents.

In terms of service satisfaction, people are least satisfied with street cleaning. The biggest issues connected to street cleaning appears to be littering, dog poo and graffiti. Tamworth Borough Council recognises this, and while the answer would be for perpetrators to simply not do these things, seeking to keep the borough clean and tidy is a priority.

- 60% satisfied with waste collection services.
- 36% satisfied with street cleaning services.
- 59% satisfied with sport and leisure.
- 57% satisfied with parks and open spaces.

Information and contacting the council

Social media is the top choice for finding out about council services.

90% would contact the council via digital means (non-digital means are via Councillor or 2% suggest visiting the TIC in the Assembly Rooms).

The answers here are at odds with the comments, where people are calling for more face-to-face access points, while they themselves would not use those services. Customer services data shows that in the last 12 months 100,000 contacts from customers have been digital and around 280 people a year contact the council face to face at the TIC in the Assembly Rooms.

Generally, people are not aware that the Assembly Rooms and Tamworth Castle are council services.

Demographics

In total, 60,400 people were eligible to take part in this survey (adults). 712 people actually took part, which is 1.2% of the eligible population.

Compared to our population, slightly more women than men chose to take part.

Around 2.5% of Tamworth's population have a non-white background, positively, 6% of respondents were from a diverse background.

Common theme

There is a clear common theme that can be seen throughout the responses around how the borough looks, and other feelings and experiences associated with anti-social behaviour.

Collectively these visible issues can have impact on whether people feel safe, whether there is a feeling things are being tackled and generally whether people feel positive about where they live.

These themes can also be seen in views around spending, savings and income. With people prioritising higher spends in these areas.

The issues highlighted in the survey are already council priorities, actions achieved or in progress include:

- Supporting hundreds of community litter picks and local litter pick champions.
- Improving how street issues can be reported to the council on the My Tamworth app.
- Upgraded all council CCTV cameras providing better quality images and coverage.
- Taking all actions legally available to tackle unauthorised encampments.
- Secured over £20million government future high street funding to redevelop Tamworth Town Centre. With a further £20million bid to the Governments Levelling Up fund submitted.
- Closer working with police and other partners to reduce fear of crime. With the first 'Operation Safer Nights' in the town centre happening just a few weeks ago with more planned.
- Planned improvements to council housing estates including landscaping.
- Implementing the enhanced decent homes standard to all council housing.
- Activated the winter relief project to make sure no one is rough sleeping.
- Working to secure a dedicated mental health support worker to support housing tenants.
- Administered £4.5million energy rebate payments for local people.
- Removed 100% all offensive graffiti within the target number of hours of it being reported.
- Removed 100% of fly tips on council land within the target number of days if it being reported.
- Achieved Britain in Bloom Gold, showcasing community involvement across the borough, work at local nature reserves, involving schools and communities leading planting activity in residential areas.
- Secured local warm spaces for people to access, including the council's Assembly Rooms.
- £23million in business grants to support local business development growth.
- Delivered a full programme of free events, food markets, and much more as part of Castle Summer Fest.
- And much more.

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 3% 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)
Assessment of business rates collection levels to inform the forecast / budget (NNDR1) and estimates of appeals, mandatory & discretionary reliefs, cost of collection, bad debts and collection levels; New burdens (Section 31) grant funding for Central Government policy changes – including impact on levy calculation; (High)	Robust estimates included to arrive at collection target. Ongoing proactive management & monitoring will continue; Business Rates Collection Reserve - provision of reserve funding to mitigate impact of any changes in business rate income levels; Monitoring of the situation / regular reporting; (High / Medium)
Local Council Tax Reduction scheme potential yield changes and maintenance of collection levels due to increases in unemployment caused by the pandemic; (High)	Robust estimates included. Ongoing proactive management & monitoring (including a quarterly healthcheck on the implications on the organisation – capacity / finance) will continue; (High / Medium)

Risk	Control Measure
<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>
<p>Property funds are not risk free - as such a risk based approach will need to be adopted – to balance risk against potential yield or return.</p> <p>Based on past performance there is the potential for returns of c.4% 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>Any investment in funds which are deemed as capital expenditure will require the necessary capital programme budgets to be approved by full Council.</p> <p>Risk is inherent in Treasury Management and as such a risk based approach will need to be adopted – to balance risk against potential yield or return.</p> <p>It is suggested that risk be mitigated (although not eliminated) through investment in a diversified portfolio using a range of property funds.</p>

Risk	Control Measure
<p>The initial cost associated with the purchase of the investment in the funds is expected to be in the region of 5% - which would have to be recovered over the life of the investment (either from annual returns or capital appreciation). There is a real risk of a revenue loss therefore in the first year.</p> <p>(High/Medium)</p>	<p>The Council used the secondary market for purchases to potentially gain access to a fund at a lower level of cost than via the primary route.</p> <p>Mitigation regulations are in place to defer any potential principal loss for 5 years.</p> <p>Property Fund investment review carried out 2021.</p> <p>(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 2022/23, Council 22nd February 2022
	Budget and Medium Term Financial Planning Process, Cabinet 8th September 2022
	Leaders Budget Workshop, 30th November 2022
	Draft Base Budget Forecasts 2022/23 to 2026/27, Cabinet 1st December 2022

Summary of Appendices

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Detailed Considerations

The Council's approach to medium term planning aims to integrate the Council's Corporate and financial planning processes. In accordance with that approach this report contains firm proposals for 2023/24 and provisional proposals for the following years.

It is intended that all aspects of the budget should be agreed by Members and so this report details each amendment which is proposed to the 2022/23 budget to arrive at the starting point for 2023/24. The report deals in turn with each of the key elements and towards the end of each section is a summary table. Each of these tables is brought together in the summary and conclusions section at the end of the report.

The Council's medium term financial plan used as the basis for the 2023/24 budget, aimed both to deal with a challenging financial position and to find resources to address the Council's corporate priorities. The approved package was based upon:

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

Financial Background

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

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

There are a number of challenges affecting the Medium Term Financial Planning process for the period from 2023/24 to 2027/28 which add a high level of uncertainty to budget projections.

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

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

Effect of x% movement:	% + / -	Impact over 1 year +/-	Impact over 3 years +/-	Impact over 5 years + / -	Risk
		£'000	£'000	£'000	
Pay Award / National Insurance (GF)	1.0%	106	649	1,658	H
Pension Costs	1.0%	-	-	465	L
Council Tax	0.5%	19	134	362	L
Inflation / CPI	1.0%	138	842	2,135	H
Government Grant	1.0%	44	251	574	L
Investment Interest	1.0%	336	1,432	3,036	H
Key Income Streams	10%	168	1,030	2,623	H
Business Rates	1.0%	148	900	2,281	H

GENERAL FUND

Future Revenue Support Grant & Business Rate income

On 19th December 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 provisional local government finance settlement 2023/24.

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 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 2023/24. It shows an increase of 9.2% for 2023/24 and an overall increase for the period 2015/16 to 2023/24 of 32.7%.

Core Spending Power	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
National Position	£m	£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	15,671
Under-indexing business rates multiplier	165	165	175	275	400	500	650	1,275	2,205
Council Tax	22,036	23,247	24,666	26,332	27,768	29,227	30,327	31,922	33,838
Improved Better Care Fund	-	-	1,115	1,499	1,837	2,077	2,077	2,140	2,140
New Homes Bonus	1,200	1,485	1,252	947	918	907	622	556	291
Rural Services Delivery Grant	16	81	65	81	81	81	85	85	85
Lower Tier Services Grant	-	-	-	-	-	-	111	111	-
Services Grant	-	-	-	-	-	-	-	822	464
Transition Grant	-	150	150	-	-	-	-	-	-
Adult Social Care Support Grant	-	-	241	150	-	-	-	-	-
Winter pressures Grant	-	-	-	240	240	-	-	-	-
Social Care (Support) Grant	-	-	-	-	410	1,410	1,710	2,346	3,852
Market Sustainability & Fair Cost of Care	-	-	-	-	-	-	-	162	-
ASC Market Sustainability & Improvement Fund	-	-	-	-	-	-	-	-	562
ASC Discharge Fund	-	-	-	-	-	-	-	-	300
Grants Rolled In	209	257	248	239	232	232	238	239	-
Funding Guarantee	-	-	-	-	-	-	-	-	136
Core Spending Power	44,876	43,986	44,544	45,337	46,445	49,231	50,611	54,541	59,544
Change %		(2.0)%	1.3%	1.8%	2.4%	6.0%	2.8%	7.8%	9.2%
Cumulative change %		(2.0)%	(0.7)%	1.0%	3.5%	9.7%	12.8%	21.5%	32.7%

Whilst the provisional settlement only shows figures for 2023/24, there will be scope to forecast 2024/25 amounts, given what is known regarding the 2024/25 control totals for funding and the certainty provided regarding the delay to reform to the system (i.e. Fair Funding review and the Business Rates Reset).

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 2019/20 (after the deferral from 2022/23) have been deferred again, until 2025/26.

The Review of Relative Needs and Resources ('Fair Funding Review') and a reset of Business Rates growth will not be implemented in the next two years..

It has now been announced that the business rates multiplier will be frozen again for 2023/24 at 49.9p. Whilst it will remain unchanged, it is important to understand that, whilst the result is net zero change, there are actually three changes to the multiplier for 2023/24.

Change 1 – A reduction in the multiplier of equal and opposite magnitude to offset the impact of the national change in Rateable Value due to Revaluation 2023 (assumed to reduce it to 46.5p).

Change 2 – The allowance for subsequent appeals from Revaluation 2023 (estimated 3.3%, taking the multiplier to 48.0p).

Change 3 – An element for inflation, assumed at 3.74%, taking the multiplier back to 49.9p.

These changes therefore mean that the inflation within the business rates system is 3.74%, resulting in the corresponding changes to Baseline Need, NNDR Baselines and therefore Top Up /Tariff amounts

The business rates tariff for Tamworth has been revised to £10,686,850 – which means that due to the retention of business rates growth since 2013 of c.£2m, the Council will benefit from net additional funds for 2023/24 and 2024/25.

While this means the Council will be able to retain its business rate growth, it also means that the uncertainty continues and potentially the Council still faces losing this growth from 2025/26.

There is a high risk that these reforms will have a significant effect on the Council's funding level from 2025/26.

The 2023/24 local government finance settlement is for one year only and is based on the Spending Review 2021 (SR21) funding levels, updated for the 2022 Autumn Statement announcements. The main points are set out below.

- Council Tax – As previously announced, the council tax referendum limit will be 2.99% for local authorities, with social care authorities allowed an additional 2% social care precept. The provisional settlement confirmed that districts will be allowed to apply the higher of the referendum limit or £5.
- Business Rates Retention – the government has changed the inflation measure used to increase the local government funding amount within the Settlement Funding Amount (SFA). CPI (September increase of 10.1%) has been used, instead of RPI (September increase of 12.6%).

The increase of 10.1% is split between the business rates system (+3.74%) and the compensation grant for under-indexing (+6.36%). The under-indexing multiplier grant has increased (by £930m), in order that local authorities do not lose what would have been the increase to the multiplier.

- Revenue Support Grant £302,008 – this has been increased by 10.1%, in line with what would have been the increase to the multiplier; there have also been existing grants worth £78m rolled into the RSG amounts.
- Local Government Funding Reform – As per the previously published Policy Statement, the Review of Relative Needs and Resources ('Fair Funding Review') and a reset of Business Rates growth will not be implemented in the next two years.

Specific Grants

- Reduced: Services Grant (Previously the 2022/23 Services Grant) £90,840 – This grant has been reduced from £822m to £464m. This reduction is due to the cancellation of the increase in National Insurance Contributions and to move funding to the Supporting Families programme. The methodology for the grant remains unchanged.
- Reduced: New Homes Bonus £347,127 - The 2023/24 allocations have been announced at £291m; a reduction of £265m on 2022/23. There have been no changes to the design of the scheme for 2023/24, with a single year's new allocation. The large reduction in funding from the scheme is due to all prior years' legacy payments having now been paid.
- Abolished: Lower Tier Services Grant – This grant (worth £111m in 2022/23, £106,980) has been removed and replaced by the Minimum Funding Guarantee of 3% for 2023/24.
- New: Funding Guarantee £640,122 – This £136m grant replaces the Lower Tier Services Grant. This grant is intended to provide a funding floor for all local authorities, so that no local authority would see an increase in Core Spending Power that is lower than 3% (before assumptions on council tax rate increases, but includes those on Council Tax base).

For future years, it has been assumed that there will be an inflationary increase in Revenue Support Grant following the planned reforms, as detailed below (after 'rolling in' the Local Council Tax Support Administration grant from 2023/24 of £88k).

BASE BUDGET	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	£	£	£	£	£	£
Revenue Support Grant	194,648	302,008	308,289	314,455	320,744	327,159
% Increase / (Reduction)	3.2%	55.2%	2.1%	2.0%	2.0%	2.0%

However, it has been assumed that the remaining grants will cease from 2025/26, following the planned reforms.

Business Rates

The 2023/24 finance settlement represents the eleventh 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.£10.4m (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 2025/26 onwards, it has been assumed that the retained growth will be redistributed as part of the business rates reset and therefore business rates received will be equivalent to the tariff payable – meaning the Council will retain the Government assessed Business Rates Baseline.

New Burdens (Section 31) Grant is receivable for additional reliefs given by the Government relating to business rates from 1st April 2013 e.g. Small Business Rate Relief – of which 50% of any in excess of the baseline will be payable in levy to the pool. A prudent approach has been taken in respect of any new burdens funding – and, due to uncertainties & risk, the creation of an associated Business Rates Collection reserve to mitigate fluctuation in income. The forecast Section 31 Grants and levy payments included within the base budget forecasts are detailed below – and will be updated following finalisation of the business rates forecast for 2023/24 during January.

Levy / Section 31 Grant	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	£	£	£	£	£	£
NNDR Levy payment		861,368	879,311	-	-	-
Section 31 Grant income	-	-	-	-	-	-

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

BASELINE	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	£	£	£	£	£	£
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
% Increase	-%	2.1%	2.1%	2.0%	2.0%	2.0%
Provisional LGFS (December 2022):						
Retained Business Rates	12,744,347	13,112,868	13,385,616	13,653,328	13,926,395	14,204,922
Less: Tariff payable	(10,405,841)	(10,686,850)	(£10,909,136)	(£11,127,319)	(£11,349,865)	(£11,576,862)
Total SFA	2,338,506	2,426,018	2,476,480	2,526,009	2,576,529	2,628,060
% Increase	-%	3.7%	2.1%	2.0%	2.0%	2.0%
Increase / (Decrease)	-	38,403	39,203	39,987	40,786	41,602

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

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

BASE BUDGET	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	£	£	£	£	£	£
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
% Increase	3.1%	-16.1%	2.1%	2.0%	2.0%	2.0%
Provisional LGFS (November 2022):						
Retained Business Rates	13,252,313	14,797,200	15,104,982	15,407,081	15,715,223	16,029,527
Less: Tariff payable	(10,405,841)	(£10,686,850)	(£10,909,136)	(£12,881,072)	(£13,138,694)	(£13,401,467)
Total	2,846,472	4,110,350	4,195,846	2,526,009	2,576,529	2,628,060
% Increase	3.1%	44.4%	2.1%	-39.8%	2.0%	2.0%
Increase / (Decrease)	-	1,722,735	1,758,569	39,987	40,786	41,602

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

DRAFT MTFS	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	£	£	£	£	£	£
February 2022 MTFS:						
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
% Increase	3.1%	-15.0%	2.1%	2.0%	2.0%	2.0%
Base Budget Forecast (November 2022):						
Revenue Support Grant	194,648	302,008	308,289	314,455	320,744	327,159
Retained Business Rates	£13,252,313	14,797,200	15,104,982	15,407,081	15,715,223	16,029,527
Less: Tariff payable	(10,405,841)	(£10,686,850)	(£10,909,136)	(£12,881,072)	(£13,138,694)	(£13,401,467)
Total	3,041,120	4,412,358	4,504,135	2,840,464	2,897,273	2,955,219
% Increase	3.1%	45.1%	2.1%	-36.9%	2.0%	2.0%
Increase / (Decrease)	-	1,826,007	1,863,989	147,515	150,465	153,475

The table shows that RSG & Business Rates funding (excluding the specific grants detailed above) should be c.£1.8m higher than expected in 2023/24.

The retained Business Rates forecast will be updated based on the NNDR1 return which was not received until late December 2022. A separate report on this agenda is due to

consider the latest forecast for Business Rates (the statutory NNDR1 return) once finalised – prior to final sign off by the statutory deadline of 31st January 2023.

There are still significant uncertainties - specifically the treatment of:

- Forecast levels of growth / contraction in business rates – including the level of void properties and unpaid business rates for 2023/24;
- The estimated level of mandatory and discretionary reliefs;
- The estimated level of refunds of Business Rates following the Appeal process – especially following the planned changes in rateable values arising from the Business Rates Revaluation from April 2023;
- the treatment of Section 31 grant funding (including Small Business Rate Relief Grant) – which could affect the calculation of any levy payment and thereby reduce retained Business Rate income; and
- The impact of the Business Rates Retention scheme review, Baseline reset (the Council’s baseline need level), the Fair Funding Review and the Spending Review on the likely tariff levels for future years.

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

New Homes Bonus (NHB)

There remains significant uncertainty over the ongoing funding for the New Homes Bonus scheme, as it has been ‘rolled over’ for another year, with allocations made for 1 year only. There is no planned legacy payment for 2023/24 (as in 2020/21, 2021/22 and 2022/23).

The Government consulted on the future of the New Homes Bonus in 2021 and set 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 had been forecast for 2023/24 pending the consultation.

However, following the announcement of additional funding for 2023/24, forecasts have subsequently been updated:

BASE BUDGET NHB	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27	2027/28 £
Base Budget Forecast (November 2022)	212,700	-	-	-	-	-
Revised MTFS forecast (December 2022)	917,070	347,127	-	-	-	-
Increased / (Reduced) income	704,370	347,127	-	-	-	-

This results in an overall gain to the MTFS of £0.3m for 2023/24, resulting from the growth in new homes in the borough to October 2022.

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

The future of the New Homes Bonus remains uncertain. The Government has not made a commitment to a new round of payments in 2024/25, but has again committed to set out the future position in the year ahead.

Extended Producer Responsibility funding

For 2024/25 the settlement will include a new funding stream, subject to successful delivery of the Extended Producer Responsibility for packaging (EPR) scheme as soon as is feasible within this financial year. Local authorities can expect to receive additional income from the scheme whilst being asked to submit data relevant to their waste collection services.

Alongside HM Treasury and the Department for Environment, Food and Rural Affairs, the Department for Levelling Up, Housing and Communities will be assessing the impact of additional EPR income on the relative needs and resources of individual local authorities in the coming year.

It is too early to know the impact for the Council as the Government still plan to review and identify the 2024/25 position on funding for lower tier authorities particularly given the possible interactions with the EPR scheme.

Technical Adjustments

Revisions 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 calculated to take account of:

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

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

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

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

* () denotes saving in base budget

Policy Changes

The policy changes provisionally agreed by Council in February 2022 have been included within the technical adjustments for 2023/24 onwards. **A list of the proposed new policy changes for 2023/24 is summarised below:**

Item No	Proposal/(Existing Budget)	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	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	-	-	-	-
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	-	-	-	-
PE7	Income up to £1,000 per annum limited by town hall now being used as municipal base	(1.00)	-	-	-	-
PE8	Savings from Healthcare cash plan following tender / new provider	(8.00)	-	-	-	-
OPS 1	Create an ongoing permanent budget of £180k for salaries at the Assembly Rooms, to include GX0604 and GX0606.	158.6	-158.6	-	-	-
	Temporary staff to stay permanent. Cover 10% shift allowance and First Aid	41.4	-	-	-	-

Item No	Proposal/(Existing Budget)	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 2	An additional £17k per annum (£85k over 5 years) 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.	17.00	-	-	-	-
OPS 3	£30k provide the infrastructure for charging the new electric vehicles.	30.00	(30.00)	-	-	-
OPS 3	Establishment of a 3-year budget plan for annual Castle Summer events.	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	3.00	-	-	-	-
	St Georges Day – increase of £3k to £12,500					
	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.	15.00	(15.00)	-	-	-
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)	-	-	-
OPS 9	Cease Free public swimming at Wilnecote Leisure Centre as not been operational since 2019 and now Wilnecote are delivering an external hire only model	(17.58)	-	-	-	-
OPS 10	Income for woodchip around £20 to £35 a tonn. For timber around £35 to £45 tonn.	(5.00)	-	-	-	-
OPS 11	Live Show Contra's - £110 increased income per 'Split Profit' Show (based on 100 live shows)	(11.00)	-	-	-	-

Item No	Proposal/(Existing Budget)	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 12	Live Show Ticket fee - 50p per ticket sold, live show only (based on 20,000 live tix sold)	(10.00)	-	-	-	-
OPS 13	Sponsorship for Outdoor Theatre; MNMC	(4.00)	-	-	-	-
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	-	-	-	-
	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	-	-	-	-
FIN3	Reduce General Contingency	(32.00)	-	-	-	-
FIN4	Remove contribution to Business Rates Volatility Reserve	(150.00)	-	-	-	-
FIN5	Remove car allowances no longer required	(2.99)	-	-	-	-
FIN6	Cash Collection Payment Cards aving due to Internet banking / direct debit increase following covid	(5.00)	-	-	-	-
FIN7	New Homes Bonus following confirmation of continuation of scheme for 2023/24 pending review for 2024/25	(347.13)	347.13	-	-	-
FIN8	Business Rates Levy payment following deferral of the Business Rates reset	TBA	-	-	-	-
FIN9	Lower Tier Funding Guarantee Grant notified for 2023/24	(640.12)	-	640.12	-	-
FIN10	Business Rates Relief Section 31 Grant for Government scheme to reduce business rates charges following deferral of the reset	TBA	-	-	-	-
FIN11	Local Government Services grant notified for 2023/24	(90.84)	-	90.84	-	-
FIN12	Revenue Implications of Capital Programme Repayment of debt on unsupported borrowing / lost investment income	TBA	-	-	-	-

Item No	Proposal/(Existing Budget)	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
FIN13	Reduced grant income - Local Council Tax Support Administration Subsidy consolidated into the local government finance settlement	85.28	-	-	-	-
NEI 1	Annual cost of BT Redcare telephone lines which are still required as part of the Council's CCTV infrastructure with potential to phase out the use of these BT Redcare lines over the next year.	17.00	(17.00)	-	-	-
NEI 2	HPG is determined annually with settlements based on prevention and delivery of homelessness strategy staffing	(100.00)	-	-	-	-
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	-	-
G&R 2	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	-	-	-	-
G&R 3	Request an additional post for a period of three years to kick start activity on the net zero workstream	47.60	2.70	5.90	(56.20)	-
G&R 3	Car allowance	1.25	-	-	(1.25)	-
G&R 3	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)	-	-	-
	Contribution from Shared Prosperity Funding	(20.00)	20.00	-	-	-

Item No	Proposal/(Existing Budget)	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 4	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	10.00	-	-	-	-
G&R 5	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	60.00	88.00	2.00	3.00	3.00
	Contribution from income	(25.00)	(120.00)	-	-	-
G&R6	Contribution from Shared Prosperity Fund to staff costs	-	(25.00)	-	25.00	-
	Total New Items / Amendments	(168.86)	(142.10)	738.86	(79.45)	3.00
	Cumulative	(168.86)	(310.96)	427.90	348.45	351.45

Capping / Local Referendum

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

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

Council Tax

Last year's medium term financial plan identified ongoing increases of £5 per annum from 2023/24. The indication is that the 'capping' threshold for District Councils will be the higher of £5 or 2.99% - 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).

The draft Budget and Medium Term Financial Strategy is based on a council tax increase of £5 (2.6%) for 2023/24 (the maximum permitted under the Government set limits to avoid a referendum is 2.99% or £5.73) followed by increases at £5 p.a. thereafter.

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

A number of scenarios for future years' increases are set out below:

Model 1 Impact of £5 increase in Council Tax in 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	1,717	2,529	4,507	4,401	4,628
Balances Remaining (-) / Overdrawn	(7,747)	(5,218)	(711)	3,690	8,318
£ 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 potential General fund balances of approx. £0.7m over 3 years (with a shortfall of £4.2m over 4 years & £8.8m over the 5 year period) - including the minimum approved level of £0.5m. Further savings of approx. £1.8m per annum over 5 years would have to be identified.

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

Model 2 Impact of 2.99% increase in Council Tax in 2023/24 (followed by increases of 2.99% p.a. thereafter)

Year:	2023/24	2024/25	2025/26	2026/27	2027/28
Forecast:	£'000	£'000	£'000	£'000	£'000
(Increase) in Council Tax £	(17)	(38)	(64)	(94)	(129)
Revised Surplus (-) /Deficit	1,700	2,491	4,443	4,307	4,499
Balances Remaining (-) / Overdrawn	(7,763)	(5,272)	(829)	3,478	7,977
£ Increase	5.74	5.91	6.09	6.27	6.46
% Increase	2.99%	2.99%	2.99%	2.99%	2.99%
Note: Resulting Band D Council Tax	197.63	203.54	209.63	215.90	222.36

Indicating potential General fund balances of approx. £0.8m over 3 years (with a shortfall of £4m over 4 years & £8.5m over the 5 year period) - including the minimum approved level of £0.5m. Further savings of approx. £1.7m per annum over 5 years would have to be identified.

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	1,811	2,717	4,790	4,780	5,104
Balances Remaining (-) / Overdrawn	(7,652)	(4,935)	(145)	4,635	9,739
£ 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 potential General fund balances of approx. £0.1m over 3 years (with a shortfall of £5.1m over 4 years & £10.2m over the 5 year period) - including the minimum approved level of £0.5m. Further savings of approx. £2m per annum over 5 years would have to be identified.

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	1,390	2,202	4,180	4,074	4,301
Balances Remaining (-) / Overdrawn	(8,073)	(5,871)	(1,691)	2,383	6,684
£ 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 potential General fund balances of approx. £1.7m over 3 years (with a shortfall of £2.9m over 4 years & £7.2m over the 5 year period) - including the minimum approved level of £0.5m. Further savings of approx. £1.4m per annum over 5 years would have to be identified.

Model 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	1,834	2,764	4,861	4,875	5,223
Balances Remaining (-) / Overdrawn	(7,629)	(4,865)	(4)	4,871	10,094
£ 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 shortfall in General fund balances of approx. £0.5m over 3 years (with a shortfall of £5.4m over 4 years & £10.6m over the 5 year period) - including the minimum approved level of £0.5m. Further savings of approx. £2.1m per annum over 5 years would have to be identified.

Model 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	1,745	2,583	4,585	4,502	4,750
Balances Remaining (-) / Overdrawn	(7,718)	(5,135)	(550)	3,952	8,702
£ 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. £0.6m over 3 years (with a shortfall of £4.5m over 4 years & £9.2m over the 5 year period) - including the minimum approved level of £0.5m. Further savings of approx. £1.8m per annum over 5 years would have to be identified.

Also available to the Council to support expenditure otherwise funded from Council Tax are surpluses arising from the Council's share of surpluses within the Council Tax or Business Rates elements of the Collection Fund – subject to the projected impact of the additional reliefs these may be significantly reduced or could mean a deficit position which would have to be funded in 2023/24 by the preceptors.

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

These were impacted in 2020/21 by the effect of the pandemic resulting in a deficit position which was funded in 2021/22 by the preceptors (& subject to the Government requirement to allow any deficit arising from the pandemic to be spread over 3 years). At this stage, the forecast Collection Fund deficits arising from the 2020/21 pandemic have not been updated and are included in line with the requirement to spread the deficit over 3 years – these will be updated following finalisation of the estimated surplus/deficit calculations in January 2023.

Year:	2023/24	2024/25	2025/26	2026/27	2027/28
Council Tax	£'000	£'000	£'000	£'000	£'000
Council Tax Income	(4,603)	(4,760)	(4,919)	(5,080)	(5,244)
Collection Fund Surplus (Council Tax)	30	(33)	(33)	(33)	(33)
Collection Fund Surplus (Business Rates)	261	-	-	-	-

The County Council, OPCC and Fire & Rescue Authority are due to finalise their budgets for 2023/24 during February 2023. The impact of the Borough Council tax proposals is shown for each Council Tax Band in **Appendix G**.

Balances

At the Council meeting on 23rd February 2016 Members approved a minimum working level of balances of £0.5m. At 31st March 2023 General Fund revenue balances are estimated to be £9.5m. The minimum level of balances for planning purposes will remain at around £0.5m.

Summary and Conclusions

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

In addition, there remains a degree of uncertainty in a number of areas including future income levels following the pandemic, local authority pay settlements, the potential for interest rate changes and the future local government finance settlements. A summary of all the budget proposals is shown in the table below. The summary revenue budget for 2023/24 appears at **Appendix D**.

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

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

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	(169)	(311)	428	348	351
Net Expenditure	9,598	10,966	12,299	12,411	12,861
Financing:					
RSG	302	308	314	321	327
Collection Fund Surplus/(Deficit) - CTAX	(30)	33	33	33	33
Collection Fund Surplus/(Deficit) - NNDR	(261)	-	-	-	-
Tariff Payable	(10,687)	(10,909)	(12,881)	(13,139)	(13,401)
Non Domestic Ratepayers	14,797	15,105	15,407	15,715	16,030
Business Rates Levy	(842)	(860)			
Council Tax Income (Model 1)	4,603	4,760	4,919	5,080	5,244
Gross Financing	7,882	8,437	7,792	8,010	8,233
Surplus(-) /Deficit	1,716	2,529	4,507	4,401	4,628
Balances Remaining (-) / Overdrawn	(7,747)	(5,218)	(711)	3,690	8,318
Per Council, 22nd February 2022	(5,669)	(2,796)	-	-	-
Band D Equivalents	23,376	23,576	23,776	23,976	24,176

Indicating potential General fund balances of approx. £0.7m over 3 years (with a shortfall of £4.29m over 4 years & £8.8m over the 5 year period) - including the minimum approved level of £0.5m.

HOUSING REVENUE ACCOUNT

Technical Adjustments

The 2022/23 approved budget has been used as a base to which amendments have been made reflecting the impact of technical adjustments. The impact of the policy led changes, will be added to this figure to produce the HRA budget for 2023/24.

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

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)

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

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

and are summarised in **Appendix E**.

Proposals

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

Item No	Proposal/(Existing Budget)	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 are currently consulting 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%).	798.25	0.31	39.57	20.66	21.13
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	-	-	-	-
HRA3	Reduced Revenue Contribution to Capital	(520.00)	-	-	-	-
HASS1	Updated Stock Condition Survey and options appraisal	-	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 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	-	-	-	-
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	38.00	(38.00)	-	-	-
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.	15.00	-	-	-	-
HNEI4	Budget provision to cover the cost of a temporary post "Housing solutions advisor" from April 2023 until March 2025	34.00	-	(34.00)	-	-

Item No	Proposal/(Existing Budget)	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	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	-	-	-	-
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	37.90	-	-	-	-
	2 members of staff to operate the vehicle and deliver the added value HRA cleansing service	60.10	-	-	-	-
Total New Items / Amendments		593.35	(17.69)	(114.43)	20.66	21.13
Cumulative		593.35	575.66	461.23	481.89	503.02

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 level of CPI of 10.1% for September, the increase for 2023/24 would have been at 11.1% (based on the 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 will 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.

Assuming increases in Rent capped at the maximum 7% allowed by the Government's recent revised Rent Standard consultation, the proposals will mean that balances will remain above the approved minimum level of £0.5m over the five year period.

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	593	576	461	482	503
Surplus (-) / Deficit	1,012	467	680	585	421
Balances Remaining (-) / Overdrawn	(2,678)	(2,211)	(1,531)	(946)	(525)
Per Council, 22 nd February 2022	(2,875)	(2,401)	(2,041)	(1,833)	-

Indicating Housing Revenue Account (HRA) balances of £1.5m over 3 years (with balances of £0.5m over 5 years) including the minimum recommended balances of £0.5m.

Rent Setting Policy

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

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

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

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

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

The Government 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 cap on maximum rent increases does not apply to existing tenants of supported housing. This means that the maximum rent increase in 2023/24 for such accommodation remains set at 11.1% (CPI in September 2022, plus 1%).

Formula rents will rise at 11.1% in 2023/24, reflecting CPI +1% (in line with previous policy). This will not affect the rent paid by an existing tenant but does mean that a new tenant will pay a higher rent – in line with the approved policy of re-letting dwellings at the formula rent.

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				<u>3,247,890</u>
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				<u>17,328,940</u>
Inflation at CPI + 1%	4.1%	11.1%	3.0%	3.0%	3.0%	3.0%

Effect of the 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				8,291,450
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				6,227,330
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				4,173,650

Balances

The forecast level of balances at 31st March 2023 is £2.7m. The impact on balances of the adjustments outlined in this report would be as follows:

Balances	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Proposed Withdrawal from / Addition to (-) Balances	1,012	467	680	585	421
Balances Remaining (-) / Overdrawn	(2,678)	(2,211)	(1,531)	(946)	(525)

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

Corporate Capital Strategy

The Council has an ongoing capital programme of over £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) and the Asset Strategy Steering Group (ASSG) review capital bids. Once capital bids have been prioritised, Executive Management Team will review the outcome of the deliberations of CMT / ASSG and will make recommendations to Cabinet through an updated Medium Term Financial Strategy (MTFS) report on a proposed budget package which will include capital budget proposals.

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

Following a review of the Capital Programme approved by Council on 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).

The minimum approved level of GF capital balances is £0.5million and, should the programme progress without amendment, would mean additional borrowing of £3m over the next 5 years (£ over 3 years). The current GF Capital Financing Requirement (CFR) stands at £3.937m with planned borrowing in 2022/23 of £1.123m.

There has been some 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.

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.

Policy Changes Summary

SERVICE AREA	Sheet No.	Budget Changes 22/23 £'000	Budget Changes 23/24 £'000	Budget Changes 24/25 £'000	Budget Changes 25/26 £'000	Budget Changes 26/27 £'000
EXECUTIVE DIRECTOR ORGANISATION		-	-	-	-	-
PEOPLE	1	101.42	(98.54)	-	-	-
OPERATIONS AND LEISURE	2	370.88	(253.60)	-	(50.00)	-
EXECUTIVE DIRECTOR FINANCE		-	-	-	-	-
FINANCE	3	(722.80)	347.13	730.96	-	-
EXECUTIVE DIRECTOR COMMUNITIES		-	-	-	-	-
NEIGHBOURHOODS	4	(83.00)	(17.00)	-	-	-
PARTNERSHIPS	5	59.19	(59.19)	-	-	-
ASSETS		-	-	-	-	-
CHIEF EXECUTIVE		-	-	-	-	-
GROWTH & REGENERATION	6	105.45	(60.90)	7.90	(29.45)	3.00
TOTAL		(168.86)	(142.10)	738.86	(79.45)	3.00
Cumulative Cost / (Saving)		(168.86)	(310.96)	427.90	348.45	351.45
HOUSING REVENUE ACCOUNT	Sheet No.	Budget Changes 22/23 £'000	Budget Changes 23/24 £'000	Budget Changes 24/25 £'000	Budget Changes 25/26 £'000	Budget Changes 26/27 £'000
HRA - SUMMARY	7	295.75	0.31	39.57	20.66	21.13
HRA - ASSETS	8	-	20.00	(20.00)	-	-
HRA - NEIGHBOURHOODS	9	199.60	(38.00)	(134.00)	-	-
HRA - OPERATIONS	10	98.00	-	-	-	-
HRA - PEOPLE		-	-	-	-	-
TOTAL		593.35	(17.69)	(114.43)	20.66	21.13
Cumulative Cost / (Saving)		593.35	575.66	461.23	481.89	503.02

Policy Changes Summary Staffing Implications

SERVICE AREA	Sheet No.	Budget Changes 22/23 FTE	Budget Changes 23/24 FTE	Budget Changes 24/25 FTE	Budget Changes 25/26 FTE	Budget Changes 26/27 FTE
EXECUTIVE DIRECTOR ORGANISATION		-	-	-	-	-
PEOPLE	1	3.1	(3.6)	-	-	-
OPERATIONS AND LEISURE	2	-	-	-	-	-
EXECUTIVE DIRECTOR FINANCE		-	-	-	-	-
FINANCE	3	1.0	-	-	-	-
EXECUTIVE DIRECTOR COMMUNITIES		-	-	-	-	-
NEIGHBOURHOODS	4	-	-	-	-	-
PARTNERSHIPS	5	-	-	-	-	-
ASSETS		-	-	-	-	-
CHIEF EXECUTIVE		-	-	-	-	-
GROWTH & REGENERATION	6	2.0	-	-	(1.0)	-
TOTAL		6.1	(3.6)	-	(1.0)	-

HOUSING REVENUE ACCOUNT - ASSETS	Sheet No.	Budget Changes 22/23 FTE	Budget Changes 23/24 FTE	Budget Changes 24/25 FTE	Budget Changes 25/26 FTE	Budget Changes 26/27 FTE
HRA - SUMMARY	7	0.5	-	-	-	-
HRA - ASSETS	8	-	-	-	-	-
HRA - NEIGHBOURHOODS	9	3.0	(1.0)	(1.0)	-	-
HRA - OPERATIONS	10	2.0	-	-	-	-
HRA - PEOPLE		-	-	-	-	-
TOTAL		5.5	(1.0)	(1.0)	-	-

2023/24 Budget Process - Policy Changes				Sheet	1			
PEOPLE								
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)		17.5	-	-	-	-	
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.		25.0	(25.0)	-	-	-	
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	-	-	-	-	
PE7	Income up to £1,000 per annum limited by town hall now being used as municipal base	Hire may mean town hall not available for short notice municipal and civic events	(1.00)	-	-	-	-	
PE8	Savings from Healthcare cash plan	Following tender / new provider	(8.00)					
Total New Items / Amendments			101.42	(98.54)	-	-	-	
STAFFING IMPLICATIONS								
Item No	Proposal/(Existing Budget)	Implications	23/24	24/25	25/26	26/27	27/28	
			FTE	FTE	FTE	FTE	FTE	
PE1	To retain the provision of Customer Service Advisor (CSA) resource for the period April 2023 to March 2024		2.63	(2.63)	-	-	-	
PE2	Reduction of 1 FTE CSO to account for service for Staffs CC staff in Marmion House no longer being required.		(1.00)	-	-	-	-	
PE4	New post of Security Officer Gr D		0.50	-	-	-	-	
PE5	New post of Electoral Services Administrator Gr B		1.00	(1.0)	-	-	-	
TOTAL			3.13	(3.63)	-	-	-	

2023/24 Budget Process - Policy Changes				Sheet	2			
OPERATIONS AND LEISURE								
Item No	Proposal(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			23/24	24/25	25/26	26/27	27/28	
			£'000	£'000	£'000	£'000	£'000	
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.	158.6	(158.60)	-	-	-	-
			41.40	-	-	-	-	-
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)	17.00	-	-	-	-	-
		£30k provide the infrastructure for charging the new electric vehicles.	30.00	(30.00)	-	-	-	-
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)	-	-	-	-
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)	-	-	-	-
OPS 9	Cease Free public swimming at Wilnecote Leisure Centre	Not been operational since 2019 and now Wilnecote are delivering an external hire only model	(17.58)	-	-	-	-	-
OPS 10	Income for woodchip around £20 to £35 a tonn, For timber around £35 to £45 tonn, The more waste we generate the more income TBC receives,	Use wood chip and round wood for waste/bio-mass	(5.00)	-	-	-	-	-
OPS 11	Live Show Contra's	Improve TBC's green credentials £110 increased income per 'Split Profit' Show (based on 100 live shows)	(11.00)	-	-	-	-	-
OPS 12	Live Show Ticket fee	50p per ticket sold, live show only (based on 20,000 live tix sold)	(10.00)	-	-	-	-	-
OPS 13	Sponsorship for Outdoor Theatre; MNMC	Approx £2.5k for Outdoor Theatre; £1.5k for MNMC	(4.00)	-	-	-	-	-
	TOTAL		370.88	(253.60)	-	(50.00)	-	-

FINANCE

Item	Proposal/(Existing Budget)	Implications	Budget	Budget	Budget	Budget	Budget
			23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000	27/28 £'000
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	-	-	-	-
FIN2	Contingency provision required due to uncertainty over future income levels	Part funding from recharge to capital schemes 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	(45.00)	-	-	-	-
FIN3	GC0501 35006 Reduce General Contingency	Reduced contingency budget available	(32.00)	-	-	-	-
FIN4	GC0501 36030 £150k contribution to reserve	Lack of resilience should business rates fall	(150.00)	-	-	-	-
FIN5	GG0201 25010 £1.44k GG0206 25010 £1.55k car allowances	£2.99k total budgets no longer required re home working contract	(2.99)	-	-	-	-
FIN6	GG0304 30319 Cash Collection Payment Cards	£5k saving/underspend due to Internet banking / direct debit increase following covid	(5.00)	-	-	-	-
FIN7	New Homes Bonus	Updated NHB grant notification following confirmation of continuation of scheme for 2023/24 pending review for 2024/25	(347.13)	347.13	-	-	-
FIN8	Business Rates Levy payment	Inclusion of budget for levy payment following deferral of the Business Rates reset	TBA	-	-	-	-
FIN9	Lower Tier Funding Guarantee Grant	Inclusion of income budget for Lower Tier Funding Guarantee grant notified for 2023/24	(640.12)	-	640.12	-	-
FIN10	Business Rates Relief Section 31 Grant	New Burdens funding for Government scheme to reduce business rates charges following deferral of the reset	TBA	-	-	-	-
FIN11	Local Government Services grant	Inclusion of income budget for new, one-off Services grant notified for 2023/24	(90.84)	-	90.84	-	-

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			23/24	24/25	25/26	26/27	27/28
			£'000	£'000	£'000	£'000	£'000
FIN12	Revenue Implications of Capital Programme	Repayment of debt (4%) on unsupported borrowing / lost investment income	TBA	-	-	-	-
FIN13	Reduced grant income - Local Council Tax Support Administration Subsidy	Four grants consolidated into the local government finance settlement with their existing distributions: Independent Living Fund' Council Tax Discounts – Family Annexe; Local Council Tax Support Administration Subsidy; and Natasha's Law	85.28	-	-	-	-
				-	-	-	-
				-	-	-	-
	Total New Items / Amendments		(722.80)	347.13	730.96	-	-
STAFFING IMPLICATIONS							
Item No	Proposal/(Existing Budget)	Implications	23/24 FTE	24/25 FTE	25/26 FTE	26/27 FTE	27/28 FTE
FIN1	Creation of a Project Accountant post		1.0				
	TOTAL		1.0	-	-	-	-

NEIGHBOURHOODS

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)	-	-	-
NEI 2	HPG is determined annually with settlements based on prevention and delivery of homelessness strategy	£100k p.a. HPG grant used to fund staffing	(100.00)	0.00	-	-	-
Total New Items / Amendments			(83.00)	(17.00)	-	-	-

2023/24 Budget Process - Policy Changes			Sheet 5				
PARTNERSHIPS							
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
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)	-	-	-
Total New Items / Amendments			59.19	(59.19)	-	-	-

2023/24 Budget Process - Policy Changes				Sheet	6			
GROWTH & REGENERATION								
Item No	Proposal/(Existing Budget)	Implications	Budget	Budget	Budget	Budget	Budget	
			23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000	27/28 £'000	
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	-	-	-	-	
	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)	-	
G&R 3	To create a budget for the delivery of a programme of large-scale heritage and educational events in the Castle and Grounds	Car allowance	1.25	-	-	(1.25)	-	
		Contribution from Shared Prosperity Funding	(20.00)	20.00	-	-	-	
G&R 4	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		10.00	-	-	-	-	
G&R 5	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)	-	-	-	
G&R6	Contribution from Shared Prosperity Fund to staff costs		-	(25.00)	-	25.00	-	
Total New Items / Amendments			105.45	(60.90)	7.90	(29.45)	3.00	
STAFFING IMPLICATIONS								
			23/24 FTE	24/25 FTE	25/26 FTE	26/27 FTE	27/28 FTE	
G&R1	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.	One FTE to start using GW0101 budget from 4th Jan 2024 after finishing job under COMF	1.00	-	-	-	-	
G&R2	Request an additional post for a period of three years to kick start activity on the net zero workstream	One FTE at Grade G	1.00	-	-	(1.00)	-	
TOTAL			2.00	-	-	(1.00)	-	

2023/24 Budget Process - Policy Changes

HOUSING REVENUE ACCOUNT - SUMMARY

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 are currently consulting 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
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	-	-	-	-
HRA3	Reduced Revenue Contribution to Capital		(520.00)	-	-	-	-
Total New Items / Amendments			295.75	0.31	39.57	20.66	21.13

STAFFING IMPLICATIONS

Item No	Proposal/(Existing Budget)	Implications	23/24 FTE	24/25 FTE	25/26 FTE	26/27 FTE	27/28 FTE
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)		0.50	-	-	-	-
TOTAL			0.50	-	-	-	-

2023/24 Budget Process - Policy Changes

HOUSING REVENUE ACCOUNT - ASSETS

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
HASS1	Updated Stock Condition Survey and options appraisal	Options appraisal to inform future capital programme spending	-	20.00	(20.00)	-	-
			-	-	-	-	-
Total New Items / Amendments			-	20.00	(20.00)	-	-

STAFFING IMPLICATIONS

Item No	Proposal/(Existing Budget)	Implications	23/24	24/25	25/26	26/27	27/28
			FTE	FTE	FTE	FTE	FTE
HASS20				-	-	-	-
TOTAL			-	-	-	-	-

2023/24 Budget Process - Policy Changes			Sheet	9			
HOUSING REVENUE ACCOUNT - NEIGHBOURHOODS							
Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			23/24	24/25	25/26	26/27	27/28
			£'000	£'000	£'000	£'000	£'000
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 This post delivers key tenancy management services to all high rise flatted accommodation and the landlord compliance against regulatory standards	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 Recharges to capital / repairs	38.00 (38.00)	-	-	-	-
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)	-	-	-
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)	-	-
HNEI5	Resourcing the self-assessment programme for the regulation of its HRA and council housing service	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	100.00	-	(100.00)	-	-

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
HNEI6	Budget provision to cover the cost of a green bin pull out service at the 10 Sheltered Warden Schemes across the Borough.	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.	12.60	-	-	-	-
Total New Items / Amendments			199.60	(38.00)	(134.00)	-	-

STAFFING IMPLICATIONS

Item No	Proposal/(Existing Budget)	Implications	23/24	24/25	25/26	26/27	27/28
			FTE	FTE	FTE	FTE	FTE
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 This post delivers key tenancy management services to all high rise flatted accommodation and the landlord compliance against regulatory standards		1.0	-	-	-	-
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		1.0	(1.0)	-	-	-
HNEI4	Budget provision to cover the cost of a temporary post "Housing solutions advisor" from April 2023 until March 2025		1.0	-	(1.0)	-	-
TOTAL			3.0	(1.0)	(1.0)	-	-

2023/24 Budget Process - Policy Changes				Sheet		10			
HOUSING REVENUE ACCOUNT - OPERATIONS									
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			98.00	-	-	-	-	-	-
STAFFING IMPLICATIONS									
Item No	Proposal/(Existing Budget)	Implications	23/24	24/25	25/26	26/27	27/28		
			FTE	FTE	FTE	FTE	FTE		
HOPS 1	2 additional Housing Maintenance Operative		2.0	-	-	-	-		
TOTAL			2.0	-	-	-	-	-	-

APPENDIX C

HOUSING REVENUE ACCOUNT BUDGET SUMMARY

<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)	(4,409,470)	(5,062,580)	(4,849,530)	(5,099,420)	(5,414,140)
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
Grand Total	1,950,690	1,012,430	467,110	679,800	584,480	420,980

Figures include proposed Policy Changes

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	101,420	2,186,670
AD Operations & Leisure	2,920,120	547,270	370,880	3,838,270
ED Finance	85,280	9,190	-	94,470
AD Finance	(1,730,250)	581,940	(722,800)	(1,871,110)
ED Communities	-	-	-	-
AD Assets	(528,960)	401,080	-	(127,880)
AD Neighbourhoods	767,150	140,900	(83,000)	825,050
AD Partnerships	760,280	35,230	59,190	854,700
Total Cost of Services	7,519,790	2,247,660	(168,860)	9,598,590
Transfer from Business Rates Reserve	(939,380)	939,380	-	-
Net Cost	6,580,410	3,187,040	(168,860)	9,598,590
Transfer to / (from) Balances	(257,591)	(1,459,333)	-	(1,716,924)
Revenue Support Grant	(194,648)	(107,360)	-	(302,008)
Retained Business Rates	(13,252,313)	(1,544,887)	-	(14,797,200)
Less: Tariff payable	10,405,841	281,009	-	10,686,850
Business Rates Levy	-	-	-	842,166
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)	478,135	168,860	(4,602,501)

General Fund – Technical Adjustments 2023/24

	Technical Adjustments								Total Adjusted Base 2023/24
	Budget 2022/23	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 Adjustments £	Total Adjusted Base 2023/24
		Virements £	Committee Decisions £	Inflation £	Other £	Pay Adjustments £	Changes in Recharges £		
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 Five Year Revenue Budget Summary

<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	947,140	1,003,160	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	2,186,670	2,165,800	2,234,790	2,309,520	2,384,040
AD Operations & Leisure	2,920,120	3,838,270	3,703,370	3,805,430	3,857,310	3,954,090
ED Finance	85,280	94,470	97,560	100,730	103,990	107,310
AD Finance	(1,730,250)	(1,871,110)	(545,730)	387,560	585,200	710,940
ED Communities	-	-	-	-	-	-
AD Assets	(528,960)	(127,880)	(95,370)	(61,020)	(366,650)	(337,670)
AD Neighbourhoods	767,150	825,050	824,310	847,880	871,800	895,490
AD Partnerships	760,280	854,700	1,021,280	1,047,340	1,073,060	1,096,230
Total Cost of Services	7,519,790	9,598,590	10,965,910	12,298,410	12,411,700	12,861,210
Transfer from Business Rates Reserve	(939,380)	-	-	-	-	-
Net Cost	6,580,410	9,598,590	10,965,910	12,298,410	12,411,700	12,861,210
Transfer to / (from) Balances	(257,591)	(1,716,924)	(2,528,699)	(4,505,929)	(4,401,152)	(4,629,458)
Revenue Support Grant	(194,648)	(302,008)	(308,289)	(314,455)	(320,744)	(327,159)
Retained Business Rates	(13,252,313)	(14,797,200)	(15,104,982)	(15,407,082)	(15,715,224)	(16,029,528)
Less: Tariff payable	10,405,841	10,686,850	10,909,136	12,881,073	13,138,695	13,401,468
Business Rates Levy		842,166	859,683	-	-	-
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

Appendix G

Council Tax levels at each band for 2022/23

Authority:	Tamworth Borough Council Tax 2022/23	Tamworth Borough Council	* Staffordshire County Council	* Office of the Police & Crime Commissioner (OPCC) Staffordshire	* Staffordshire Commissioner Fire and Rescue Authority	Total 2023/24	Total Council Tax 2022/23
	£	£	£	£	£	£	£
Demand/Precept on Collection Fund		4,602,501	34,391,353	6,161,212	1,995,142	47,150,208	
Council Tax Band							
A	127.93	131.26	980.81	175.71	56.90	1,344.68	1,281.41
B	149.25	153.14	1,144.28	205.00	66.38	1,568.80	1,494.97
C	170.57	175.01	1,307.75	234.28	75.87	1,792.91	1,708.54
D	191.89	196.89	1,471.22	263.57	85.35	2,017.03	1,922.11
E	234.53	240.64	1,798.16	322.14	104.32	2,465.26	2,349.25
F	277.17	284.40	2,125.10	380.71	123.28	2,913.49	2,776.38
G	319.82	328.15	2,452.03	439.28	142.25	3,361.71	3,203.52
H	383.78	393.78	2,942.44	527.14	170.70	4,034.06	3,844.22
% increase	2.83%	2.61%	4.99%	6.03%	6.22%	4.94%	3.07%

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

Appendix H

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

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	-	-	-	-	688,800
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
Improved security at Depot including gates, alarms and access	120,000	-	-	-	-	120,000
Roofing and renewal of walkways to Caledonian shops	85,000	-	-	-	-	85,000
Roofing and renewal of walkways to Ellerbeck	56,000	-	-	-	-	56,000
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 (grant funded)	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
GF Capital Salaries	45,000	45,000	45,000	45,000	45,000	225,000
Total General Fund Capital	5,820,020	1,600,710	1,316,670	1,145,710	925,710	10,808,820

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	170,900	4,400	49,400	59,400	45,000	329,100
Golf Course Receipts	1,848,810	-	-	-	-	1,848,810
Sale of Council House Receipts	307,520	270,420	251,420	242,420	-	1,071,780
General Fund Capital Reserve	230,000	220,000	324,960	20,000	-	794,960
Other Contributions	924,000	24,000	24,000	24,000	24,000	1,020,000
Unsupported Borrowing	1,761,900	535,000	120,000	253,000	309,820	2,979,720
Total	5,820,020	1,600,710	1,316,670	1,145,710	925,710	10,808,820

Appendix I

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	200,000	200,000	200,000	200,000	200,000	1,000,000
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	200,000	200,000	200,000	200,000	200,000	1,000,000
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	70,000	-	-	-	-	70,000
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 & reducing energy costs including Insulation, Installation of Solar PV to homes	-	1,000,000	1,000,000	1,000,000	-	3,000,000
Sheltered Lifts and Stairlift Renewals	360,000	250,000	50,000	50,000	50,000	760,000
Upgrade Pump Rooms at High Rise	25,000	-	-	-	-	25,000
Retention of Garage Sites	500,000	-	-	-	-	500,000
Works associated with renewal of drainage at High Rise	600,000	-	-	-	-	600,000
Renewal of Roofing at Eringden	185,000	-	-	-	-	185,000
Renewal of Windows at Eringden	255,000	-	-	-	-	255,000
Internal flooring and decoration at Eringden	-	90,000	-	-	-	90,000
Roofing and renewal of walkways to Caledonian shops (HRA)	127,000	-	-	-	-	127,000
Roofing and renewal of walkways to Ellerbeck (HRA)	167,000	-	-	-	-	167,000
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	8,363,900	7,194,500	7,850,940	7,774,500	6,774,500	37,958,340

<u>Housing Revenue Account</u> <u>Capital Programme</u>	2023/24	2024/25	2025/26	2026/27	2027/28	TOTAL
	£	£	£	£	£	£
<u>Proposed Financing:</u>						
Major Repairs Reserve	2,978,500	2,858,500	2,857,500	2,858,500	3,060,500	14,613,500
HRA Capital Receipts	350,400	150,000	200,000	-	-	700,400
Regeneration Revenue Reserves	3,815,000	3,566,000	3,437,000	2,916,000	2,800,000	16,534,000
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	446,440	1,300,000	214,000	2,430,440
Affordable Housing Reserve	920,000	250,000	210,000	-	-	1,380,000
Unsupported Borrowing	-	-	-	-	-	-
Total	8,363,900	7,194,500	7,850,940	7,774,500	6,774,500	37,958,340

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



Amended since Base Budget report

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 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 was 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 in 2023/24 pending decisions 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 capped at 7% - the Government had previously 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. However, DLUHC 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. Current indications that sales of council houses will be approximately 30 per annum.
11. Forecasts have been informed by the Bank of England Inflation report (August 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.

Sensitivity Analysis

	Risk	Potential Budgetary Effect				
		2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Pay Award / National Insurance (GF)						
Impact +/- 0.5% Variance £'000	L	106	215	328	445	564
Budget Impact over 1 year	L	106				
Budget Impact over 3 years	M	649				
Budget Impact over 5 years	H	1658				
Pay Award / National Insurance (HRA)						
Impact +/- 0.5% Variance £'000	L	34	69	105	143	181
Budget Impact over 1 years	L	34				
Budget Impact over 3 years	L	208				
Budget Impact over 5 years	M	532				
Pension Costs						
Impact +/- 0.5% Variance £'000	L	0	0	0	154	311
Budget Impact over 1 year	L	0				
Budget Impact over 3 years	L	0				
Budget Impact over 5 years	M	465				
3 year agreement in place from 2020/21 - subject to stock market & membership changes						
Council Tax						
Impact on Council Tax income £'000		19	44	71	99	129
Budget Impact over 1 year	L	19				
Budget Impact over 3 years	L	134				
Budget Impact over 5 years	M	362				
Inflation / CPI						
Impact +/- 0.5% Variance £'000	L	138	279	425	571	722
Budget Impact over 1 year	L	138				
Budget Impact over 3 years	M	842				
Budget Impact over 5 years	H	2135				
Government Grant						
Impact +/- 1.0% Variance £'000	L	44	89	118	147	176
Budget Impact over 1 year	L	44				
Budget Impact over 3 years	M	251				
Budget Impact over 5 years	H	574				

	Risk	Potential Budgetary Effect				
		2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Investment Interest						
Impact +/- 0.5% Variance £'000	M	336	487	609	738	866
Budget Impact over 1 year	M	336				
Budget Impact over 3 years	H	1432				
Budget Impact over 5 years	H	3036				
Key Income Streams (GF)						
Impact +/- 10% Variance £'000	L	168	342	520	703	890
Budget Impact over 1 year	L	168				
Budget Impact over 3 years	L	1030				
Budget Impact over 5 years	L	2623				
Key Income Streams (HRA)						
Impact +/- 1% Variance £'000	L	209	427	646	870	1100
Budget Impact over 1 years	L	209				
Budget Impact over 3 years	H	1282				
Budget Impact over 5 years	H	3252				
Business Rates						
Impact +/- 0.5% Variance £'000	L	148	299	453	610	771
Budget Impact over 1 year	L	148				
Budget Impact over 3 years	M	900				
Budget Impact over 5 years	H	2281				

Contingencies 2023/24 – 2027/28

Revenue	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Specific Earmarked &	£'000	£'000	£'000	£'000	£'000	£'000
General						
General Fund						
General Contingency						
<i>General Contingency</i>	169	100	100	100	100	100
Total General Contingency	169	100	100	100	100	100
Total GF Revenue	169	100	100	100	100	100
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 &	£'000	£'000	£'000	£'000	£'000	£'000
General						
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	-	-	-	-	-

* Forecast to be re-profiled from 2022/23 Capital Programme