

CABINET

9th January 2013

JOINT SCRUTINY COMMITTEE (BUDGET)

22nd January 2013

Report of the Leader of the Council

BUDGET AND MEDIUM TERM FINANCIAL STRATEGY 2013/14 to 2017/18

Purpose

To approve the draft package of budget proposals (**attached at Appendix A**) to consult with the Joint Scrutiny Committee (Budget) on 22nd January 2013 and receive their feedback on the:

- General Services Revenue Budget and Council Tax for 2013/14;
- Housing Revenue Account (HRA) Budget for 2013/14;
- Capital Programme;
- Medium Term Financial Strategy (MTFS).

This is a key decision as it affects two or more wards and involves expenditure over £50k.

Recommendations

That:

1. **Cabinet approve the draft package of budget proposals including the proposed policy changes (as detailed at Appendix B);**
2. **As required by the Constitution of the Council, the Joint Scrutiny Committee (Budget) on 22nd January 2013 be asked to consider the budget proposals contained within this report.**

Executive Summary

In light of the ongoing national economic situation and the significant constraints in public spending following the 2010 Comprehensive Spending Review (CSR) in these times of Government austerity, it has been accepted previously that a measured approach to budget setting is necessary, due to constraints and uncertainties over the pace and depth of further grant funding reductions.

It has been recognised by the Executive Board that Members will need to focus on strategic decisions relating to high level financial issues as flexibility within future budgets will be extremely limited - as any growth proposals would require compensating reductions in other budget areas & services. There is also a high degree of uncertainty arising from the most significant changes in Local Government funding for a generation, planned with effect from 1st April 2013, arising from the Local Government Finance Bill - Business Rates Retention, changes in Support for Council Tax and technical reforms to Council Tax - as well as other changes arising the Government's Welfare Reform agenda.

A commitment was made as part of the 2011/12 budget process to protect front line services (as far as possible) together with locality working (with ongoing support for the most vulnerable and those affected by the recession).

The Council holds sufficient funds in reserves and balances to allow it to plan its approach to budget setting in the short term following the programme of activity reviews identified to help the Council cope with grant & income reductions in the coming years.

The headline figures for 2013/14 are:

- A General Services net revenue budget requirement of £8,194,020 an increase of 0.8%;
- A transfer of £814k from General Fund (GF) balances;
- A transfer of £920k from Housing Revenue Account (HRA) balances;
- The Band D Council Tax would be set at £152.50, an increase of £2.95 (2.0%) on the level from 2012/13 of £149.55;
- An average rent of £82.83 which represents an increase of £3.19 (4.0% on the current average rent of £79.64) in line with the Government's Rent Restructuring rules (based on a 48 week rent year), equating to £76.46 on an annualised 52 week basis;
- A General Fund capital programme of £3.9m (for 3 years);
- A Housing capital programme of £21.9m (excluding c.£21m relating to the Regeneration Projects) for 3 years.

The medium term financial planning process is being challenged by the economic downturn / recession. The attached forecast is based on a 5 year period, but does contain a number of uncertainties. The grant reductions will put significant pressure on the ability of the Council to publish a balanced 5 year MTF5 – it may have to be a 3 or 4 year MTF5.

As raised at the Executive Management Team Away Day, the key uncertainties which will inform further budget considerations before the final budget proposals are developed are:

- a) Future Revenue Support Grant levels including the impact from the proposals to localise business rates and future support through New Homes Bonus grant;
- b) Proposed changes set out in the Welfare Reform Bill and the introduction of Universal Credit – impact on housing and council tax benefits (including support for council tax benefits) and associated income receipts of the council;
- c) The impact of any further uncertainty over future interest rate levels and their impact on investment income / treasury management;
- d) The severity of the recession and the impact it has had and still could have on the Council's income streams;
- e) While the Government announced a pay cap of 1% for 2013/14 & 2014/15, the impact of inflation on pay settlements and other contractual arrangements for future years is less certain;
- f) Finalisation of the expected outcomes and impact on the Council's financial position from the programme of short-term and long-term workstream reviews commissioned by Cabinet to identify measures to help the Council cope with grant & income reductions in the coming years;
- g) Review and finalisation of the revised budgets/policy changes and feedback from the Scrutiny process.
- h) Potential implications of the planned Stock condition survey on future capital investment programme requirements; and
- i) Review and finalisation of the revised budgets/policy changes and feedback from the Scrutiny process.

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**).

Resource Implications

A summary table of all the budget proposals is shown at the end of the report. The General Services summary revenue budget for 2013/14, 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 2.0% for 2013/14 (the maximum permitted under the Government set limits to avoid a referendum) followed by increases at 2.5% p.a. thereafter & in line with statutory requirements. A surplus of £29k is reported for the General Fund budget position over 3 years with balances forecast at £0.53m. It should be noted that in order to ensure General Fund balances remain above the minimum approved level of £0.5m over 4 years further savings of £1.9m need to be identified (the shortfall over 5 years is currently forecast at £3.9m). The forecast does not include the revenue implications of the capital programme at this stage.

The summary HRA Revenue Budget for 2013/14 appears at **Appendix C** (including a summary of the resulting budgets over the five year period). Closing balances over 3 years are estimated at £0.75m (£1.5m over 5 years) – in excess of the minimum approved level of £0.5m.

No major changes, other than revisions to the profile of the spend, are anticipated at this stage to the provisionally approved 3-year General Fund capital programme - included at **Appendix H**.

The provisionally approved 3-year Housing capital programme is included at **Appendix I** - revisions are anticipated to reflect the approval of the Regeneration Projects (c.£21m) and the efficiencies arising from the new repairs and investment contract.

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 Leader's Budget Workshop for Scrutiny Committees was held on 4th December 2012.

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 22nd January 2013.

Proposed amendments to the 2012/13 base budget, approved by Council on 28th February 2012, are detailed within the report.

Key Risks to Revenue and Capital Forecasts:

Risk	Control Measure
Major variances to the level of grant / subsidy from the Government (including specific grants e.g. Benefits admin.); (High)	Sensitivity modelling undertaken to assess the potential impact in the estimation of future grant levels; (Medium / High)
New Homes Bonus grant levels lower than estimated; (High/Medium)	Future levels included on a risk based approach in order to offset further grant reductions / uncertainty over additional property numbers; (Medium)
Potential 'capping' of council tax increases by the Government or local Council tax Veto / referendum; (Medium)	Council tax models for consideration are included within this report – current indications are that increases above 2% risk 'capping' (confirmed as 2% for 2012/13); (Low)
The achievement 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)	Forecast assumes a 1% increase for 2 years, in line with Government announcements, with 2% p.a. increases thereafter; (Medium / Low)
Pension costs higher than planned; (Medium)	Increases of 0.5% pa have been included with agreement made with Pension Fund following triennial review (due 2013 for 2014/15) for next 3 years; (Medium)
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; (High)	Robust estimates included to arrive at collection target. Ongoing proactive management & monitoring will be in place during 2013/14; Potential mitigation regulations expected; (High / Medium)
Council tax support scheme implementation – potential yield changes and maintenance of collection levels; (High)	Robust estimates included. Ongoing proactive management & monitoring will be in place during 2013/14; (High / Medium)
Achievement of income streams in line with targets e.g. treasury, car parking, planning etc; (High/Medium)	Robust estimates using a zero based budgeting approach have been included; (Medium)
Delivery of capital programme dependent on funding through capital receipts and grants; (High/Medium)	Robust monitoring and evaluation – should funds not be available then schemes would not progress. (Medium)

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

Background Papers:-	Budget & Medium Term Financial Strategy 2012/13 – 2015/16, Council 28th February 2012
	Budget and Medium Term Financial Planning Process, Cabinet 26th September 2012
	Draft Base Budget Forecasts 2013/14 to 2017/18, Cabinet 28th November 2012

Introduction

The Council's approach to medium term planning aims to integrate the Council's service and financial planning processes. In accordance with that approach this report contains firm proposals for 2013/14 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 2012/13 budget to arrive at the starting point for 2013/14. 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 2013/14 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 unprecedented economic / world events which have lead to the economic downturn / recession;
- Injecting additional resources into corporate priorities;
- Increasing income from council tax and fees and charges;
- Reducing existing services to make way for new ones;
- Making other savings and efficiencies;

Financial Background

The medium term financial planning process is being challenged by the unprecedented economic / world events which have lead to the economic downturn / recession. The attached forecast is based on a 5 year period, but due to the uncertainties contained therein, a more realistic / reliable approach may be to forecast over the minimum period available of 3 years.

There are a number of challenges affecting the Medium Term Financial Planning process for the period from 2013/14 to 2017/18 which add a high level of uncertainty to budget projections.

As raised at the Executive Management Team Away Day, the key uncertainties which will inform further budget considerations before the final budget proposals are developed are:

- a) Future Revenue Support Grant levels including the impact from the proposals to localise business rates and future support through New Homes Bonus grant;
- b) Proposed changes set out in the Welfare Reform Bill and the introduction of Universal Credit – impact on housing and council tax benefits (including support for council tax benefits) and associated income receipts of the council;
- c) The impact of any further uncertainty over future interest rate levels and their impact on investment income / treasury management;

- d) The severity of the recession and the impact it has had and still could have on the Council's income streams;
- e) While the Government announced a pay cap of 1% for 2013/14 & 2014/15, the impact of inflation on pay settlements and other contractual arrangements for future years is less certain;
- f) Finalisation of the expected outcomes and impact on the Council's financial position from the programme of short-term and long-term workstream reviews commissioned by Cabinet to identify measures to help the Council cope with grant & income reductions in the coming years;
- g) Review and finalisation of the revised budgets/policy changes and feedback from the Scrutiny process.
- h) Potential implications of the planned Stock condition survey on future capital investment programme requirements; and
- i) Review and finalisation of the revised budgets/policy changes and feedback from the Scrutiny process.

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

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

Effect of x% movement:	% + / -	Impact over 1 year +/- £'000	Impact over 3 years +/- £'000	Impact over 4 years + / - £'000	Risk
Pay Award / National Insurance (GF)	0.5	43	261	438	M
Pension Costs	0.5	-	169	340	M
Council Tax	0.5	15	91	154	M
Inflation / CPI	0.5	39	237	399	M
Government Grant	0.5	28	144	232	H
Investment Interest	0.5	100	552	890	H/M
Key Income Streams	0.5	26	156	260	H/M
New Homes Bonus	10	37	243	424	H/M
Total		288	1853	3137	

GENERAL FUND

The Local government finance settlement figures for Tamworth for 2013/14 have recently been announced and show that the Government start up funding assessment (Revenue Support Grant (RSG) plus the new business rates baseline retained income) totals £5.114m.

This is the first local government finance settlement under the new arrangements for business rates retention that will come into place on 1st April 2013. This means that business rates have now been split into a central and a local share; each being 50% of the Expected Business Rates Aggregate in 2013-14 (as predicted by the Office for Budget Responsibility); after deductions are made for expected appeals and reliefs.

The Council's actual reduction in combined Revenue Support Grant / assessed Business Rates baseline funding need is 4.60% for 2013/14 (which means that Government support will decrease by £0.25m over last year) with a further Reduction of 12.64% (£0.4m) in 2014/15 (after adjusting grant levels to include 'rolled in' grants i.e. local support for council tax, homelessness, council tax freeze).

The operation of the floor (which damps the results so that no Council loses significantly) means that the Council will be better off by £203k in 2013/14, when compared with the level which would be due if floors were not in force.

For future years, in light of indications of further grant reductions, it has been assumed that there will be a reduction in formula grant of 8.6% for 2015/16, 7.1% for 2016/17 and at the same level for 2017/18. It is expected that should grant levels deteriorate further than anticipated, this would be mitigated as new homes bonus funding has been included on a risk based approach.

Based on this and coupled with the anticipated growth in the Council's tax base, Government financial support will reduce over the period, as shown in the table below.

External Finance	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Business Rates Baseline	2,043	2,106	2,275	2,285	2,393
Revenue Support Grant	3,071	2,361	1,807	1,509	1,402
Total Funding Assessment	5,114	4,467	4,082	3,794	3,795
% Change Increase/(Decrease)	(4.6)%	(12.6)%	(8.6)%	(7.1)%	-

Technical Adjustments

Revisions have been made to the 2012/13 base budget in order to produce an adjusted base for 2013/14 and forecast base for 2014/15 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;
- 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	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Base Budget B/Fwd	8,898	8,957	8,917	9,171	9,323
Committee Decisions	(220)	(209)	30	(58)	-
Inflation	23	28	42	43	44
Other	182	43	(48)	(55)	(131)
Pay Adjustments (Including pay award / reduction of 5% for vacancy allowance)	145	98	230	222	218
Revised charges for non-general fund activities	(71)	-	-	-	-
Virements	-	-	-	-	-
Total / Revised Base Budget	8,957	8,917	9,171	9,323	9,454

* () denotes saving in base budget

Policy Changes

The policy changes provisionally agreed by Council in February 2012 have been included within the technical adjustments. **A list of the revised policy changes is attached at Appendix B and summarised below:**

DIRECTORATE	Budget Changes 13/14 £'000	Budget Changes 14/15 £'000	Budget Changes 15/16 £'000	Budget Changes 16/17 £'000	Budget Changes 17/18 £'000
Chief Executive	(20.0)	-	-	-	-
Executive Director Corporate Services	-	-	-	-	-
Director of Finance	(22.2)	(57.1)	(29.4)	0.4	98.4
Director of Technology & Corporate Programmes	-	-	-	-	-
Solicitor to the Council	(72.0)	-	-	-	-
Director of Transformation & Corporate Performance	-	-	-	-	-
Director of Communities, Planning & Partnerships	78.7	(33.3)	1.7	(35.3)	1.7
Director of Housing & Health	162.0	-	(162.0)	-	-
Director of Assets & Environment	(75.0)	-	-	-	-
TOTAL	51.5	(90.5)	(189.7)	(34.9)	100.1
Cumulative Cost / (Saving)	51.5	(39.0)	(228.7)	(263.6)	(163.5)

Capping / Local Referendum

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

The proposed principles for 2013/14 are that authorities will be required to seek the approval of their local electorate in a referendum if, compared with 2012/13, they set council tax increases that exceed 2.0% or £5.

For 2011/12 the Government indicated that it would offer grant support for the 4 year Comprehensive Spending Review (CSR) period should Council freeze Council Tax levels. A similar arrangement, with funding for one year only was made for 2012/13. For 2013/14 a further offer has been announced but with grant support limited to the equivalent of a 2% increase but paid over 2 years – equivalent to 1% per annum. Tamworth's Council tax is currently £149.55 which is £43 below the average of the Council Tax charges of similar councils (from the Cipfa nearest neighbour grouping).

Should Council Tax be frozen at the 2012/13 level for 2013/14 then this would reduce income by c.£60k p.a. – £320k over the 5 year period. This would be offset by grant income receivable over 2 years of c. £70k.

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. The indications are that a potential threshold will be 2.5% in future years - the impact of a 2.5% p.a. (with a 2% increase in 2012/13) is outlined below.

Council Tax

Last year's medium term financial plan identified ongoing increases of 2.5% per annum from 2013/14.

For 2012/13 Tamworth's band D council tax stands at £149.55. This is the second lowest of 16 similar Councils in the Cipfa 'nearest neighbour' family group and is approx. £43 below the group average.

Each £1 increase in the band D Council Tax would raise approximately £23k per annum.

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

Model 1 Impact of 2.0% increase in Council tax in 2013/14 (followed by inflationary increases of 2.5% p.a.)

Year:	2013/14	2014/15	2015/16	2016/17	2017/18
Forecast:	£'000	£'000	£'000	£'000	£'000
Net Expenditure	9,008	8,877	8,939	9,054	9,284
Gross Financing	8,194	7,641	7,352	7,163	7,266
Surplus/(Deficit)	(814)	(1,236)	(1,587)	(1,892)	(2,018)
Balances Remaining / (Overdrawn)	3,352	2,116	529	(1,363)	(3,381)
£ Increase	2.95	3.85	3.95	4.05	4.15
% Increase	2.0%	2.5%	2.5%	2.5%	2.5%
Note: Resulting Band D Council Tax	152.50	156.35	160.30	164.35	168.50

which indicates a potential shortfall in balances of £3.9million over the 5 year period - further savings of approx. £0.8million per annum would have to be identified.

In order to take advantage of the potential Council Tax Freeze grant for 2013/14, the following scenarios have been modelled:

Model 1a Impact of 0% increase in Council tax in 2013/14 (followed by increases of 2% p.a.)

Year:	2013/14	2014/15	2015/16	2016/17	2017/18
Forecast:	£'000	£'000	£'000	£'000	£'000
Increase in Council Tax £	(60)	(76)	(93)	(111)	(130)
Revised Surplus/(Deficit)	(874)	(1,312)	(1,680)	(2,003)	(2,148)
Balances Remaining / (Overdrawn)	3,292	1,980	300	(1,703)	(3,851)
£ Increase	0.00	3.05	3.11	3.17	3.25
% Increase	0.0%	2.0%	2.0%	2.0%	2.0%
Note: Resulting Band D Council Tax	149.55	152.6	155.71	158.88	162.13

Less £35k p.a. for 2 years for the freeze grant - indicates a potential shortfall in balances of £4.3million over the 5 year period - further savings of approx. £0.9million per annum would have to be identified.

Model 1b Impact of 0% increase in Council tax in 2013/14 (followed by 2.5% p.a.)

Year:	2013/14	2014/15	2015/16	2016/17	2017/18
Forecast:	£'000	£'000	£'000	£'000	£'000
Increase in Council Tax £	(60)	(62)	(64)	(66)	(68)
Revised Surplus/(Deficit)	(874)	(1,298)	(1,651)	(1,958)	(2,086)
Balances Remaining / (Overdrawn)	3,292	1,994	343	(1,615)	(3,701)
£ Increase	0.00	3.75	3.85	3.95	4.05
% Increase	0.0%	2.5%	2.5%	2.5%	2.5%
Note: Resulting Band D Council Tax	149.55	153.30	157.15	161.10	165.15

Less £35k p.a. for 2 years for the freeze grant - indicates a potential shortfall in balances of £4.1million over the 5 year period - further savings of approx. £0.8million per annum would have to be identified.

Further indicative models are outlined below:

Model 2 Impact of 2.0% increase in Council tax in 2013/14 (followed by increases of 2.0% thereafter)

Year:	2013/14	2014/15	2015/16	2016/17	2017/18
Forecast:	£'000	£'000	£'000	£'000	£'000
Increase in Council Tax £	-	(16)	(33)	(51)	(71)
Revised Surplus/(Deficit)	(814)	(1,252)	(1,620)	(1,943)	(2,089)
Balances Remaining / (Overdrawn)	3,352	2,100	480	(1,463)	(3,552)
£ Increase	2.95	3.05	3.10	3.15	3.20
% Increase	2.0%	2.0%	2.0%	2.0%	2.0%
Note: Resulting Band D Council Tax	152.50	155.55	158.65	161.80	165.00

which indicates a potential shortfall in balances of £4.1million over the 5 year period - further savings of approx. £0.8million per annum would have to be identified.

Model 3 Impact of 0% increase in Council tax in 2013/14 (followed by increases of 0% thereafter)

Year:	2013/14	2014/15	2015/16	2016/17	2017/18
Forecast:	£'000	£'000	£'000	£'000	£'000
Increase in Council Tax £	(60)	(138)	(219)	(302)	(387)
Revised Surplus/(Deficit)	(874)	(1,374)	(1,806)	(2,194)	(2,405)
Balances Remaining / (Overdrawn)	3,292	1,918	112	(2,082)	(4,487)
£ Increase	-	-	-	-	-
% Increase	0.00%	0.00%	0.00%	0.00%	0.00%
Note: Resulting Band D Council Tax	149.55	149.55	149.55	149.55	149.55

Less £35k p.a. for 2 years for the freeze grant - indicates a potential shortfall in balances of £4.9million over the 5 year period - further savings of approx. £1million per annum would have to be identified.

Model 4 Impact of 1% increase in Council tax in 2013/14 (followed by increases of 1% thereafter)

Year:	2013/14	2014/15	2015/16	2016/17	2017/18
Forecast:	£'000	£'000	£'000	£'000	£'000
Increase in Council Tax £	(29)	(76)	(126)	(177)	(231)
Revised Surplus/(Deficit)	(843)	(1,312)	(1,713)	(2,069)	(2,249)
Balances Remaining / (Overdrawn)	3,323	2,011	298	(1,771)	(4,020)
£ Increase	1.50	1.51	1.52	1.54	1.55
% Increase	1.00%	1.00%	1.00%	1.00%	1.00%
Note: Resulting Band D Council Tax	151.05	152.56	154.08	155.62	157.17

which indicates a potential shortfall in balances of £4.5million over the 5 year period - further savings of approx. £0.9million per annum would have to be identified.

Model 5 Impact of 4% increase in Council tax in 2013/14 (followed by increases of 4% thereafter)

Year:	2013/14	2014/15	2015/16	2016/17	2017/18
Forecast:	£'000	£'000	£'000	£'000	£'000
Increase in Council Tax £	62	111	163	218	277
Revised Surplus/(Deficit)	(752)	(1,125)	(1,424)	(1,674)	(1,741)
Balances Remaining / (Overdrawn)	3,414	2,289	865	(809)	(2,550)
£ Increase	6.00	6.25	6.50	6.75	7.00
% Increase	4.01%	4.02%	4.02%	4.01%	4.00%
Note: Resulting Band D Council Tax	155.55	161.80	168.30	175.05	182.05

which indicates a potential shortfall in balances of £3.0million over the 5 year period - further savings of approx. £0.6million per annum would have to be identified.

However, this would not be feasible due to cap / requirement for referendum for increases greater than 2%.

Model 6 Impact of increases in Council tax in line with CPI

Year:	2013/14	2014/15	2015/16	2016/17	2017/18
Forecast:	£'000	£'000	£'000	£'000	£'000
Increase in Council Tax Band D	1	(6)	(4)	(2)	-
Revised Surplus/(Deficit)	(813)	(1,242)	(1,591)	(1,894)	(2,018)
Balances Remaining / (Overdrawn)	3,353	2,111	520	(1,374)	(3,392)
£ Increase	2.99	3.51	4.06	4.16	4.27
% Increase	2.0%	2.3%	2.6%	2.6%	2.6%
Note: Resulting Band D Council Tax	152.54	156.05	160.11	164.27	168.54

which indicates a potential shortfall in balances of £3.9million over the 5 year period - further savings of approx. £0.8million per annum 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 (or deficits) within the Council Tax Collection Fund. Subject to finalisation of the estimated surplus, it is proposed that all available surpluses be used (and that the relevant sums be made available to the other precepting authorities – the County Council, Fire & Rescue and Police Authority). At this stage it is estimated that there will be no surplus/deficit – this will be updated following finalisation of the estimated surplus/deficit calculation.

Year:	2013/14	2014/15	2015/16	2016/17	2016/17
Council Tax	£'000	£'000	£'000	£'000	£'000
Council Tax Income	3,080	3,174	3,270	3,369	3,471
Collection Fund Surplus	-	-	-	-	-

The County Council, Police Authority and Fire & Rescue Authority are due to finalise their budgets for 2013/14 during February 2013. The impact of the Borough Council tax proposals is shown for each Council Tax Band in **Appendix G**.

Balances

At the Council meeting on 28th February 2012 Members approved a minimum working level of balances of £0.5m. At 31st March 2013 General Fund revenue balances are estimated to be £4.2m.

Other than in case of emergency full Council approval would be required for any expenditure that would reduce balances below £250k. Balances held above the £250k level would be designated as a general contingency, from which expenditure could be approved by Cabinet. 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 economic downturn / recession and 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 local authority pay settlements, the potential for interest rate changes, the future local government finance settlements and the outcome of the Icelandic Banks situation.

A summary of all the budget proposals is shown in the table below. The summary revenue budget for 2013/14, appears at **Appendix D**. A summary of the resulting budgets over the five year period appears at **Appendix F**.

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Base Budget	8,957	8,917	9,171	9,323	9,454
Proposed Policy Changes	73.7	40.4	(120.0)	(155.3)	(153.6)
<i>Potential additional NHB income</i>	(22.2)	(79.4)	(108.7)	(108.3)	(9.9)
<i>Inflationary Adjustments (Policy Changes)</i>	-	(1)	(4)	(6)	(8)
Net Expenditure	9,008	8,877	8,939	9,054	9,284
Financing:					
RSG/Business Rates	5,114	4,467	4,082	3,794	3,795
Council Tax Income (Model 1)	3,080	3,174	3,270	3,369	3,471
Gross Financing	8,194	7,641	7,352	7,163	7,266
Surplus/Deficit (-)	(814)	(1,236)	(1,587)	(1,892)	(2,018)
Balances Remaining / Overdrawn (-)	3,352	2,116	529	(1,363)	(3,381)
Council Taxbase (Band D equivalent)	20,199	20,299	20,399	20,499	20,599

HOUSING REVENUE ACCOUNT

Technical Adjustments

The 2012/13 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 2013/14.

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

Technical Adjustments	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Base Budget	1,120	498	342	1,650	(521)
Committee Decisions	(833)	(355)	1,133	(2,312)	-
Inflation	115	133	155	159	163
Other	80	22	(45)	(80)	(706)
Pay Adjustments	31	44	65	62	60
Revised charges for non-general fund activities	(15)	-	-	-	-
Virements	-	-	-	-	-
Total	498	342	1,650	(521)	(1,004)

Revisions have been made to the 2012/13 base budget in order to produce an adjusted base for 2013/14 and forecast base for 2014/15 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 proposed policy changes proposed for inclusion in the base budget for the next five years are detailed at **Appendix B**.

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

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Net Surplus / (Deficit)	(498)	(342)	(1,650)	521	1,004
Proposed Policy Changes Income / (Cost)	(422)	(422)	(422)	(422)	(422)
Inflationary impact (Policy Changes)	-	11	22	33	45
Surplus/(Deficit)	(920)	(753)	(2,050)	132	627
Balances Remaining / (Overdrawn)	3,554	2,801	751	883	1,510

Indicating a Housing Revenue Account (HRA) surplus of £1.5m over the next 5 years (Minimum recommended balances are currently £0.5m).

There is still a degree of uncertainty over the future financial position of the HRA arising from:

- the future capital investment needs of the housing stock;
- finalisation of the costs / income associated with the potential regeneration / redevelopment proposals.

Rent Restructuring

The introduction of rent restructuring in April 2003 requires 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.

On 25th February 2003 the Council received a report detailing the implications of the rent restructure framework. This framework removes the flexibility to independently set rent levels from Social Landlords and replaces this with a fixed formula based on the value of the property and local incomes. It is the aim of the framework 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 are annually set a "limit rent" which restricts the level of rent increase in any one year.

Housing rents have been increased in accordance with the Rent Restructuring Framework.

Balances

The forecast level of balances at 31st March 2013 is £4.5m. The impact on balances of the adjustments outlined in this report would be as follows:

Balances	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Proposed (Withdrawal from) / Addition to Balances	(920)	(753)	(2,050)	132	627
Balances Remaining / (Overdrawn)	3,554	2,801	751	883	1,510

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.

CAPITAL PROGRAMME 2013/14 to 2015/16

General Fund

No major changes, other than revisions to the profile of the spend, are anticipated at this stage to the provisionally approved 3-year General Fund capital programme - included at **Appendix H**.

Housing

The provisionally approved 3-year Housing capital programme is included at **Appendix I** - revisions are anticipated to reflect the approval of the Regeneration Projects (c.£21m) and the efficiencies arising from the new repairs and investment contract.

Policy Changes Summary

DIRECTORATE	Sheet No.	Budget Changes 13/14 £'000	Budget Changes 14/15 £'000	Budget Changes 15/16 £'000	Budget Changes 16/17 £'000	Budget Changes 17/18 £'000
Chief Executive	1	(20.0)	-	-	-	-
Executive Director Corporate Services		-	-	-	-	-
Director of Finance	2	(22.2)	(57.1)	(29.4)	0.4	98.4
Director of Technology & Corporate Programmes		-	-	-	-	-
Solicitor to the Council	3	(72.0)	-	-	-	-
Director of Transformation & Corporate Performance		-	-	-	-	-
Director of Communities, Planning & Partnerships	4	78.7	(33.3)	1.7	(35.3)	1.7
Director of Housing & Health	5	162.0	-	(162.0)	-	-
Director of Assets & Environment	6	(75.0)	-	-	-	-
TOTAL		51.5	(90.5)	(189.7)	(34.9)	100.1

	Sheet No.	Budget Changes 13/14 £'000	Budget Changes 14/15 £'000	Budget Changes 15/16 £'000	Budget Changes 16/17 £'000	Budget Changes 17/18 £'000
Housing Revenue Account	7	422.0	-	-	-	-
TOTAL		422.0	-	-	-	-

Policy Changes Summary Staffing Implications

DIRECTORATE	Sheet No.	Budget Changes 13/14 £'000	Budget Changes 14/15 £'000	Budget Changes 15/16 £'000	Budget Changes 16/17 £'000	Budget Changes 17/18 £'000
Chief Executive	1	-	-	-	-	-
Executive Director Corporate Services		-	-	-	-	-
Director of Finance	2	-	-	-	-	-
Director of Technology & Corporate Programmes		-	-	-	-	-
Solicitor to the Council	3	-	-	-	-	-
Director of Transformation & Corporate Performance		-	-	-	-	-
Director of Communities, Planning & Partnerships	4	1.0	-	-	(1.0)	-
Director of Housing & Health	5	-	-	-	-	-
Director of Assets & Environment	6	-	-	-	-	-
TOTAL		1.0	-	-	(1.0)	-

	Sheet No.	Budget Changes 13/14 £'000	Budget Changes 14/15 £'000	Budget Changes 15/16 £'000	Budget Changes 16/17 £'000	Budget Changes 17/18 £'000
Housing Revenue Account	7	-	-	-	-	-
TOTAL		-	-	-	-	-

CHIEF EXECUTIVE

Item No		BC Ref	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
					13/14 £'000	14/15 £'000	15/16 £'000	16/17 £'000	17/18 £'000
CE1	CORP		Chief Executive - Resulting impact from review of recharges	Additional recharge to HRA from GF	(20.0)				
Total New Items / Amendments					(20.0)	-	-	-	-

STAFFING IMPLICATIONS

					13/14 FTE	14/15 FTE	15/16 FTE	16/17 FTE	17/18 FTE
TOTAL					-	-	-	-	-

DIRECTOR OF FINANCE

Item No		BC Ref	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
					13/14 £'000	14/15 £'000	15/16 £'000	16/17 £'000	17/18 £'000
DF 1	CORP		Additional New Homes Bonus	Additional income expected following confirmation of year 3 scheme funding	(22.24)	(57.14)	(29.35)	0.43	98.44
Total New Items / Amendments					(22.2)	(57.1)	(29.4)	0.4	98.4

STAFFING IMPLICATIONS

				13/14 FTE	14/15 FTE	15/16 FTE	16/17 FTE	17/18 FTE
TOTAL				-	-	-	-	-

SOLICITOR TO THE COUNCIL

Item No		BC Ref	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
					13/14 £'000	14/15 £'000	15/16 £'000	16/17 £'000	17/18 £'000
SOL1	CORP		Democratic & Member Services - Resulting impact from review of recharges	Additional recharge to HRA from GF	(72.0)				
Total New Items / Amendments					(72.0)	-	-	-	-

STAFFING IMPLICATIONS

					13/14 FTE	14/15 FTE	15/16 FTE	16/17 FTE	17/18 FTE
TOTAL					-	-	-	-	-

DIRECTOR COMMUNITIES, PLANNING & PARTNERSHIPS

Item No		BC Ref	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
					13/14 £'000	14/15 £'000	15/16 £'000	16/17 £'000	17/18 £'000
CPP1	SAV		To cease paying Tamworth's contribution to the County's Strategic Partnership Manager post	Council has contributed £5k to this post for several years. Other Districts also pay this contribution		(5.0)			
CPP2	CORP		It is proposed that a budget to procure specialist knowledge and skills (for example on feasibility work, legal) and a budget to fund a project officer (for 3 years) that would be dedicated to managing the projects for growth	To establish a key post to undertake day-to-day management of key projects for the Council and local economy. This will bring them to fruition quicker. Projects such as Gungate, Cultural Quarter, Anker Valley, Garage sites, Kerria and Tinkers Green, Amington Industrial Estate, Golf Course and the Rail improvements	37.0			(37.0)	
CPP3	OTHER		To increase budget allocation to small and arts grants over a 10 year period	It is estimated that the regeneration budget needed would be an initial £40k in 2013/2014 and then £10k p.a. The grants were discussed at Cabinet on the 14th March 2012, in response to discussions at the Scrutiny meeting on 8 February 2012 with the suggestion to explore the possibility of increasing the small grants by £1369 p.a. and the Arts grants by £1993p.a. over 10 years Alternative option of increasing the small grants by £684.50 p.a. and the Arts grants by £996.50 p.a. over 20 years	40.0	(30.0)			
					1.7	1.7	1.7	1.7	1.7
Total New Items / Amendments					78.7	(33.3)	1.7	(35.3)	1.7

STAFFING IMPLICATIONS

				13/14 FTE	14/15 FTE	15/16 FTE	16/17 FTE	17/18 FTE
CPP2			Project officer (for 3 years) that would be dedicated to managing the projects for growth	1.0			(1.0)	
TOTAL				1.0	-	-	(1.0)	-

DIRECTOR HOUSING & HEALTH

Item No		BC Ref	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
					13/14 £'000	14/15 £'000	15/16 £'000	16/17 £'000	17/18 £'000
HH1	STAT		To ensure Preventing Homelessness Grant received from DCLG (£162K pa) is utilised effectively for its intended purpose	To ensure a robust spending plan (linked to emerging priorities identified at service level and via analysis of evidence collated for the review of the Homelessness Strategy) is developed that clearly identifies & sets out how resources will be utilised over the next 2 years	162.0		(162.0)		
Total New Items / Amendments					162.0	-	(162.0)	-	-

STAFFING IMPLICATIONS

					13/14 FTE	14/15 FTE	15/16 FTE	16/17 FTE	17/18 FTE
TOTAL					-	-	-	-	-

DIRECTOR ASSETS & ENVIRONMENTAL SERVICES

Item No		BC Ref	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
					13/14 £'000	14/15 £'000	15/16 £'000	16/17 £'000	17/18 £'000
AE1	CORP		Street Wardens - Resulting impact from review of recharges	Additional recharge to HRA from GF	(75.0)				
Total New Items / Amendments					(75.0)	-	-	-	-

STAFFING IMPLICATIONS

					13/14 FTE	14/15 FTE	15/16 FTE	16/17 FTE	17/18 FTE
TOTAL					-	-	-	-	-

HOUSING REVENUE ACCOUNT

Item No	BC Ref	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
				13/14 £'000	14/15 £'000	15/16 £'000	16/17 £'000	17/18 £'000
HRA1	SAV	Potential savings from the responsive repairs contract arising from retendering & revised work practices	Budget saving	(500.0)				
	CORP	Revenue Contribution to Capital Spend	It is considered that this saving should be used in capital schemes to support regeneration of deprived areas and allow acquisition of land / property	500.0				
HRA2	CORP	To increase funding to a 3rd Sector organisation from £5k to £10k p.a.	To ensure access to legal borrowing, saving thereby assisting financial inclusion	5.0				
HRA3	CORP	Funding to deal with the impact of Welfare Benefit Reform (WBR) to maintain rent collection levels	To allow: a) Applications to be made online through internet access at hubs (£15k); b) Increased collection costs (£46k); c) Use of smart readers for tenant visits (£10k)	70.0				
HRA4	OTHER	To ensure that the Council is able to maintain the same level of service for sheltered housing tenants that are affected by the proposed cuts in supporting people funding as well as the community alarm service element, which is sub contracted to WELbeing	It was highlighted to Members in April 2012 that a 20% cut in Supporting people grant funding was to be imposed with effect from April 2012 which equated to a £42K reduction of income. In addition to this there are now planned changes to the administration of the contract so that the grant funding is effectively capped (based on the average utilisation of the amount of funding available) which exposes the council to the risk of a further £8k loss of funding (total circa of £50k)	50.0				
HRA5	CORP	The increase is to fund additional capacity to cover policy development and implementation	Estimated costs to be built into the budget setting process are to cover: a) Welfare reform and cost benefit analysis of outsourcing direct debits b) Legal support and work around service charges c) Implementation of flexible tenancies d) Costs associated with external peer assessment and review in the context of localism e) Continued work with consultants on sheltered housing facilitation and procurement f) Work on landlord Health & Safety policy	30.0				
HRA6	CORP	General Contingency	Ensure contingency available to meet unplanned issues & current challenges introducing additional uncertainty- eg impact of WBR	100.0				
HRA7	CORP	Resulting impact from review of recharges - Chief Executive / Street Wardens / Democratic Services	Additional recharge to HRA from GF	167.0				
Total New Items / Amendments				422.0	-	-	-	-

STAFFING IMPLICATIONS

				13/14 FTE	14/15 FTE	15/16 FTE	16/17 FTE	17/18 FTE
TOTAL				-	-	-	-	-

HOUSING REVENUE ACCOUNT BUDGET SUMMARY 2013/14

<i>Figures exclude internal recharges which have no bottom line impact.</i>	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17 £	Budget 2017/18 £
Director of Housing & Health	4,287,850	4,349,920	4,434,950	4,518,060	4,599,050
Director of Assets & Environment	(10,940)	(7,860)	(3,350)	1,260	6,020
HRA Summary	(3,356,320)	(3,588,750)	(2,381,250)	(4,651,460)	(5,232,150)
	920,590	753,310	2,050,350	(132,140)	(627,080)

General Fund Summary Revenue Budget for 2013/14

<i>figures exclude internal recharges which have no bottom line impact.</i>	Base Budget 2012/13 £	Technical Adjustments £	Policy Changes £	Budget 2013/14 £
Chief Executive	183,070	(3,460)	(20,000)	159,610
Executive Director Corporate Services	194,500	115,500	-	310,000
Director of Finance	(145,250)	(324,430)	(22,240)	(491,920)
Director of Technology & Corporate Programmes	848,400	70,130	-	918,530
Solicitor to the Council	699,950	(52,160)	(72,000)	575,790
Director of Transformation & Corporate Performance	934,410	64,840	-	999,250
Director of Communities, Planning & Partnerships	2,274,370	58,680	78,700	2,411,750
Director of Housing & Health	853,660	26,200	162,000	1,041,860
Director of Assets & Environment	3,054,710	103,800	(75,000)	3,083,510
Total General Fund	8,897,820	59,100	51,460	9,008,380

General Fund Technical Adjustments

	Technical Adjustments								
	Budget 2012/13 £	Virements £	Committee Decisions £	Inflation £	Other £	Pay Adjustments £	External Recharge Changes (non-GF Activities) £	Total Adjustments £	Total Adjusted Base 2013/14 £
<i>Figures exclude internal recharges which have no bottom line impact.</i>									
Chief Executive	183,070	-	-	150	(90)	(3,520)	-	(3,460)	179,610
Executive Director Corporate Services	194,500	-	(2,000)	1,070	103,310	12,710	410	115,500	310,000
Director of Finance	(145,250)	(66,610)	(76,500)	1,840	(197,090)	18,990	(5,060)	(324,430)	(469,680)
Director of Technology & Corporate Programmes	848,400	(4,890)	(1,500)	8,170	125,310	17,400	(74,360)	70,130	918,530
Solicitor to the Council	699,950	-	(38,000)	2,990	(7,300)	(14,640)	4,790	(52,160)	647,790
Director of Transformation & Corporate Performance	934,410	-	31,300	110	6,380	22,750	4,300	64,840	999,250
Director of Communities, Planning & Partnerships	2,274,370	74,000	(133,000)	(3,500)	86,840	34,340	-	58,680	2,333,050
Director of Housing & Health	853,660	-	-	920	1,620	13,590	10,070	26,200	879,860
Director of Assets & Environment	3,054,710	(2,500)	-	10,880	63,390	43,290	(11,260)	103,800	3,158,510
Grand Total	8,897,820	-	(219,700)	22,630	182,370	144,910	(71,110)	59,100	8,956,920

HRA Technical Adjustments

	Budget 2012/13 £	Technical Adjustments						Total Adjusted Base 2013/14 £	
		Virements £	Committee Decisions £	Inflation £	Other £	Pay Adjustments £	External Recharge Changes (non-HRA Activities) £		Total Adjustments £
<i>Figures exclude internal recharges which have no bottom line impact.</i>									
Director of Housing & Health	3,897,520	19,620	10,540	24,500	(22,580)	32,520	3,740	68,340	3,965,860
Director of Assets & Environment	9,390	-	-	150	(90)	(1,350)	(19,050)	(20,340)	(10,950)
HRA Summary	(2,787,200)	(19,620)	(843,990)	91,310	103,180	-	-	(669,120)	(3,456,320)
Grand Total	1,119,710	-	(833,450)	115,960	80,510	31,170	(15,310)	(621,120)	498,590

General Fund Five Year Revenue Budget Summary

<i>Figures exclude internal recharges which have no bottom line impact.</i>	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17 £	Budget 2017/18 £
Chief Executive	159,610	163,390	169,030	174,870	179,370
Executive Director Corporate Services	310,000	317,630	331,730	346,230	360,800
Director of Finance	(491,920)	(770,960)	(770,120)	(903,240)	(962,000)
Director of Technology & Corporate Programmes	918,530	915,360	874,750	899,550	924,960
Solicitor to the Council	575,790	587,850	605,190	622,950	639,770
Director of Transformation & Corporate Performance	999,250	1,021,760	1,050,500	1,078,970	1,106,950
Director of Communities, Planning & Partnerships	2,411,750	2,464,260	2,513,680	2,510,200	2,542,520
Director of Housing & Health	1,041,860	1,047,140	892,860	900,800	907,900
Director of Assets & Environment	3,083,510	3,130,200	3,271,470	3,424,490	3,583,970
	9,008,380	8,876,630	8,939,090	9,054,820	9,284,240

Appendix G

Council Tax levels at each band for 2013/14

	Tamworth Council Tax 2012/13	Tamworth Borough Council	* Staffordshire County Council	* Staffordshire Police Authority	* Stoke on Trent and Staffordshire Fire and Rescue Authority	Total 2013/14	Total Council Tax 2012/13
	£	£	£	£	£	£	£
Demand/Precept on Collection Fund		3,080,350	20,780,933	3,587,544	1,366,260	28,815,087	
Council Tax Band							
A	99.70	101.67	685.87	118.41	45.09	951.04	949.07
B	116.32	118.61	800.19	138.14	52.61	1,109.55	1,107.26
C	132.93	135.56	914.50	157.88	60.12	1,268.06	1,265.43
D	149.55	152.50	1,028.81	177.61	67.64	1,426.56	1,423.61
E	182.78	186.39	1,257.43	217.08	82.67	1,743.57	1,739.96
F	216.02	220.28	1,486.06	256.55	97.70	2,060.59	2,056.33
G	249.25	254.17	1,714.68	296.02	112.73	2,377.60	2,372.68
H	299.10	305.00	2,057.62	355.22	135.28	2,853.12	2,847.22

** Assuming no increase in Council Tax levels. At the time of printing precept information for the County Council, Police Authority or the Fire Authority is still awaited.*

General Fund Capital Programme

	2013/14 £	2014/15 £	2015/16 £	Total £
<u>General Fund Capital Programme</u>				
- <u>Corporate Services Directorate</u>				
Technology Replacement	70,000	70,000	70,000	210,000
Transforming Tamworth - Agile Working, Telephony & Corporate EDRMS	30,000	10,000	-	40,000
Subtotal	100,000	80,000	70,000	250,000
<u>Assets & Environment Directorate</u>				
Private Sector Grants - Disabled Facilities Grants	240,000	240,000	240,000	720,000
Home Repairs Works in Default Improvements to Marmion House	123,000	126,100	129,200	378,300
CCTV Camera Renewals	17,400	-	-	17,400
	15,000	15,000	15,000	45,000
Subtotal	395,400	381,100	384,200	1,160,700
<u>Communities, Planning & Partnerships Directorate</u>				
Crime Reduction & Community Safety Contingency	10,000	10,000	10,000	30,000
Assembly Rooms Development	-	-	-	-
Castle Mercian Trail	2,438,500	50,000	-	2,488,500
	-	-	-	-
Subtotal	2,448,500	60,000	10,000	2,518,500
Total General Fund Capital	2,943,900	521,100	464,200	3,929,200
<u>Proposed Financing:</u>				
Supported Capital Expenditure	-	-	-	-
Grants - Disabled Facilities	169,000	169,000	169,000	507,000
Grants - Home Repairs Works in Default	123,000	126,100	129,200	378,300
Grants - Assembly Rooms	2,050,000	-	-	2,050,000
Grants - Mercian HLF	-	-	-	-
Grants - SCC (Mercian / Assembly Rooms)	80,000	-	-	80,000
Public Contributions (Mercian / Assembly Rooms)	8,500	-	-	8,500
General Fund Capital Receipts	-	-	-	-
Sale of Council House Receipts	213,400	176,000	166,000	555,400
General Fund Capital Reserve	300,000	50,000	-	350,000
Total	2,943,900	521,100	464,200	3,929,200

Housing Capital Programme

	2013/14	2014/15	2015/16	Total
	£	£	£	£
<u>Housing Revenue Account</u>				
<u>Capital Programme</u>				
Environmental Improvements	-	-	-	-
Bathroom Renewals	695,360	712,750	730,570	2,138,680
Disabled Facilities Adaptations	512,500	525,310	538,450	1,576,260
Electrical Upgrades	817,930	838,380	859,340	2,515,650
Gas Central Heating Upgrades and Renewals	1,233,530	1,264,370	1,295,980	3,793,880
Kitchen Renewals	1,045,870	1,072,020	1,098,820	3,216,710
Roofing - High Rise	41,000	42,030	-	83,030
High Rise Lift Renewal	307,500	315,190	323,070	945,760
Major Roofing Overhaul and Renewals	153,750	157,590	161,530	472,870
Fencing/Boundary Walls	15,380	15,760	16,150	47,290
Fire Upgrades to Flats	205,000	210,130	215,380	630,510
Enhancements to Flats	205,000	210,130	215,380	630,510
Sheltered Schemes	235,750	241,640	247,680	725,070
General Estate Works	768,750	787,970	807,670	2,364,390
Window and Door Renewals	1,188,550	1,218,260	-	2,406,810
Contingency	-	-	-	-
Capital Salaries	115,190	118,070	121,020	354,280
CDM Fees	9,280	9,510	8,140	26,930
Total HRA Capital	7,550,340	7,739,110	6,639,180	21,928,630
<u>Proposed Financing:</u>				
Supported Capital Expenditure	-	-	-	-
Grants	-	-	-	-
Sale of Council House Receipts	-	-	-	-
Major Repairs Reserve	4,589,110	4,698,720	4,810,940	14,098,770
Revenue Contribution to Capital Outlay in Year	2,961,230	3,040,390	1,828,240	7,829,860
HRA Capital Reserve	-	-	-	-
Unsupported Borrowing	-	-	-	-
Total	7,550,340	7,739,110	6,639,180	21,928,630

Main Assumptions

Inflationary Factors	2013/14	2014/15	2015/16	2016/17	2017/18
Inflation Rate - Pay Awards	1.00%	1.00%	2.00%	2.00%	2.00%
National Insurance	7.20%	7.20%	7.20%	7.20%	7.20%
Superannuation	19.60%	20.10%	20.60%	21.10%	21.60%
Inflation Rate (Headline)	2.00%	2.30%	2.60%	2.60%	2.60%
Base Interest Rates	0.50%	0.50%	1.00%	2.00%	2.00%
Investment income rate	1.00%	1.75%	2.00%	2.75%	3.75%

1. Pay award – public sector pay will be capped for 2013/14 & 2014/15 and is estimated to mirror the Government's inflation target of 2% thereafter.
2. Overall Fees and Charges will rise generally by 2.5% annually except where a proposal has otherwise been made (car parking charges, corporate & industrial property rental income, statutory set planning fees, leisure fees);
3. No effect of any Prudential Borrowing has been included;
4. Revised estimates for rent allowance / rent rebate subsidy levels have been included;
5. Car Parking income has been reduced in line with current income levels for 2012/13, with charges increased in future in line with the previously approved charging strategy;
6. Changes to the level of recharges between funds has been included;
7. Within the Comprehensive Spending review released on the 20th October 2010, the Government proposed cuts in real terms to funding streams for each of the next four years – revised annual grant reductions have been included.
8. The Government has indicated its policy regarding council tax bills being frozen for the next year. It has indicated that a grant equivalent to a 2% increase in the basic 2012/13 Council Tax, will be available to authorities that agree to freeze or reduce Council Tax in 2013/14 – payable over 2 years;
9. The major changes to the previously approved policy changes are included within this forecast – Directors were issued with the provisional information in August to review, confirm & resubmit by the end of September;
10. Following the 4 year agreement, 0.5% annual year-on-year increases (as above) in pension costs following SCC triennial review negotiations.
11. Increases in rent levels are restricted by the rent restructuring guidelines & current indications that sales of council houses will be approximately 11 per annum..

Sensitivity Analysis

	Risk	Potential Budgetary Effect				
		2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Pay Award / National Insurance (GF)						
Impact +/- 0.5% Variance £'000	L	43	87	131	177	224
Budget Impact over 1 year	L	43				
Budget Impact over 3 years	L/M	261				
Budget Impact over 4 years	M	438				
Pay Award / National Insurance (HRA)						
Impact +/- 0.5% Variance £'000	L	12	24	36	49	62
Budget Impact over 1 years	L	12				
Budget Impact over 3 years	L	72				
Budget Impact over 4 years	L/M	121				
Subject to negotiation for Local Government pay (including any protection for low paid employees)						
Pension Costs						
Impact +/- 0.5% Variance £'000	L	0	56	113	171	231
Budget Impact over 1 year	L	0				
Budget Impact over 3 years	L	169				
Budget Impact over 4 years	L/M	340				
6 year agreement in place - subject to stock market changes & membership Mitigation - Public Sector pension review potential for reduced liability & increased employee contributions						
Council Tax						
Impact on Council Tax income £'000		15	30	46	63	82
Budget Impact over 1 year	L	15				
Budget Impact over 3 years	L	91				
Budget Impact over 4 years	L/M	154				
Inflation / CPI						
Impact +/- 0.5% Variance £'000	L	39	79	119	162	205
Budget Impact over 1 year	L	39				
Budget Impact over 3 years	L/M	237				
Budget Impact over 4 years	M	399				
Government Grant						
Impact +/- 0.5% Variance £'000	L	28	48	68	88	109
Budget Impact over 1 year	L	28				
Budget Impact over 3 years	L	144				
Budget Impact over 4 years	L/M	232				

	Risk	Potential Budgetary Effect				
		2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Investment Interest						
Impact +/- 0.5% Variance £'000	L	100	187	265	338	418
Budget Impact over 1 year	L	100				
Budget Impact over 3 years	M	552				
Budget Impact over 4 years	H	890				
Key Income Streams (GF)						
Impact +/- 0.5% Variance £'000	L	26	52	78	104	131
Budget Impact over 1 year	L	26				
Budget Impact over 3 years	L/M	156				
Budget Impact over 4 years	M	260				
Key Income Streams (HRA)						
Impact +/- 0.5% Variance £'000	L	89	181	276	375	476
Budget Impact over 1 years	L	89				
Budget Impact over 3 years	H	546				
Budget Impact over 4 years	H	921				
New Homes Bonus						
Impact +/- 10% Variance £'000	L	37	79	127	181	235
Budget Impact over 1 year	L	37				
Budget Impact over 3 years	L/M	243				
Budget Impact over 4 years	M/H	424				

Contingencies 2013/14 - 2017/18

Revenue	2013/14	2014/15	2015/16	2016/17	2017/18
Specific Earmarked &	£'000	£'000	£'000	£'000	£'000
General					
General Fund					
Specific Contingencies					
Vacancy Allowance	50	50	50	50	50
Corporate Change Programme	50	50	50	50	50
General Contingency	81	31	31	31	31
Total General Fund Revenue	181	131	131	131	131
Housing Revenue Account					
HRA - General Contingency	100	100	100	100	100
Total HRA Revenue	100	100	100	100	100

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