

**CABINET**

**20<sup>th</sup> February 2014**

**COUNCIL**

**25<sup>th</sup> February 2014**

**Report of the Leader of the Council**

**CORPORATE VISION, PRIORITIES PLAN, BUDGET & MEDIUM TERM  
FINANCIAL STRATEGY 2014/15**

**Purpose**

- To approve the Single Corporate Vision & Strategic Priorities for 2014/15 **(attached at Appendix A)**.
  
- To approve the recommended package of budget proposals **(attached at Appendix B)** to enable the Council to agree the:
  - General Fund Revenue Budget and Council Tax for 2014/15;
  - Housing Revenue Account (HRA) Budget for 2014/15;
  - Three Year General Fund Capital Programme (2014/17);
  - Five Year HRA Capital Programme (2014/19);
  - Three Year Medium Term Financial Strategy (MTFS) for the General Fund (GF) (2014/17); and
  - Five Year Medium Term Financial Strategy (MTFS) for the HRA (2014/19).
  
- To comply with the requirement of the Council's Treasury Management Policy in reporting to Council the proposed strategy for the forthcoming year and the Local Government Act 2003 with the reporting of the Prudential Indicators **(attached at Appendix N)**.

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

## Recommendations

That Council approve:

1. the Single Corporate Vision & Strategic Priorities for 2014/15 (Appendix A);
2. the proposed revisions to Service Revenue Budgets (Appendix C);
3. the sum of £53,509 be applied from Council Tax Collection Fund surpluses in reducing the Council Tax demand in 2014/15 (Appendix E);
4. that on 28<sup>th</sup> November 2013, the Cabinet calculated the Council Tax Base 2014/15 for the whole Council area as 20,389 [Item T in the formula in Section 31B(3) of the Local Government Finance Act 1992, as amended (the "Act")];
5. that the Council Tax requirement for the Council's own purposes for 2014/15 is £3,170,490 (Appendix E);
6. the following amounts as calculated for the year 2014/15 in accordance with Sections 31 to 36 of the Act:
  - a. £55,380,738 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act (Outgoings excluding internal GF Recharges);
  - b. £52,210,248 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act (Income excluding internal GF Recharges);
  - c. £3,170,490 being the amount by which the aggregate at 6(a) above exceeds the aggregate at 6(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year (Item R in the formula in Section 31A(4) of the Act);
  - d. £155.50 being the amount at 6(c) above (Item R), all divided by Item T (at 4 above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year;
7. the Council Tax level for the Borough Council for 2014/15 of £155.50 (an increase of £3.00 (1.97%) on the 2013/14 level of £152.50) at Band D;
8. an aggregate Council Tax (comprising the respective demands of the Borough Council, Staffordshire County Council, Office of the Police and Crime Commissioner Staffordshire and Stoke-on-Trent and Staffordshire Fire and Rescue Authority) of £1,428.00 at Band D for 2014/15 be noted (Appendix H);
9. the Council Tax levels at each band for 2014/15 (Appendix H);
10. the sum of £1,195,653 be transferred from General Fund Revenue Balances in 2014/15 (Appendix E);
11. the Summary General Fund Revenue Budget for 2014/15 (Appendix E);
12. the Provisional Budgets for 2015/16 to 2016/17, summarised at Appendix G, as the basis for future planning;

- 13. the minimum level for balances of £500k to be held for each of the General Fund, Housing Revenue Account, General Capital Fund & Housing Capital Fund;**
- 14. Cabinet be authorised to release funding from the General Contingency budget and that the release of funding for Specific Contingency items be delegated to the Corporate Management Team in consultation with the Leader of the Council;**
- 15. the creation of a new Transformation Reserve (revenue) of £300k (up to a maximum of £500k) to support the 'Planning for a Sustainable Future' strategy, financed from the current earmarked capital reserve;**
- 16. the proposed HRA Expenditure level of £14,429,640 for 2014/15 (Appendix D);**
- 17. rents for Council House Tenants in 2014/15 be increased by an average of £3.78 per week (4.6%) to £86.60 (2013/14 £82.82), in line with the Government's Rent Restructuring rules;**
- 18. rents for Council House Tenants due for 52 weeks in 2014/15 be collected over 48 weeks;**
- 19. the HRA deficit of £984,240 be financed through a transfer from Housing Revenue Account Balances in 2014/15 (Appendix D);**
- 20. the proposed 3 year General Fund Capital Programme of £4m, as detailed in Appendix I to the report;**
- 21. the proposed 5 year Housing Capital Programme of £52.5m, as detailed in Appendix J to the report;**
- 22. to delegate authority to Cabinet to approve/add new capital schemes to the capital programme where grant funding is received or there is no net additional cost to the Council;**
- 23. the Treasury Management Strategy Statement, the Treasury Management Policy Statement, Minimum Revenue Provision Strategy and Annual Investment Statement 2014/15 (as detailed at Appendix N);**
- 24. the Prudential and Treasury Indicators and Limits for 2014/15 to 2016/17 contained within Appendix N;**
- 25. the adoption of the Treasury Management Practices contained within ANNEX 7; and**
- 26. the detailed criteria of the Investment Strategy 2014/15 contained in the Treasury Management Strategy within ANNEX 3.**

## Executive Summary

Long before the current austerity measures and on-going public sector spending cuts, Tamworth Borough Council has been proactive in the design and implementation of innovative and effective measures for driving efficiency.

It has previously been recognised by the Council's Executive Management Team (a non-decision making forum of Cabinet members and Chief Officers of the Corporate Management Team) that Members will need to focus on strategic decisions relating to high level financial issues as flexibility within future budgets will be extremely limited given the need to identify substantial savings following significant constraints in public spending (post grant reductions of 34% since 2010 and announcements from CSR 2013 of further grant reductions for District Councils of over 15% from 2015/16 – over 40% in real terms since 2010/11).

There also remains a high degree of uncertainty arising from the most significant changes in Local Government funding for a generation with effect from 1st April 2013, arising from 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.

The Council holds sufficient funds in reserves and balances to allow it to plan its approach to budget setting, and Cabinet, on 22<sup>nd</sup> August 2013, endorsed the document 'Planning for a Sustainable Future' as the overarching strategy for meeting the challenges forecast for the Council's Medium Term Financial Strategy (MTFS) and a series of workstreams designed to deliver savings and efficiencies designed to tackle the forecast deficit long before it becomes a reality. This includes exploring new and innovative ideas and to be more commercial in our approach to business.

The proposals arising from the work streams will change the organisation and how it works; will require Members to take difficult decisions and adhere to them; 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 reduce**. Whether to implement change, react to funding reductions or simply to ensure compliance with reforms, the adoption of a "problem solving" approach to accommodating change has enabled the Council to maintain high quality public services.

Clearly, this has not been achieved in isolation. The principle of "collaboration" runs through the core of all we do. Whether this be internal; across services, directorates or even in respect of member and officer relations, there is strong collaboration, Tamworth is known for its successes in 'partnership' working. These span a broad range that include a nationally recognised, co-located multi-agency Community Safety Hub; an award winning Waste Management & Recycling arrangement with Lichfield District Council; an Education & Skills Board, a local Health & Well-being Board and over £500k worth of services commissioned from Third Sector partners. In addition, Cabinet on 23<sup>rd</sup> January 2014 approved a Memorandum of Understanding securing the potential future shared service opportunities with Lichfield District Council.

This budget report incorporates the Single Corporate Vision & Strategic Priorities of the Authority which are reflected within the Budget 2014/15 & Medium Term Financial Strategies (both Revenue & Capital). The Single Corporate Vision & Corporate Priorities are clear and accessible by stating what we aim to achieve, how we will do it and the resources we will use to support these aims.

The Single Vision is focused on longer term, aspirational goals of the Council. The Strategic Priorities identify, in the short to medium term, the key areas for improvement which will change in future years as the Council aligns local aspirations, central government policy and its performance.

In essence, the Shared Strategic Vision and Priorities **To Aspire & Prosper and, To be Healthier & Safer** are predicated by the need for Tamworth Borough Council to be a viable and sustainable strategic entity; a priority in its own right. Therefore, the Executive Management Team will need to focus upon strategic decisions relating solely to high level financial issues as yet again, flexibility within budgets throughout the period of the MTFS will be extremely limited.

In order to sustain this commitment further and to ensure that those most vulnerable in our communities are supported and/or protected, further consideration and reviews of non-essential services will be necessary.

The Corporate Change Programme will assist in identifying better and more efficient ways of providing services at potentially lower costs - from more efficient use of assets and resources through Agile Working - including Electronic Document & Records Management Systems (EDRMS), Website improvements & Customer Relationship Management (CRM) which should help to mitigate future reductions in estimated external Central funding (Revenue Support Grant & Business rate retention) and income reductions. This process is ongoing and is expected to deliver further efficiencies for future budget considerations.

This budget and associated forecast will ensure that appropriate resources are focussed on areas we have identified as priorities. This is an ongoing process and work is continuing to identify further areas where resources can be realigned to priority areas based on the views of local people.

Through Performance Management the Council will identify the key performance measures to ensure we deliver the improvements highlighted in our Strategic Priorities. These measures will be regularly monitored and published so that the Council can demonstrate progress and be held accountable for its performance.

The headline figures for 2014/15 are:

- A General Services total cost of services of £9,132,290 an increase of 1.9%;
- A transfer of £1,195,653 from General Fund (GF) balances;
- a Housing Revenue Account (HRA) Expenditure level of £14,429,640 for 2014/15 (excluding interest & similar charges);
- A transfer of £984,240 from HRA balances;
- The Band D Council Tax would be set at £155.50, an increase of £3.00 (1.97%) - 2013/14 of £152.50;
- An average rent of £86.60 which represents an increase of £3.78 (4.6% on the current average rent of £82.82) in line with the Government's Rent Restructuring rules (based on a 48 week rent year), equating to £79.94 on an annualised 52 week basis (as agreed within the base budget report);

- A General Fund Capital Programme of £4m (for 3 years);
- A Housing Capital Programme of £52.5m (including c. £29.5m relating to the Regeneration Projects) for 5 years.

The budget incorporates the Council's commitment to minimising the effects of the economic downturn on key service provision. An important part of our budget process is identifying areas of our work where we can make savings by reviewing the way we deliver services to make them more efficient.

There are a number of key challenges affecting the medium term financial planning process (as detailed within the report), which add a high level of uncertainty to budget projections.

The medium term financial planning process is being challenged by the economic downturn / recession & Government austerity measures. The accomplishment of a balanced 3 year Medium Term Financial Strategy for the General Fund is a major achievement as the Council, like others, has planned to deliver its budget process in light of unprecedented adverse economic conditions with a great deal of uncertainty over future investment & income levels such as car parking, land charges and corporate property rents. It is also facing increased financial demands from Central Government for service improvements in areas such as local democracy and transparency – as well as substantial reductions in Government grant support in the future.

There is also a high degree of uncertainty arising from the most significant changes in Local Government funding for a generation - from 1<sup>st</sup> April 2013 - Business Rates Retention, changes in Support for Council Tax and technical reforms to Council Tax - as well as other changes arising from the Government's Welfare Reform agenda.

In order to assist in the estimate of the impact on the MTFS, a number of models have been assessed (using external advisors) to arrive at a prudent projection for future external funding levels.

Additional demands for services (i.e. benefits & housing) arising from these austere times have been included where possible but this is dependent on the length and depth of the downturn.

In light of these uncertainties and issues arising from the sensitivity analysis (attached at **Appendix L**), 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 M**).

The assumptions made in the production of the MTFS are based on the best information available at the time and are subject to change. These will be monitored and reviewed on an ongoing process.

The Treasury Management Strategy Statement & report attached at **Appendix N** outlines the Council's Prudential Indicators for 2014/15 to 2016/17 and sets out the expected Treasury operations for this period.

The main issues for Members to note are:

- That Members understand the implications on Treasury Operations when setting the budget and Medium Term Financial Strategy;
- Members should be provided with access to relevant training – Members should ensure that they have the necessary skills and training.

The aim is for all Members to have ownership and understanding when making decisions on Treasury Management matters.

- With regard to Counterparty selection for investment, rather than adopt a Lowest Common Denominator (LCD) methodology, a broader Counterparty evaluation criteria is used as recommended by Sector (the Council's Treasury Management consultants).

### **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 2014/15, appears at **Appendix E**. A summary of the resulting budgets over the 3 year period appears at **Appendix G**. Closing balances over 3 years for the General Fund (GF) are estimated at £0.5m, the minimum approved level. The draft Budget and Medium Term Financial Strategy is based on a council tax increase of 1.97% for 2014/15 (the maximum permitted under the Government set limits to trigger a referendum is 2.0%) followed by increases at 1.99% p.a. thereafter & in line with statutory requirements.

The Summary HRA Revenue Budget for 2014/15 appears at **Appendix D** (including a summary of the resulting budgets over the 5 year period). Closing balances over 5 years for the HRA are estimated at £1.5m (compared to the minimum approved level of £0.5m).

The 3-year General Fund Capital Programme has been formulated based on the predicted available resources. Assuming that the anticipated capital receipts will be received, this leaves a balance of £0.5m available (the minimum approved level).

The Council's uncommitted Housing Capital Resources will effectively be reduced to £2.2m over 5 years (the approved minimum level is £0.5m) including £1.8m remaining within the Regeneration Reserve.

Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. In the Executive Director – Corporate Services' view, the budget proposals enclosed within this report include estimates which take into account circumstances and events which are reasonably foreseeable at the time of preparing the budget. In his view, the level of reserves remains adequate for the Borough Council based on this budget and the circumstances in place at the time of preparing it.

## 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 were considered at the Joint Scrutiny Committee (Budget) meeting on 28<sup>th</sup> January 2014. In line with the constitution a Joint Scrutiny Budget Workshop was held on 3<sup>rd</sup> December 2013 to outline the issues affecting the MTFs arising from the base budget forecast.

The budget has been set following extensive consultation with the people of Tamworth. This includes feedback from The State of Tamworth Debate, and responses from the 'Tamworth Listens' budget consultation exercise.

Proposed amendments to the 2013/14 base budget, approved by Council on 26<sup>th</sup> February 2013, are detailed within the report.

Approval of Prudential Indicators and an Annual Investment Strategy is a legal requirement of the Local Government Act 2003. Members are required under the CIPFA Code of Practice to have ownership and understanding when making decisions on Treasury Management matters.

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.); <b>(High)</b>	Sensitivity modelling undertaken to assess the potential impact in the estimation of future grant levels; <b>(Medium / High)</b>
New Homes Bonus grant levels lower than estimated; Continuation of the scheme in its current form is uncertain – a further review is planned Spring 2014. <b>(High/Medium)</b>	Future levels included on a risk based approach in order to offset further grant reductions / uncertainty over additional property numbers; <b>(Medium)</b>
Potential 'capping' of council tax increases by the Government or local Council tax Veto / referendum; <b>(Medium)</b>	Current indications are that increases of 2% and above risk 'capping' (confirmed as 2% for 2014/15); <b>(Low)</b>
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; <b>(High)</b>	A robust & critical review of savings proposals will be required / undertaken before inclusion within the forecast;  A minimum General Fund capital balance of £500k is a requirement – this has been financed in the past by revenue contributions (held in a revenue reserve).



Risk	Control Measure
	Due to the need to fund Transformation changes, it is recommended that the anticipated capital receipts of c.£300k from the approved sale of land parcels (Cabinet minutes 108/2011 & 84/2013 refer) be utilised (as part of the minimum approved level of capital balances) to allow the current earmarked capital reserve (revenue funded) to be released for the creation of a new Transformation Reserve (revenue) to fund any costs arising from the workstream reviews <b>(High/Medium)</b>
Pay awards greater than forecast; <b>(Medium)</b>	Forecast assumes a 1% increase for 2 years, in line with Government announcements, with 2% p.a. increases thereafter; <b>(Medium / Low)</b>
Pension costs higher than planned / adverse performance of pension fund; <b>(Medium)</b>	Regular update meetings with Actuary; Increases of c.1% p.a. with a new 'lump sum' element have been included with agreement made with Pension Fund following triennial review (during 2013 for 2014/15) for next 3 years; <b>(Medium)</b>
Assessment of business rates collection levels to inform the forecast / budget (NNDR1) and estimates of appeals, mandatory & discretionary reliefs, cost of collection, bad debts and collection levels; New burdens (section 31) grant funding for Central Government policy changes – including impact on levy calculation; <b>(High)</b>	Robust estimates included to arrive at collection target. Ongoing proactive management & monitoring will continue during 2014/15; Potential mitigation regulations expected in the event of significant adverse events; Proposed Business Rates Collection Reserve - provision of reserve funding to mitigate impact of any changes in business rate income levels; <b>(High / Medium)</b>
Council tax support scheme implementation – potential yield changes and maintenance of collection levels; <b>(High)</b>	Robust estimates included. Ongoing proactive management & monitoring (including a quarterly healthcheck on the implications on the organisation – capacity / finance) will continue during 2014/15; <b>(High / Medium)</b>
Achievement of income streams in line with targets e.g. treasury, car parking, planning etc; <b>(High/Medium)</b>	Robust estimates using a zero based budgeting approach have been included; <b>(Medium)</b>
Delivery of the capital programme (GF / HRA) dependent on funding through capital receipts and grants; <b>(High/Medium)</b>	Robust monitoring and evaluation – should funds not be available then schemes would not progress. <b>(Medium)</b>

Risk is inherent in Treasury Management and as such a risk based approach has been adopted throughout the report with regard to Treasury Management processes.

**Report Author:**

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

<b>Background Papers:-</b>	<b>Budget &amp; Medium Term Financial Strategy 2013/14 – 2015/16, Council 26<sup>th</sup> February 2013</b>
	<b>Budget and Medium Term Financial Planning Process, Cabinet 12<sup>th</sup> September 2013</b>
	<b>Budget Consultation Report, Cabinet 24<sup>th</sup> October 2013</b>
	<b>Draft Base Budget Forecasts 2014/15 to 2018/19, Cabinet 28<sup>th</sup> November 2013</b>
	<b>Treasury Management Strategy Statement &amp; Annual Investment Strategy Mid-year Review Report 2013/14, Council 17<sup>th</sup> December 2013</b>
	<b>Draft Budget and Medium Term Financial Strategy 2014/15 to 2018/19, Cabinet 23<sup>rd</sup> January 2014</b>
	<b>Business Rates Income Forecast (NNDR1 return), Cabinet 23<sup>rd</sup> January 2014</b>
	<b>Treasury Management Practices 2013/14 (Operational Detail)</b>

## Summary of Appendices

<b>Description</b>	<b>Appendix</b>
<b>Single 'Vision' for Tamworth</b>	<b>A</b>
<b>Detailed Considerations</b>	<b>B</b>
<b>Policy Changes</b>	<b>C</b>
<b>HRA Budget Summary 2013/14 – 2018/19</b>	<b>D</b>
<b>General Fund Summary Revenue Budget 2014/15</b>	<b>E</b>
<b>General Fund Technical Adjustments 2014/15 (before policy changes)</b>	<b>F1</b>
<b>HRA Technical Adjustments 2014/15 (before policy changes)</b>	<b>F2</b>
<b>General Fund 3 Year Revenue Budget Summary</b>	<b>G</b>
<b>Council Tax Levels at Each Band 2014/15</b>	<b>H</b>
<b>General Fund Capital Programme 2014/15 – 2016/17</b>	<b>I</b>
<b>Housing Capital Programme 2014/15 – 2018/19</b>	<b>J</b>
<b>Main Assumptions</b>	<b>K</b>
<b>Sensitivity Analysis</b>	<b>L</b>
<b>Contingencies</b>	<b>M</b>
<b>Treasury Management Strategy Statement, Treasury Management Policy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Statement 2014/15</b>	<b>N</b>

## A SINGLE 'VISION' FOR TAMWORTH

### **“One Tamworth, Perfectly Placed”**

(the People)      (the Place)

This single, shared “Vision” for Tamworth is endorsed by all key partners in the local Partnership arena and underpinned by high level, evidence based priorities that focus upon both Tamworth (the place) and the communities served by the partner organisations (the people).

#### **Strategic Priority 1**

##### **To Aspire and Prosper in Tamworth**

###### **Primary Outcome**

To create and sustain a thriving local economy and make Tamworth a more aspirational and competitive place to do business.

###### **To achieve this, we will:**

- Raise the aspiration and attainment levels of young people
- Create opportunities for business growth through developing and using skills and talent
- Promote private sector growth and create quality employment locally
- Brand and market “Tamworth” as a great place to “live life to the full”
- Create the physical and technological infrastructure necessary to support the achievement of this primary outcome.

#### **Strategic Priority 2**

##### **To be Healthier and Safer in Tamworth**

###### **Primary Outcome**

To create a safe environment in which local people can reach their full potential and live longer, healthier lives.

###### **To achieve this, we will:**

- Address the causes of poor health in children and young people;
- Improve the health and well being of older people by supporting them to live active, independent lives;
- Reduce the harm and wider consequences of alcohol abuse on individuals, families and society;
- Implement ‘Total Place’ solutions to tackling crime and Anti-social behaviour (ASB) in designated localities;
- Develop innovative early interventions to tackle youth crime and ASB; and
- Create an integrated approach to protecting those most vulnerable in our local communities

## Detailed Considerations

### Introduction

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 2014/15 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 2013/14 budget to arrive at the starting point for 2014/15. 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 MTFs used as the basis for the 2014/15 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 led to the economic downturn / recession;
- Injecting additional resources into corporate priorities;
- Increasing income from council tax and fees and charges;
- Making other savings and efficiencies.

### Financial Background

The medium term financial planning process is being challenged by the uncertain economic conditions. There are a number of challenges affecting the Medium Term Financial Planning process for the period from 2014/15 which add a high level of uncertainty to budget projections.

- a) the level of future New Homes bonus levels;
- b) Future Revenue Support Grant levels following indications as part of the 2013 Comprehensive Spending Review and subsequent *Local Government Finance Settlement 2014-15 and 2015-16 Technical Consultation* issued by the DCLG in July 2013 and the grant settlement for 2014/15 & 2015/16 received in December 2013 following the Chancellor's Autumn Statement;
- c) The impact of Business Rate Reform from 1<sup>st</sup> April 2013 and the associated forecast business rates receivable in 2013/14 and future years – of which the Council's budget will receive 40% (subject to 20% levy reduction on 'excess' rates payable to the Greater Birmingham & Solihull Local Enterprise Partnership (GBSLEP) after deduction of the 50% Central Share, 9% County Council and 1% Fire & Rescue Authority share – including clarification from DCLG of treatment of Small Business Rate Relief Grant (& the impact of the 2% multiplier cap in terms of new burdens grant);

- d) The calculation of the level of business rate appeal costs (subject to DCLG guidance) – of which the Council has to fund 40% from its own budgets, subject to approval of regulations which may allow the cost to be spread over 5 years;
- e) Future Pension contribution levels following the triennial review carried out by the Actuaries employed by the Pension Fund - *ongoing* annual increases in employer's contributions of 2% p.a. for the next 3 years were indicated but have now been revised to c.1% p.a. for the next 3 years (with a new 'lump sum' element);
- f) The impact of Pension Auto-Enrolment and the single tier pension from 2016/17 – no additional cost associated with auto enrolment has been included as salary budgets are prepared on a full cost basis (and then reduced by the 5% vacancy allowance).

An increase in Employer's National Insurance contributions of 3.4% p.a. have been included from 2016/17 when the single-tier pension starts as the State Second Pension scheme will close and contracting out will end;

- g) While the Government announced a pay cap for 2014/15 & 2015/16, the impact of inflation on pay settlements and other contractual arrangements for future years is less certain;
- h) Proposed changes set out in the Welfare Reform Act 2012 and the introduction of Universal Credit – impact on housing benefits and associated income receipts (including Housing Rents) of the council. In addition, future Housing Benefit and Localised Council Tax Scheme Administration grant levels are still to be confirmed for 2015/16 onwards;
- i) The impact of any further uncertainty over future interest rate levels and their impact on investment income / treasury management;
- j) The severity of the recession and the impact it has had and still could have on the Council's income streams (including the impact of the Local Council Tax Scheme on council tax collection levels – healthcheck reports on the impact of welfare benefit reform are reviewed regularly by senior management as part of the monitoring process);
- k) Finalisation of the expected outcomes and impact on the Council's financial position from the programme of short-term and medium-term workstream reviews commissioned by Cabinet in August 2013 as part of the 'Planning for a Sustainable Future' overarching strategy to identify measures to help the Council cope with grant & income reductions in the coming years;
- l) Review and finalisation of the revised budgets/policy changes and feedback from the Scrutiny process – including the Council Tax increase for 2014/15 following confirmation of the referendum threshold.

In light of these uncertainties and issues arising from the sensitivity analysis (attached at **Appendix L**), 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 M**).

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	Risk
Pay Award / National Insurance (GF)	0.5%	43	264	M/H
Pension Costs	0.0%	0	0	L/M
Council Tax	0.5%	16	98	L/M
Inflation / CPI	0.5%	39	237	M/H
Government Grant	1.0%	46	247	M/H
Investment Interest	0.5%	126	673	H
Key Income Streams	0.5%	26	156	M/H
New Homes Bonus	10%	52	350	M/H
Business Rates income / levy	0.5%	64	384	M/H

## **GENERAL FUND**

The final Local Government finance settlement figures for Tamworth for 2014/15 have recently been announced and there is little change from those provisionally released in December. They show that the Government funding assessment (Revenue Support Grant (RSG) plus the new business rates baseline retained income) totals £4.422m (£5.114m 2013/14).

The Council's actual reduction in combined Revenue Support Grant / assessed Business Rates baseline funding need is 13.5% for 2014/15 (which means that Government support will decrease by £0.69m over last year) with a further Reduction of 15.5% (£0.69m) in 2015/16.

### ***Summary of changes to the 2014/15 settlement***

The government published the illustrative 2014/15 settlement on 4 February 2013. Since then, two changes have affected the overall quantum of funding:

- An announcement in the 2013 Budget that further reductions would be made to the local government spending control total. This resulted in a reduction of Revenue Support Grant of £218m (1.73%).
- Offsetting this, the Retail Price Index (RPI), used to calculate the local share of aggregate business rates in 2014/15, was projected to be higher than at the time of the illustrative settlement. Including business rates, the overall reduction in funding (relative to the illustrative settlement) was projected to reduce to £198m (0.83%).

### ***Summary of changes to the 2015/16 settlement***

The 2013 Spending Round set out reductions in Local Government Departmental Expenditure Limits (DEL) of 2.3% in 2015/16. This translates to an annual reduction in Revenue Support Grant of £3.2 billion (24.2%). As business rates were projected to increase by 2.8%, this gives an overall reduction in funding of £2.9 billion (11.9%). These figures include the funding set aside to fund the New Homes Bonus.

## **Business Rates**

Additional monthly monitoring has been implemented in 2013/14 following business rate retention – following approval of the NNDR1 form (Business Rates estimates) by Cabinet in January 2013.

The latest estimate indicates additional business rates receivable above the baseline in 2013/14 and future years – of which the Council will receive 40% less the tariff payment and 50% LEP levy on the surplus. This is mainly due to the additional rates income generated from the warehouse site at Bitterscote, however the future position for 2014/15 is less certain. A robust check & challenge approach has been taken of any increases on the base figure, including a risk assessed collection level.

This is the second local government finance settlement following the new arrangements for business rates retention that came into place on 1<sup>st</sup> 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 2014/15 (as predicted by the Office for Budget Responsibility); after deductions are made for expected appeals and reliefs.



New burdens (Section 31) grant is receivable for additional reliefs given by the Government relating to business rates from 1<sup>st</sup> April 2014 e.g. Small Business Rate Relief – of which 50% of any in excess of the baseline will be payable in levy to the LEP. 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 Council's actual reduction in combined Revenue Support Grant / Government assessed Business Rates baseline (based on past returns) funding need is 13.5% for 2014/15 (which means that Government support will decrease by £0.69m over last year) with a further Reduction of 15.5% (£0.69m) in 2015/16.

The operation of the floor (which damps the results so that no Council loses significantly) means that the Council will receive £15k in 2015/16 (Efficiency Support Grant - to keep the reduction within the announced maximum spending power decrease for a Council of 6.9%), 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 6.3% for 2016/17, remaining at broadly the same level from 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 Government financial support will reduce over the period as shown in the table below.

<b>External Finance</b>	<b>2014/15 £'000</b>	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>
Business Rates Baseline	2,083	2,140	2,183
Revenue Support Grant	2,340	1,596	1,316
<b>Total Funding Assessment</b>	<b>4,423</b>	<b>3,736</b>	<b>3,499</b>
<b>% Change Increase/(Decrease)</b>	<b>(13.5)%</b>	<b>(15.5)%</b>	<b>(6.3)%</b>

Using local Business Rate forecasts the retained income due to the Council is shown the table below:

<b>External Finance</b>	<b>2014/15 £'000</b>	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>
Retained Business Rates*	2,373	2,128	2,232
Revenue Support Grant	2,340	1,596	1,316
<b>Total Funding Assessment</b>	<b>4,713</b>	<b>3,724</b>	<b>3,548</b>
<b>% Change Increase/(Decrease) (excluding levy impact)</b>	<b>(10.2)%</b>	<b>(18.9)%</b>	<b>(4.7)%</b>

The retained Business Rates forecast are based on the NNDR1 return in January 2014. For 2014/15, a levy payment of £145k is estimated (included as a policy change) which will reduce the net business rates retained. No impact has been assumed in future years due to uncertainty (net figure included).

## Technical Adjustments

Revisions have been made to the 2013/14 base budget in order to produce an adjusted base for 2014/15 and forecast base for 2015/16 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;
- a 'Zero base budgeting' review of income levels.

They are summarised in **Appendix F1** and the main assumptions made during this exercise are shown in **Appendix K**.

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	2014/15	2015/16	2016/17
	£'000	£'000	£'000
Base Budget B/Fwd	8,961	9,250	9,138
Committee Decisions	(146)	(165)	(136)
Inflation	35	37	44
Other (as detailed in the Base Budget report)	136	(75)	(110)
Pay Adjustments (Including pay award / reduction of 5% for vacancy allowance)	238	91	588
Revised charges for non-general fund activities	26	-	-
<b>Total / Revised Base Budget</b>	<b>9,250</b>	<b>9,138</b>	<b>9,524</b>

\* ( ) denotes saving in base budget

## Policy Changes

The policy changes provisionally agreed by Council in February 2013 have been included within the technical adjustments. **A list of the revised policy changes is attached at Appendix C and summarised below:**

<b>DIRECTORATE</b>	<b>Sheet No.</b>	<b>Budget Changes 14/15 £'000</b>	<b>Budget Changes 15/16 £'000</b>	<b>Budget Changes 16/17 £'000</b>
Chief Executive	<b>1</b>	(7.91)	(3.00)	(3.24)
Executive Director Corporate Services	<b>2</b>	(114.64)	59.68	(35.02)
Director of Finance	<b>3</b>	519.12	(190.04)	(27.73)
Director of Technology & Corporate Programmes	<b>4</b>	(26.02)	(8.68)	(9.13)
Solicitor to the Council	<b>5</b>	(26.62)	(4.31)	(4.71)
Director of Transformation & Corporate Performance	<b>6</b>	(62.35)	(66.51)	(67.71)
Director of Communities, Planning & Partnerships	<b>7</b>	(97.06)	(21.71)	(28.49)
Director of Housing & Health	<b>8</b>	(13.17)	(33.78)	(4.04)
Director of Assets & Environment	<b>9</b>	(292.57)	(514.27)	(89.93)
<b>Total</b>		<b>(121.22)</b>	<b>(782.62)</b>	<b>(270.00)</b>
<b>Cumulative Cost / (Saving)</b>		<b>(121.22)</b>	<b>(903.84)</b>	<b>(1,173.84)</b>

## **Capping / Local Referendum**

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

The proposed principles for 2014/15 are that authorities will be required to seek the approval of their local electorate in a referendum if, compared with 2013/14, they set council tax increases at or exceeding 2.0%.

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. A similar offer was announced for 2013/14 where Government grant support equivalent to 2% of a Council Tax increase would be payable over a 2 year period (i.e. 1% p.a.). A similar scheme will operate for 2014/15 should the Council freeze the council tax level – with indications that a grant equivalent to a 1% Council Tax increase would be payable for 2014/15 and 2015/16 – and built into baseline funding thereafter.

Should Council Tax be frozen at the 2013/14 level for 2014/15 then this would reduce income by c.£62k p.a. – £186k over the 3 year period. This would be offset by grant income receivable of c. £36k p.a

Consideration of the likely level of Council Tax increases over the 3 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 2.0% in future years (subject to confirmation by Ministers) - the impact of a 1.99% p.a. increase (with a 1.97% increase in 2014/15) is outlined below.

## **Council Tax**

Last year's medium term financial plan identified ongoing increases of 2.5% per annum from 2014/15.

The Council's provision for collection losses for 2014/15 has been approved at 2.1% (the same level as 2013/14). In order to meet the on-going expenditure requirements the Council will have to increase the underlying income base.

A 1% change in Band D Council Tax equates to approximately £31k per annum. Each £1 increase in the Band D Council Tax would raise approximately £20k per annum. **A Council Tax increase in 2014/15 of £3.00 (1.97%) is proposed (with a minimum increase in line with inflation of 1.99% per annum thereafter).**

The Band D Council Tax would increase to £155.50 for 2014/15 (£152.50 2013/14). Future levels of Council Tax and the projected impact on the General Fund revenue account forecast would be as follows:

<b>Year:</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
<b>Forecast:</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Net Expenditure	9,133	8,237	8,346
(Surplus) / Deficit	1,196	1,263	1,468
<b>Balances Remaining /Overdrawn ( - )</b>	<b>3,231</b>	<b>1,968</b>	<b>500</b>
£ Increase (rounded)	3.00	3.09	3.16
% Increase	1.97%	1.99%	1.99%
Note: Resultant Band D Council Tax	155.50	158.59	161.75

which indicates potential balances of £0.5m (the minimum approved level) forecast as remaining over the 3 year period. As current capping guidance indicates a 'capping' threshold of 2.0%, this is considered a low risk option.

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. It is proposed that all available surpluses be used, as shown in the table below (and that the relevant sums be made available to the other precepting authorities – the County Council, Fire & Rescue and Office of the Police and Crime Commissioner Staffordshire). It is estimated that there will be a surplus of £500k.

<b>Council Tax</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Council Tax Income	3,170	3,250	3,330
Collection Fund Surplus	54	-	-

The County Council, Office of the Police and Crime Commissioner Staffordshire and Fire & Rescue Authority are due to finalise their budgets for 2014/15 during February 2014.

The impact of the Borough Council tax proposals is shown for each Council Tax Band in **Appendix H**.

### **Balances**

At the Council meeting on 29<sup>th</sup> February 2000 Members approved a minimum working level of balances of £500k. At 31<sup>st</sup> March 2014 General Fund Revenue Balances are estimated to be £4.4m, compared with £4.2m anticipated a year ago.

The minimum level of balances for planning purposes will remain at £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 the impact of the changes to council tax support and other welfare reforms on council tax and rent income, future local authority pay settlements, the potential for interest rate changes, the future local government finance settlements and the level of future business rates income.

A summary of all the budget proposals is shown in the table below. The summary Revenue Budget for 2014/15, appears at **Appendix E**. A summary of the resulting budgets over the 3 year period appears at **Appendix G**.

<b>Financial Summary</b>	<b>2014/15 £'000</b>	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>
Base Budget	9,250	9,138	9,524
Proposed Policy Changes	(121)	(904)	(1,174)
Final Recharge & Inflationary Adjustments (following Policy Changes inclusion)	4	3	(4)
<b>Net Expenditure</b>	<b>9,133</b>	<b>8,237</b>	<b>8,346</b>

### **Financing:**

Business Rates Baseline	2,373	2,128	2,232
Revenue Support Grant	2,340	1,596	1,316
Council Tax Income	3,170	3,250	3,330
Collection Fund Surplus	54	-	-
<b>Gross Financing</b>	<b>7,937</b>	<b>6,974</b>	<b>6,878</b>
<b>(Surplus) / Deficit</b>	<b>1,196</b>	<b>1,263</b>	<b>1,468</b>
Balances Remaining / (Overdrawn)	3,231	1,968	500

## HOUSING REVENUE ACCOUNT

### Technical Adjustments

The 2013/14 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 2014/15.

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

Technical Adjustments	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Base Budget	599	972	2,928	1,161	1,012
Committee Decisions	(10)	1,533	(2,212)	100	-
Inflation	137	133	137	141	145
Other	183	212	138	(454)	(391)
Pay Adjustments (Including pay award / reduction of 5% for vacancy allowance)	99	78	170	64	63
Revised charges for non-HRA activities	(36)	-	-	-	-
Total	972	2,928	1,161	1,012	829

Revisions have been made to the 2013/14 base budget in order to produce an adjusted base for 2014/15 and forecast base for 2015/16 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 F2**.



## Proposals

The proposed policy changes for inclusion in the base budget for the next 5 years are detailed at **Appendix C**.

The proposals will mean that balances will remain above the approved minimum level of £0.5m (as recommended) over the 5 year period.

<b>Financial Summary</b>	<b>2014/15 £'000</b>	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>
<b>Net (Surplus) / Deficit</b>	<b>972</b>	<b>2,928</b>	<b>1,161</b>	<b>1,012</b>	<b>829</b>
Policy Changes	23	3	(1,019)	(1,021)	(1,023)
Final Recharge & Inflationary Adjustments (following Policy Changes inclusion)	(10)	(11)	(12)	(12)	(13)
(Surplus) / Deficit	985	2,920	130	(21)	(207)
<b>Balances Remaining / (Overdrawn)</b>	<b>4,314</b>	<b>1,394</b>	<b>1,264</b>	<b>1,285</b>	<b>1,492</b>

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

However this includes contributions to capital spend of £6.7m over 3 years (£9.5m over the next 5 years) and the regeneration reserve - £5.7m over 3 years (£9.3m over 5 years).

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

- finalisation of the costs / income associated with the potential regeneration / redevelopment proposals – updated estimates have been included within the capital programme but final costs will be dependent on the results of the procurement process. Due to the uncertainty, the revenue implications of the regeneration schemes has not been included within the HRA forecast;
- future impact of the Government's increased discounts to promote right to buy sales on housing stock numbers and associated income levels – 50 sales p.a. have been assumed in future years.

## 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 25<sup>th</sup> 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 for 2014/15. However, from 2015/16 an increase in line with CPI plus 1% has been assumed following receipt of Government Consultation proposals.

## Balances

The forecast level of balances at 31<sup>st</sup> March 2014 is £5.3m. The impact on balances of the adjustments outlined in this report would be as follows:

<b>Summary</b>	<b>2014/15 £'000</b>	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>
Proposed Withdrawal from / (Addition to) Balances	985	2,920	130	(21)	(207)
Balances Remaining / (Overdrawn)	4,314	1,394	1,264	1,285	1,492

This would mean that closing balances, over the 5 year period, would be over the approved minimum level of £0.5m.

The analysis at **Appendix D** details the overall Housing Revenue Account budget resulting from the recommendations contained within this report.

## CAPITAL PROGRAMME

Following a review of the Capital Programme approved by Council on 26<sup>th</sup> February 2013, a revised programme has been formulated including additional schemes which have been put forward for inclusion.

Each scheme has been 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-minimus for capital expenditure is £10k per capital scheme.

### General Fund

It is estimated that approximately £4m (excluding the £0.5m approved minimum balance) will be available during the period to 2016/17 for future capital spending (including the usable capital receipts generated from the sale of council housing). Details of the proposed capital programme are shown in **Appendix I**.

The draft General Fund programme has been formulated based on the predicted available resources. Assuming that the anticipated capital receipts will be received, this leaves a balance of £0.5m (the minimum approved level). The proposed programme includes a contribution from sale of council house receipts of £0.44m over the 3 years.

The capital reserve / receipts value is deemed to include the value of any minor disposals up to a value of £100k per annum in line with the Acquisitions and Disposals Policy.

### Housing

The proposed 5 year Housing Capital Programme is attached at **Appendix J**. Revisions are included to reflect:

- major updates to planned works following receipt of the results of the stock condition survey;
- updated Regeneration Projects costs;
- Inclusion of c. £1.6m p.a. from 2015/16 for new build / redevelopment schemes garage sites and other acquisitions.

It is estimated that approximately £52.5m (excluding the £0.5m approved minimum balance) will be needed during the period to 2018/19 for future capital spending (including revenue contributions from the HRA of £11.5m, Regeneration reserve balances of £7.5m & additional borrowing of £7.2m – the 'headroom' in line with the HRA Government debt cap is £11.3m).

## Policy Changes Summary

<b>DIRECTORATE</b>	<b>Sheet No.</b>	<b>Budget Changes 14/15 £'000</b>	<b>Budget Changes 15/16 £'000</b>	<b>Budget Changes 16/17 £'000</b>
Chief Executive	<b>1</b>	(7.91)	(3.00)	(3.24)
Executive Director Corporate Services	<b>2</b>	(114.64)	59.68	(35.02)
Director of Finance	<b>3</b>	519.12	(190.04)	(27.73)
Director of Technology & Corporate Programmes	<b>4</b>	(26.02)	(8.68)	(9.13)
Solicitor to the Council	<b>5</b>	(26.62)	(4.31)	(4.71)
Director of Transformation & Corporate Performance	<b>6</b>	(62.35)	(66.51)	(67.71)
Director of Communities, Planning & Partnerships	<b>7</b>	(97.06)	(21.71)	(28.49)
Director of Housing & Health	<b>8</b>	(13.17)	(33.78)	(4.04)
Director of Assets & Environment	<b>9</b>	(292.57)	(514.27)	(89.93)
<b>Total</b>		<b>(121.22)</b>	<b>(782.62)</b>	<b>(270.00)</b>
<b>Cumulative Cost / (Saving)</b>		<b>(121.22)</b>	<b>(903.84)</b>	<b>(1,173.84)</b>

	<b>Sheet No.</b>	<b>Budget Changes 14/15 £'000</b>	<b>Budget Changes 15/16 £'000</b>	<b>Budget Changes 16/17 £'000</b>	<b>Budget Changes 17/18 £'000</b>	<b>Budget Changes 18/19 £'000</b>
Housing Revenue Account	<b>10</b>	22.80	(20.00)	(1,022.00)	(2.00)	(2.00)
<b>Total</b>		<b>22.80</b>	<b>(20.00)</b>	<b>(1,022.00)</b>	<b>(2.00)</b>	<b>(2.00)</b>
<b>Cumulative Cost / (Saving)</b>		22.80	2.80	(1,019.20)	(1,021.20)	(1,023.20)

## Policy Changes Summary Staffing Implications

<b>DIRECTORATE</b>	<b>Sheet No.</b>	<b>Budget Changes 14/15 £'000</b>	<b>Budget Changes 15/16 £'000</b>	<b>Budget Changes 16/17 £'000</b>
Chief Executive	1	-	-	-
Executive Director Corporate Services	2	-	-	-
Director of Finance	3	-	-	-
Director of Technology & Corporate Programmes	4	-	-	-
Solicitor to the Council	5	-	-	-
Director of Transformation & Corporate Performance	6	-	-	-
Director of Communities, Planning & Partnerships	7	-	-	-
Director of Housing & Health	8	-	-	-
Director of Assets & Environment	9	-	-	-
<b>TOTAL</b>		-	-	-

	<b>Sheet No.</b>	<b>Budget Changes 14/15 £'000</b>	<b>Budget Changes 15/16 £'000</b>	<b>Budget Changes 16/17 £'000</b>	<b>Budget Changes 17/18 £'000</b>	<b>Budget Changes 18/19 £'000</b>
<b>Housing Revenue Account</b>	10	-	-	-	-	-
<b>TOTAL</b>		-	-	-	-	-

**CHIEF EXECUTIVE**

Item No		BC Ref	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change
					14/15 £'000	15/16 £'000	16/17 £'000
CE1	SAV	Agile		Savings in Travel Claims/Mileage	(0.07)		
CE2	SAV		Revised Pension contribution from Triennial Review Negotiations	Saving in annual pension costs	(7.84)	(3.00)	(3.24)
<b>Total New Items / Amendments</b>					<b>(7.91)</b>	<b>(3.00)</b>	<b>(3.24)</b>

**STAFFING IMPLICATIONS**

Item No		BC Ref	Proposal/(Existing Budget)	Implications	14/15	15/16	16/17
					FTE	FTE	FTE
<b>TOTAL</b>					-	-	-

## EXECUTIVE DIRECTOR CORPORATE SERVICES

Item No		BC Ref	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change
					14/15 £'000	15/16 £'000	16/17 £'000
ED1	SAV	Service Review	Internal Audit - Potential savings arising from Service Review options	Options to be identified for consideration by CMT / Cabinet			(20.00)
ED2	SAV		New Burdens - Local Council Tax Scheme Grant	Inclusion of grant funding for LCTS implementation	(73.71)	73.71	
ED3		Corporate Change	Legal Services Review	Savings anticipated from revised working practices	(1.05)		
ED4	SAV	Agile	Agile Working Project - projected costs / income (as approved Cabinet, August 2013)	Savings in Public Liability Insurance budgets	(0.61)		
	SAV	Agile		Savings in Equipment, Furniture & Materials	(1.27)		
	SAV	Agile		Savings in Printing & Stationery	(0.20)		
	SAV	Agile		Savings in Travel Claims/Mileage	(0.23)		
ED5	SAV		Revised Pension contribution from Triennial Review Negotiations	Saving in annual pension costs	(37.57)	(14.03)	(15.02)
<b>Total New Items / Amendments</b>					<b>(114.64)</b>	<b>59.68</b>	<b>(35.02)</b>

## STAFFING IMPLICATIONS

					14/15 FTE	15/16 FTE	16/17 FTE
			<b>TOTAL</b>		-	-	-

## DIRECTOR OF FINANCE

Item No		BC Ref	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change
					14/15 £'000	15/16 £'000	16/17 £'000
DF 1	SAV		Additional New Homes Bonus	Additional income expected after confirmation that scheme will not change (following Consultation on proposed changes in 2013)	(25.00)		(30.00)
DF2	OTHER		Corporate Finance - General Contingency	Contingency budget to allow for 'in year' decisions to be made by Cabinet & to provide for any potential further reductions in income as a result of the economic situation.	100.00	(100.00)	
DF3	SAV		Revised Pension contribution from Triennial Review Negotiations	Saving in annual pension costs	(41.35)	(15.57)	(16.61)
				Lump Sum element	313.99	70.61	76.88
DF4	SAV		Business Rates - inclusion of new burdens grant funding (subject to 50% levy reduction & 50% prudency assumption)	Business Rates new burdens funding for Government scheme to reduce rates charges for small and medium sized businesses	(150.00)		
	OTHER		Contribution to new Business Rates Collection Reserve	Provision of reserve funding to mitigate impact of any changes in business rate income levels	150.00		
DF5	STAT		Provisional Levy Payment based on NNDR1	Estimated levy payment for 2014/15 - based on indications received from DCLG (30 Jan 2014); Assumed zero for future years due to uncertainty	145.08	(145.08)	
DF6	VFM	Agile	Agile Working Project - projected costs / income (as approved Cabinet, August 2013)	Contribution to Capital - to fund 6th floor refurbishment	58.00	(58.00)	
	VFM	Agile		Contribution to GF Capital - to fund 8th floor refurbishment		58.00	(58.00)
	SAV	Agile		Savings in Public Liability Insurance budgets	(1.12)		
	SAV	Agile		Savings in Travel Claims/Mileage	(0.25)		
DF7	SAV	P&C	Procurement & Commissioning (P&C)	Savings arising from Collaborative Procurement	(28.00)		
DF8		Corporate Change	Legal Services Review	Savings anticipated from revised working practices	(2.23)		
<b>Total New Items / Amendments</b>					<b>519.12</b>	<b>(190.04)</b>	<b>(27.73)</b>



## DIRECTOR TECHNOLOGY &amp; CORPORATE PROGRAMMES

Item No		BC Ref	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change
					14/15 £'000	15/16 £'000	16/17 £'000
TC1	SAV	Agile	Agile Working Project - projected costs / income (as approved Cabinet, August 2013)	Savings in Public Liability Insurance budgets	(0.51)		
	SAV	Agile		Savings in Equipment, Furniture & Materials	(2.06)		
	SAV	Agile		Savings in Printing & Stationery	(0.73)		
	SAV	Agile		Savings in Travel Claims/Mileage	(0.03)		
TC2	SAV		Revised Pension contribution from Triennial Review Negotiations	(22.69)	(8.68)	(9.13)	
<b>Total New Items / Amendments</b>					<b>(26.02)</b>	<b>(8.68)</b>	<b>(9.13)</b>

## STAFFING IMPLICATIONS

					14/15 FTE	15/16 FTE	16/17 FTE
			<b>TOTAL</b>		-	-	-

**SOLICITOR TO THE COUNCIL**

Item No		BC Ref	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change
					14/15 £'000	15/16 £'000	16/17 £'000
SOL1	SAV	Corporate Change	Legal Services Review	Savings anticipated from revised working practices	(11.94)		
SOL2	SAV	Agile	Agile Working Project - projected costs / income (as approved Cabinet, August 2013)	Savings in Public Liability Insurance budgets	(0.24)		
	SAV	Agile		Savings in Equipment, Furniture & Materials	(1.73)		
	SAV	Agile		Savings in Printing & Stationery	(1.61)		
	SAV	Agile		Savings in Travel Claims/Mileage	(0.07)		
SOL3	SAV		Revised Pension contribution from Triennial Review Negotiations	Saving in annual pension costs	(11.03)	(4.31)	(4.71)
<b>Total New Items / Amendments</b>					<b>(26.62)</b>	<b>(4.31)</b>	<b>(4.71)</b>

**STAFFING IMPLICATIONS**

Item No		BC Ref	Proposal/(Existing Budget)	Implications	14/15 FTE	15/16 FTE	16/17 FTE
<b>TOTAL</b>					<b>-</b>	<b>-</b>	<b>-</b>

## DIRECTOR OF TRANSFORMATION &amp; CORPORATE PERFORMANCE

Item No		BC Ref	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change
					14/15 £'000	15/16 £'000	16/17 £'000
TCP1	SAV	Agile	Savings in Telephony costs		(11.55)		
TCP2	SAV		Cease printing of Talkback document	Saving in printing costs (Publication will be on the website only in future)	(5.00)		
TCP3	SAV	Service Review	Service integration - Potential savings arising from Service Review options	Options to be identified for consideration by CMT / Cabinet		(50.00)	(50.00)
TCP4	SAV	Agile	Agile Working Project - projected costs / income (as approved Cabinet, August 2013)	Savings in Public Liability Insurance budgets	(0.62)		
	SAV	Agile		Savings in Equipment, Furniture & Materials	(1.22)		
	SAV	Agile		Savings in Travel Claims/Mileage	(0.10)		
TCP5	SAV		Revised Pension contribution from Triennial Review Negotiations	Saving in annual pension costs	(43.86)	(16.51)	(17.71)
<b>Total New Items / Amendments</b>					<b>(62.35)</b>	<b>(66.51)</b>	<b>(67.71)</b>
<b>STAFFING IMPLICATIONS</b>							
					14/15 FTE	15/16 FTE	16/17 FTE
TCP3		Service Review	Service integration - Potential savings arising from Service Review options	Options to be identified for consideration by CMT / Cabinet		TBA	TBA
<b>TOTAL</b>					-	-	-

## DIRECTOR COMMUNITIES, PLANNING &amp; PARTNERSHIPS

Item No		BC Ref	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change
					14/15 £'000	15/16 £'000	16/17 £'000
CPP1	SAV	Corporate Change	Implement charging for pre-planning application advice	Additional income generated from new charge (as identified through Income Generation Project)	(5.00)		
CPP2		Corporate Change	Legal Services Review	Savings anticipated from revised working practices	(0.60)		
CPP3	SAV	Agile	Agile Working Project - projected costs / income (as approved Cabinet, August 2013)	Savings in Public Liability Insurance budgets	(0.59)		
	SAV	Agile		Savings in Equipment, Furniture & Materials	(2.89)		
	SAV	Agile		Savings in Printing & Stationery	(1.46)		
	SAV	Agile		Savings in Travel Claims/Mileage	(0.66)		
CPP4	SAV		Revised Pension contribution from Triennial Review Negotiations	Saving in annual pension costs	(85.86)	(21.71)	(28.49)
<b>Total New Items / Amendments</b>					<b>(97.06)</b>	<b>(21.71)</b>	<b>(28.49)</b>

## STAFFING IMPLICATIONS

Item No		BC Ref	Proposal/(Existing Budget)	Implications	14/15 FTE	15/16 FTE	16/17 FTE
<b>TOTAL</b>					<b>-</b>	<b>-</b>	<b>-</b>

## DIRECTOR HOUSING &amp; HEALTH

Item No		BC Ref	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change
					14/15 £'000	15/16 £'000	16/17 £'000
HH1	STAT	Service Review	Potential savings arising from Service Review options	Options to be identified for consideration by CMT / Cabinet		(30.00)	
HH2		Corporate Change	Legal Services Review	Savings anticipated from revised working practices	(2.00)		
HH3	SAV	Agile	Agile Working Project - projected costs / income (as approved Cabinet, August 2013)	Savings in Public Liability Insurance budgets	(0.17)		
	SAV	Agile		Savings in Equipment, Furniture & Materials	(0.60)		
	SAV	Agile		Savings in Travel Claims/Mileage	(0.18)		
HH4	SAV		Revised Pension contribution from Triennial Review Negotiations	Saving in annual pension costs	(10.22)	(3.78)	(4.04)
<b>Total New Items / Amendments</b>					<b>(13.17)</b>	<b>(33.78)</b>	<b>(4.04)</b>

## STAFFING IMPLICATIONS

Item No		BC Ref	Proposal/(Existing Budget)	Implications	14/15	15/16	16/17
					FTE	FTE	FTE
HH1		Service Review	Potential savings arising from Service Review options	Options to be identified for consideration by CMT / Cabinet		TBA	
<b>TOTAL</b>					-	-	-

## DIRECTOR ASSETS &amp; ENVIRONMENTAL SERVICES

Item No		BC Ref	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change
					14/15 £'000	15/16 £'000	16/17 £'000
AE1	SAV	Agile	Agile Working Project - projected costs / income (as approved Cabinet, August 2013)	Marmion House Rental Income budget - Increased income from rental	(14.05)	(74.75)	
	SAV	Agile		Increased income from service charges	(45.10)	(27.50)	
	SAV	Agile		Savings in electricity	(2.19)		
	SAV	Agile		Savings in Public Liability Insurance budgets	(0.14)		
	SAV	Agile		Savings in Equipment, Furniture & Materials	(2.23)		
	SAV	Agile		Savings in Travel Claims/Mileage	(0.11)		
AE2	SAV		Waste Management Contingency	Reduce current contingency budget (currently £75k)	(25.00)		
AE3	SAV		Waste Management Service Estimate	Revised Estimate prepared by Joint Waste Service	(32.00)		
AE4	SAV		Car Park income - revised payment to Boots	Revised Estimate prepared	(25.00)		
AE5	SAV		Waste Management	Revised organic waste disposal arrangements		(145.00)	(35.00)
AE7	SAV	Service Reviews	Potential savings arising from Service Review options	Options to be identified for consideration by CMT / Cabinet	(8.00)	(216.00)	
AE8		Corporate Change	Legal Services Review	Savings anticipated from revised working practices	(2.18)		
AE9	SAV		Revised Pension contribution from Triennial Review Negotiations	Saving in annual pension costs	(136.57)	(51.02)	(54.93)
<b>Total New Items / Amendments</b>					<b>(292.57)</b>	<b>(514.27)</b>	<b>(89.93)</b>

## STAFFING IMPLICATIONS

Item No		BC Ref	Proposal/(Existing Budget)	Implications	14/15	15/16	16/17
					FTE	FTE	FTE
AE7		Service Reviews	Potential savings arising from Service Review options	Options to be identified for consideration by CMT / Cabinet	TBA	TBA	TBA
<b>TOTAL</b>					<b>-</b>	<b>-</b>	<b>-</b>

## HOUSING REVENUE ACCOUNT

Item No	BC Ref	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
				14/15 £'000	15/16 £'000	16/17 £'000	17/18 £'000	18/19 £'000
HRA1	SAV		Revenue Contribution to Capital Spend			(1,000.00)		
HRA2	SAV	Agile	Agile Working Project - projected costs / income (as approved Cabinet, August 2013)	(1.00)				
	SAV	Agile		(4.00)				
	SAV	Agile		(2.00)				
	SAV	Agile		(1.20)				
HRA3	OTHER		Increase the subsidy of the Supported Housing service by £30,000 from 2014/15 onwards	30.00				
HRA4	OTHER		£10,000 from 2014/15 to meet residual sheltered housing staffing costs.	10.00				
HRA5	OTHER		To increase the budget for tree works by £15,000 from 2014/15. The portfolio holder is keen to have a more proactive response to tree maintenance and this is being explored by street scene.	15.00				
HRA6	STAT		Revised Pension contribution from Triennial Review Negotiations	(24.00)	(20.00)	(22.00)	(2.00)	(2.00)
<b>Total New Items / Amendments</b>				<b>22.80</b>	<b>(20.00)</b>	<b>(1,022.00)</b>	<b>(2.00)</b>	<b>(2.00)</b>

## STAFFING IMPLICATIONS

Item No	BC Ref	Proposal/(Existing Budget)	Implications	14/15 FTE	15/16 FTE	16/17 FTE	17/18 FTE	18/19 FTE
<b>TOTAL</b>				-	-	-	-	-

## HOUSING REVENUE ACCOUNT BUDGET SUMMARY 2014/15

	Base Budget 13/14	Technical Adjustments	Policy Changes	Revised Budget 14/15	Revised Budget 15/16	Revised Budget 16/17	Revised Budget 17/18	Revised Budget 18/19
	£	£	£	£	£	£	£	£
<b>Income</b>								
Dwelling Rents	(18,105,100)	(133,610)	-	(18,238,710)	(18,664,100)	(19,004,670)	(19,348,880)	(19,696,630)
Non-Dwelling Rents	(334,740)	(12,750)	-	(347,490)	(356,080)	(364,890)	(373,920)	(383,170)
Charges for Services and Facilities	(502,630)	(10,160)	78,400	(434,390)	(437,710)	(441,100)	(444,590)	(447,610)
Contributions Towards Expenditure	(841,420)	(38,710)	-	(880,130)	(880,390)	(880,650)	(880,920)	(881,200)
<b>Subtotal</b>	<b>(19,783,890)</b>	<b>(195,230)</b>	<b>78,400</b>	<b>(19,900,720)</b>	<b>(20,338,280)</b>	<b>(20,691,310)</b>	<b>(21,048,310)</b>	<b>(21,408,610)</b>
<b>Expenditure</b>								
Repairs and Maintenance	4,077,770	72,370	(10,450)	4,139,690	4,251,420	4,373,040	4,491,920	4,613,860
Supervision and Management	5,211,570	112,110	(40,400)	5,283,280	5,372,890	5,546,780	5,641,740	5,736,100
Rents, Rates, Taxes and Other Charges	32,930	610	(4,750)	28,790	29,170	29,550	29,940	30,340
Increase in Provision for Bad Debts	173,000	297,000	-	470,000	470,000	470,000	470,000	470,000
Housing Subsidy Payable	-	-	-	-	-	-	-	-
Depreciation and impairment of non-current assets	4,482,060	-	-	4,482,060	4,482,060	4,482,060	4,482,060	4,482,060
Debt Management Costs	15,770	10,050	-	25,820	27,280	27,410	26,820	26,900
<b>Subtotal</b>	<b>13,993,100</b>	<b>492,140</b>	<b>(55,600)</b>	<b>14,429,640</b>	<b>14,632,820</b>	<b>14,928,840</b>	<b>15,142,480</b>	<b>15,359,260</b>
<b>Net cost of HRA Services per Authority I&amp;E</b>	<b>(5,790,790)</b>	<b>296,910</b>	<b>22,800</b>	<b>(5,471,080)</b>	<b>(5,705,460)</b>	<b>(5,762,470)</b>	<b>(5,905,830)</b>	<b>(6,049,350)</b>
Corporate and Democratic Core	3,720	880	-	4,600	4,720	4,840	4,970	5,100
HRA share of other amounts included in the whole authority Net Cost of Services but not allocated to specific services	3,380	(460)	-	2,920	2,920	2,920	2,920	2,920
<b>Net Cost of HRA Services</b>	<b>(5,783,690)</b>	<b>297,330</b>	<b>22,800</b>	<b>(5,463,560)</b>	<b>(5,697,820)</b>	<b>(5,754,710)</b>	<b>(5,897,940)</b>	<b>(6,041,330)</b>
Interest Payable and Similar Charges	2,973,870	-	-	2,973,870	2,924,700	2,874,960	2,755,120	2,755,120
Amortisation of Premiums	-	-	-	-	-	-	-	-
Interest Receivable and Similar Income	(52,790)	(13,670)	-	(66,460)	(80,980)	(94,160)	(82,440)	(124,870)
<b>Surplus/ Deficit for the year</b>	<b>(2,862,610)</b>	<b>283,660</b>	<b>22,800</b>	<b>(2,556,150)</b>	<b>(2,854,100)</b>	<b>(2,973,910)</b>	<b>(3,225,260)</b>	<b>(3,411,080)</b>

## Statement of Movement on the HRA Balance

<b>Surplus or Deficit for the year</b>	<b>(2,862,610)</b>	283,660	22,800	<b>(2,556,150)</b>	<b>(2,854,100)</b>	<b>(2,973,910)</b>	<b>(3,225,260)</b>	<b>(3,411,080)</b>
Additional Items required to be taken into account:								
Capital Expenditure funded by the HRA	3,461,230	79,160	-	3,540,390	5,774,240	3,104,330	3,204,330	3,204,330
Net transfer to/ (from) earmarked reserves	-	-	-	-	-	-	-	-
Transfer to/ (from) the Major Repairs Reserve	-	-	-	-	-	-	-	-
<b>(Increase)/ Decrease in HRA Balances</b>	<b>598,620</b>	<b>362,820</b>	<b>22,800</b>	<b>984,240</b>	<b>2,920,140</b>	<b>130,420</b>	<b>(20,930)</b>	<b>(206,750)</b>



## Appendix E

### General Fund Summary Revenue Budget for 2014/15

<i>Figures exclude internal recharges which have no bottom line impact.</i>	<b>Base Budget 2013/14 £</b>	<b>Technical Adjustments £</b>	<b>Policy Changes £</b>	<b>Budget 2014/15 £</b>
Chief Executive	159,610	4,970	(7,910)	<b>156,670</b>
Executive Director Corporate Services	310,210	144,660	(114,640)	<b>340,230</b>
Director of Finance	(482,130)	42,900	519,120	<b>79,890</b>
Director of Technology & Corporate Programmes	860,800	59,820	(26,020)	<b>894,600</b>
Solicitor to the Council	575,860	5,350	(26,620)	<b>554,590</b>
Director of Transformation & Corporate Performance	1,001,320	480	(62,350)	<b>939,450</b>
Director of Communities, Planning & Partnerships	2,411,680	22,400	(97,060)	<b>2,337,020</b>
Director of Housing & Health	1,035,460	10,900	(13,170)	<b>1,033,190</b>
Director of Assets & Environment	3,087,970	1,250	(292,570)	<b>2,796,650</b>
<b>Total Cost of Services</b>	<b>8,960,780</b>	<b>292,730</b>	<b>(121,220)</b>	<b>9,132,290</b>
Transfer (to) / from Balances	756,300	439,354	-	1,195,653
Revenue Support Grant	3,070,744	(730,946)	-	2,339,798
Retained Business Rates	12,199,200	527,808	-	12,727,008
Less: Tariff payable	(10,156,318)	(197,850)	-	(10,354,168)
Collection Fund Surplus	10,505	43,004	-	53,509
<b>Council Tax Requirement</b>	<b>3,080,349</b>	<b>211,361</b>	<b>(121,220)</b>	<b>3,170,490</b>

## General Fund Technical Adjustments 2014/15 (before Policy Changes)

<i>Figures exclude internal recharges which have no bottom line impact.</i>	Budget 2013/14 £	Technical Adjustments						Total Adjustments £	Total Adjusted Base 2014/15 £
		Virements £	Committee Decisions £	Inflation £	Other £	Pay Adjustments £	External Recharge Changes (non-GF Activities) £		
Chief Executive	159,610	-	-	180	20	5,610	(1,870)	3,940	<b>163,550</b>
Executive Director Corporate Services	310,210	(4,640)	-	1,010	129,570	19,290	(1,760)	143,470	<b>453,680</b>
Director of Finance	(482,130)	45,600	(172,140)	2,190	149,090	26,840	(17,920)	33,660	<b>(448,470)</b>
Director of Technology & Corporate Programmes	860,800	(10,000)	-	12,590	39,330	14,480	(7,640)	48,760	<b>909,560</b>
Solicitor to the Council	575,860	-	-	4,540	(18,400)	12,580	4,820	3,540	<b>579,400</b>
Director of Transformation & Corporate Performance	1,001,320	48,420	-	3,130	(53,740)	24,290	27,550	49,650	<b>1,050,970</b>
Director of Communities, Planning & Partnerships	2,411,680	9,960	39,680	(4,640)	(75,530)	52,920	-	22,390	<b>2,434,070</b>
Director of Housing & Health	1,035,460	(500)	(13,970)	1,000	(13,840)	8,520	11,600	(7,190)	<b>1,028,270</b>
Director of Assets & Environment	3,087,970	(88,840)	-	15,200	(20,120)	73,240	11,250	(9,270)	<b>3,078,700</b>
<b>Grand Total</b>	<b>8,960,780</b>	<b>-</b>	<b>(146,430)</b>	<b>35,200</b>	<b>136,380</b>	<b>237,770</b>	<b>26,030</b>	<b>288,950</b>	<b>9,249,730</b>

## HRA Technical Adjustments 2014/15 (before Policy Changes)

<i>Figures exclude internal recharges which have no bottom line impact.</i>	<b>Budget 2013/14 £</b>	<b>Technical Adjustments</b>						<b>Total Adjusted Base 2014/15 £</b>	
		<b>Virements £</b>	<b>Committee Decisions £</b>	<b>Inflation £</b>	<b>Other £</b>	<b>Pay Adjustments £</b>	<b>External Recharge Changes (non-HRA Activities) £</b>		<b>Total Adjustments £</b>
<b>Chief Executive's Office</b>									
Director of Housing & Health	3,953,690	169,520	-	35,360	(12,100)	93,140	(33,860)	252,060	<b>4,205,750</b>
Director of Assets & Environment	(10,910)	-	-	200	120	5,530	(2,040)	3,810	<b>(7,100)</b>
HRA Summary	(3,344,160)	(169,520)	(10,240)	102,200	194,800	-	-	117,240	<b>(3,226,920)</b>
<b>Grand Total</b>	<b>598,620</b>	<b>-</b>	<b>(10,240)</b>	<b>137,760</b>	<b>182,820</b>	<b>98,670</b>	<b>(35,900)</b>	<b>373,110</b>	<b>971,730</b>

## General Fund 3 Year Revenue Budget Summary

<i>Figures exclude internal recharges which have no bottom line impact.</i>	<b>Base Budget 2013/14 £</b>	<b>Budget 2014/15 £</b>	<b>Budget 2015/16 £</b>	<b>Budget 2016/17 £</b>
Chief Executive	159,610	156,670	159,670	169,150
Executive Director Corporate Services	310,210	340,230	418,640	433,860
Director of Finance	(482,130)	79,890	(221,290)	(394,750)
Director of Technology & Corporate Programmes	860,800	894,600	849,560	885,900
Solicitor to the Council	575,860	554,590	565,580	589,360
Director of Transformation & Corporate Performance	1,001,320	939,450	905,540	905,970
Director of Communities, Planning & Partnerships	2,411,680	2,337,020	2,281,190	2,287,990
Director of Housing & Health	1,035,460	1,033,190	854,130	865,060
Director of Assets & Environment	3,087,970	2,796,650	2,424,590	2,604,130
<b>Total Cost of Services</b>	<b>8,960,780</b>	<b>9,132,290</b>	<b>8,237,610</b>	<b>8,346,670</b>
Transfer (to) / from Balances	756,300	1,195,653	1,264,263	1,468,398
Revenue Support Grant	3,070,744	2,339,798	1,595,904	1,316,322
Retained Business Rates	12,199,200	12,727,008	12,767,840	13,084,431
Less: Tariff payable	(10,156,318)	(10,354,168)	(10,639,952)	(10,852,751)
Collection Fund Surplus	10,505	53,509	-	-
<b>Council Tax Requirement</b>	<b>3,080,349</b>	<b>3,170,490</b>	<b>3,249,555</b>	<b>3,330,270</b>

## Appendix H

### Council Tax levels at each band for 2014/15

	Tamworth Council Tax 2013/14	Tamworth Borough Council	Staffordshire County Council	* Office of the Police & Crime Commissioner (OPCC) Staffordshire	Stoke on Trent and Staffordshire Fire and Rescue Authority	<b>Total 2014/15</b>	Total Council Tax 2013/14
	£	£	£	£	£	£	£
Demand/Precept on Collection Fund		3,170,490	20,944,645	3,621,290	1,379,112	<b>29,115,537</b>	
Council Tax Band							
A	101.67	103.67	684.83	118.41	45.09	<b>952.00</b>	950.00
B	118.61	120.94	798.97	138.14	52.61	<b>1,110.66</b>	1,108.33
C	135.56	138.22	913.11	157.88	60.12	<b>1,269.33</b>	1,266.67
<b>D</b>	<b>152.50</b>	<b>155.50</b>	<b>1,027.25</b>	<b>177.61</b>	<b>67.64</b>	<b>1,428.00</b>	<b>1,425.00</b>
E	186.39	190.06	1,255.53	217.08	82.67	<b>1,745.34</b>	1,741.67
F	220.28	224.61	1,483.81	256.55	97.70	<b>2,062.67</b>	2,058.34
G	254.17	259.17	1,712.08	296.02	112.73	<b>2,380.00</b>	2,375.00
H	305.00	311.00	2,054.50	355.22	135.28	<b>2,856.00</b>	2,850.00

*\* Assuming no increase in Council Tax levels. At the time of printing precept information for the OPCC is still awaited.*

## Appendix I

## General Fund Capital Programme 2014/15 – 2016/17

	2014/15 £	2015/16 £	2016/17 £	Total £
<b><u>General Fund Capital Programme</u></b>				
Technology Replacement	-	-	70,000	<b>70,000</b>
Agile Working - Floor Refurbishment	78,000	80,000	-	<b>158,000</b>
Agile Working - Furniture	-	48,000	-	<b>48,000</b>
EDRMS implementation	50,000	-	-	<b>50,000</b>
<b>Subtotal</b>	<b>128,000</b>	<b>128,000</b>	<b>70,000</b>	<b>326,000</b>
Private Sector Grants - Disabled Facilities Grants	350,000	300,000	250,000	<b>900,000</b>
CCTV Camera Renewals	15,000	15,000	15,000	<b>45,000</b>
Assembly rooms development	2,388,500	100,000	-	<b>2,488,500</b>
Gateways	50,000	50,000	50,000	<b>150,000</b>
Contingency	50,000	-	-	<b>50,000</b>
<b>Subtotal</b>	<b>2,853,500</b>	<b>465,000</b>	<b>315,000</b>	<b>3,633,500</b>
<b>Total General Fund Capital</b>	<b>2,981,500</b>	<b>593,000</b>	<b>385,000</b>	<b>3,959,500</b>
<b><u>Proposed Financing:</u></b>				
Grants - Disabled Facilities	179,960	224,000	224,000	<b>627,960</b>
Grants - Assembly Rooms	2,050,000	-	-	<b>2,050,000</b>
Grants - SCC (Assembly Rooms)	80,000	-	-	<b>80,000</b>
Public Contributions (Assembly Rooms)	8,500	-	-	<b>8,500</b>
General Fund Capital Receipts	-	100,000	156,900	<b>132,250</b>
Sale of Council House Receipts	305,040	130,000	4,100	<b>439,140</b>
General Fund Capital Reserve	300,000	81,000	-	<b>381,000</b>
Revenue Contribution to Capital Outlay in Year	58,000	58,000	-	<b>116,000</b>
<b>Total</b>	<b>2,981,500</b>	<b>593,000</b>	<b>385,000</b>	<b>3,959,500</b>

## Appendix J

## Housing Capital Programme 2014/15 – 2018/19

	2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £	TOTAL £
<b><u>Housing Revenue Account</u></b>						
<b><u>Capital Programme</u></b>						
Bathroom Renewals	851,350	870,750	889,890	909,420	929,140	<b>4,450,550</b>
Disabled Facilities Adaptations	204,760	209,430	214,040	218,740	223,560	<b>1,070,530</b>
Gas Central Heating Upgrades and Renewals	545,130	557,560	569,830	582,360	595,170	<b>2,850,050</b>
Kitchen Renewals	1,019,060	1,042,290	1,065,240	1,088,720	1,112,960	<b>5,328,270</b>
Roofing - High Rise	43,000	43,980	-	-	-	<b>86,980</b>
High Rise Lift Renewal	327,620	335,090	342,460	349,990	-	<b>1,355,160</b>
Major Roofing Overhaul and Renewals	146,830	150,180	153,490	156,860	160,310	<b>767,670</b>
Fencing/Boundary Walls	30,000	30,000	30,000	30,000	30,000	<b>150,000</b>
Fire Upgrades to Flats	552,850	565,460	-	-	-	<b>1,118,310</b>
Structural Works	100,000	100,000	100,000	100,000	100,000	<b>500,000</b>
High Rise Balconies	60,000	60,000	60,000	60,000	60,000	<b>300,000</b>
General Estate Works	255,950	261,790	267,540	273,430	279,450	<b>1,338,160</b>
Window and Door Renewals	285,790	292,310	298,740	305,310	312,030	<b>1,494,180</b>
Gas Heating at Belgrave	278,470	284,820	-	-	-	<b>563,290</b>
Electric Heating removal at Belgrave	40,950	-	-	-	-	<b>40,950</b>
Carbon Monoxide Detectors	102,380	-	-	-	-	<b>102,380</b>
Agile Working	51,190	-	-	-	-	<b>51,190</b>
Contingency	100,000	100,000	100,000	100,000	100,000	<b>500,000</b>
Capital Salaries	161,980	165,670	169,310	173,040	176,840	<b>846,840</b>
CDM Fees	9,730	9,950	10,170	10,390	10,620	<b>50,860</b>
<b><u>Regeneration Schemes:</u></b>						
Kerria	500,000	2,930,000	3,845,000	-	-	<b>7,275,000</b>
Tinkers Green	-	4,890,000	5,239,000	5,339,000	-	<b>15,468,000</b>
Redevelopment of Garage sites and other acquisitions	336,000	1,605,000	1,605,000	1,605,000	1,605,000	<b>6,756,000</b>
<b>Total HRA Capital</b>	<b>6,003,040</b>	<b>14,504,280</b>	<b>14,959,710</b>	<b>11,302,260</b>	<b>5,695,080</b>	<b>52,464,370</b>
<b><u>Proposed Financing:</u></b>						
Capital Receipts from additional Council House Sales	-	1,000,000	1,000,000	1,000,000	-	<b>3,000,000</b>
Sale proceeds	-	-	649,000	649,000	-	<b>1,298,000</b>
Regeneration Revenue Reserves	336,000	3,312,000	2,000,000	1,840,000	-	<b>7,488,000</b>
Major Repairs Reserve	4,482,060	4,482,060	4,470,710	4,493,260	4,090,080	<b>22,018,170</b>
Revenue Contribution to Capital Outlay in Year (Renewals)	684,980	597,220	-	-	-	<b>1,282,200</b>
Revenue Contribution to Capital Outlay in Year (Regeneration)	500,000	2,871,000	1,868,000	3,320,000	1,605,000	<b>10,164,000</b>
Unsupported Borrowing	-	2,242,000	4,972,000	-	-	<b>7,214,000</b>
<b>Total</b>	<b>6,003,040</b>	<b>14,504,280</b>	<b>14,959,710</b>	<b>11,302,260</b>	<b>5,695,080</b>	<b>52,464,370</b>

## Main Assumptions

Inflationary Factors	2014/15	2015/16	2016/17	2017/18	2018/19
Inflation Rate - Pay Awards	1.00%	1.00%	2.00%	2.00%	2.00%
National Insurance	7.20%	7.20%	10.60%	10.60%	10.60%
Superannuation	20.43%	21.45%	22.42%	22.42%	22.42%
Inflation Rate (RPI)	2.75%	2.60%	2.60%	2.60%	2.60%
Inflation Rate (CPI)	2.50%	2.00%	2.00%	2.00%	2.00%
Investment Rates	0.75%	1.25%	2.25%	2.75%	3.75%
Base Interest Rates	0.50%	0.75%	1.00%	1.75%	2.50%

1. Pay award – public sector pay will be capped for 2014/15 & 2015/16 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. Changes to the level of recharges between funds has been included;
6. Within the Comprehensive Spending review and subsequent Technical consultation released in July 2013, the Government proposed cuts of 15.4% to funding streams for 2015/16 – revised annual grant reductions have been included.
7. The Government has indicated its policy regarding council tax bills being frozen for the next year. It has indicated that a grant will be available to authorities that agree to freeze or reduce Council Tax in 2014/15;
8. 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;
9. Annualised year-on-year increases in pension costs of c. 1% (as above) for 3 years following SCC triennial review (including lump sum element increases).
10. Increases in rent levels are restricted by the Government guidelines & current indications that sales of council houses will be approximately 50 per annum.



**Sensitivity Analysis (3 years)**

		<b>Potential Budgetary Effect</b>		
	<b>Risk</b>	<b>2014/15 £'000</b>	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>
<b>Pay Award / National Insurance (GF)</b>				
Impact +/- 0.5% Variance £'000	L	43	87	134
Budget Impact over 1 year	L	43		
Budget Impact over 3 years	L/M	264		
<b>Pay Award / National Insurance (HRA)</b>				
Impact +/- 0.5% Variance £'000	L	12	25	39
Budget Impact over 1 years	L	12		
Budget Impact over 3 years	L	76		
Budget Impact over 5 years	M	195		
<b>Pension Costs</b>				
Impact +/- 0.5% Variance £'000	L	0	0	0
Budget Impact over 1 year	L	0		
Budget Impact over 3 years	L	0		
3 year agreement in place - subject to stock market & membership changes				
<b>Council Tax</b>				
Impact on Council Tax income £'000		16	32	50
Budget Impact over 1 year	L	16		
Budget Impact over 3 years	L	98		
<b>Inflation / CPI</b>				
Impact +/- 0.5% Variance £'000	L	39	79	119
Budget Impact over 1 year	L	39		
Budget Impact over 3 years	M	237		
<b>Government Grant</b>				
Impact +/- 1.0% Variance £'000	L	46	83	118
Budget Impact over 1 year	L	46		
Budget Impact over 3 years	M	247		
<b>Investment Interest</b>				
Impact +/- 0.5% Variance £'000	L	126	230	317
Budget Impact over 1 year	L	126		
Budget Impact over 3 years	H	673		

	<b>Risk</b>	<b>2014/15 £'000</b>	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>
<b>Key Income Streams (GF)</b>				
Impact +/- 0.5% Variance £'000	L	26	52	78
Budget Impact over 1 year	L	26		
Budget Impact over 3 years	L/M	156		
<b>Key Income Streams (HRA)</b>				
Impact +/- 0.5% Variance £'000	L	91	185	280
Budget Impact over 1 years	L	91		
Budget Impact over 3 years	H	556		
Budget Impact over 5 years	H	1407		
<b>New Homes Bonus</b>				
Impact +/- 10% Variance £'000	L	52	114	184
Budget Impact over 1 year	L	52		
Budget Impact over 3 years	M	350		
<b>Business Rates</b>				
Impact +/- 10% Variance £'000	L	64	127	193
Budget Impact over 1 year	L	64		
Budget Impact over 3 years	M	384		

## Appendix M

### Contingencies

#### Contingencies 2014/15 - 2018/19

Revenue	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
<b>General Fund</b>					
<b>Specific Contingencies</b>					
Vacancy Allowance	50	50	50		
General Contingency	100	-	-		
<b>Total General Fund Revenue</b>	<b>150</b>	<b>50</b>	<b>50</b>		
<b>Housing Revenue Account</b>					
HRA - General Contingency	100	100	100	100	100
<b>Total HRA Revenue</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Capital</b>					
<b>General Fund</b>					
General Capital Contingency	50	-	-		
<b>Total General Fund Capital</b>	<b>50</b>	<b>-</b>	<b>-</b>		
<b>Housing Revenue Account</b>					
HRA - General Capital Contingency	100	100	100	100	100
<b>Total HRA Capital</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>