

# COUNCIL

23<sup>th</sup> February 2016

## Report of the Leader of the Council

### CORPORATE VISION, PRIORITIES PLAN, BUDGET & MEDIUM TERM FINANCIAL STRATEGY 2016/17

#### Purpose

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

- To approve the **Vision Statement, Priority Themes, Corporate Priorities and Outcomes** and their inclusion in the **Corporate Plan and Support Service Plan (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 (GF) Revenue Budget and Council Tax for 2016/17;
  - Housing Revenue Account (HRA) Budget for 2016/17;
  - 3 Year General Fund Capital Programme (2016/19);
  - 5 Year HRA Capital Programme (2016/21);
  - 3 Year General Fund Medium Term Financial Strategy (MTFS) (2016/19);  
and
  - 5 Year HRA Medium Term Financial Strategy (MTFS) (2016/21).
  
- 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**).

## Recommendations

That Council approve:

1. the Vision Statement, Priority Themes, Corporate Priorities and Outcomes and their inclusion in the Corporate Plan and Support Service Plan (Appendix A);
2. the proposed revisions to Service Revenue Budgets (Policy Changes) (Appendix C);
3. the sum of £81,896 be applied from Council Tax Collection Fund surpluses in reducing the Council Tax demand in 2016/17 (Appendix E);
4. the sum of £560,025 be applied to Business Rates Collection Fund deficits in 2016/17 (Appendix E);
5. that on 26<sup>th</sup> November 2015, the Cabinet calculated the Council Tax Base 2016/17 for the whole Council area as 20,904 [Item T in the formula in Section 31B(3) of the Local Government Finance Act 1992, as amended (the "Act")];
6. that the Council Tax requirement for the Council's own purposes for 2016/17 is £3,381,222 (Appendix E);
7. the following amounts as calculated for the year 2016/17 in accordance with Sections 31 to 36 of the Act:
  - a. £55,054,127 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. £51,672,905 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. £3,381,222 being the amount by which the aggregate at 7(a) above exceeds the aggregate at 7(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. £161.75 being the amount at 7(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;
8. the Council Tax level for the Borough Council for 2016/17 of £161.75 (an increase of £3.15 (1.99%) on the 2016/17 level of £158.60) at Band D;
9. 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 £1,498.34 at Band D for 2016/17 be noted (Appendix H);
10. the Council Tax levels at each band for 2016/17 (Appendix H);
11. the sum of £1,724,806 be transferred from General Fund Revenue Balances in 2016/17 (Appendix E);

12. the Summary General Fund Revenue Budget for 2016/17 (Appendix E);
13. the Provisional Budgets for 2017/18 to 2018/19, summarised at Appendix G, as the basis for future planning;
14. acceptance of the proposed 4 year grant settlement;
15. the minimum level for balances of £500k to be held for each of the General Fund, Housing Revenue Account, General Capital Fund and Housing Capital Fund;
16. 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;
17. the proposed HRA Expenditure level of £14,884,180 for 2016/17 (Appendix D);
18. rents for Council House Tenants in General Accommodation for 2016/17 be reduced by an average of £0.88 per week (1%) to £87.38 (2015/16 £88.26), over a 48 week rent year;
19. rents for Council House Tenants in Supported Accommodation for 2016/17 be frozen at 2015/16 levels;
20. rents for Council House Tenants due for 52 weeks in 2016/17 be collected over 48 weeks;
21. the HRA deficit of £368,100 be financed through a transfer from Housing Revenue Account Balances in 2016/17 (Appendix D);
22. the proposed 3 year General Fund Capital Programme of £8.014m, as detailed in Appendix I to the report and where it may be more cost effective for purchases to be made before 31<sup>st</sup> March 2016 – that the spend be brought forward together with the associated budget;
23. the proposed 5 year Housing Capital Programme of £52.734m, as detailed in Appendix J to the report;
24. 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;
25. the Treasury Management Strategy Statement, the Treasury Management Policy Statement, Minimum Revenue Provision Strategy and Annual Investment Statement 2016/17 (as detailed at Appendix N);
26. the Prudential and Treasury Indicators and Limits for 2016/17 to 2018/19 contained within Appendix N;
27. the adoption of the Treasury Management Practices contained within ANNEX 7; and
28. the detailed criteria of the Investment Strategy 2016/17 contained in the Treasury Management Strategy within ANNEX 3.

## Executive Summary

As a relatively small and primarily urban local authority, Tamworth Borough Council has planned and managed its journey through the recession and austerity period with considerable credit to date.

The budget setting process has faced significant constraints in Government funding in recent years - over 40% in real terms since 2010 - and the last 12 months have been as challenging as previous years if not more so. The recent announcements in the Summer Budget and Autumn Statement confirm that austerity measures are to continue and would suggest that the key challenges that the Council is currently addressing are likely to become greater.

There also remains a high degree of uncertainty arising from the most significant changes in Local Government funding for a generation arising from the Business Rates Retention System, 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.

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

Significantly, this is as much a testament to the skills and commitment of our workforce and our partners' collaboration as it is to the actions and decisions of the Joint Executive Management Team. This period, considered one of the most challenging in post war times, coincided with the Council recording one of its most successful periods of achievement in terms of Customer Satisfaction; measured performance; project delivery and financial management.

What makes these achievements 'special' is that they were delivered in parallel with the largest and most complex **Transformation programme** which in itself, resulted in multi-million pound efficiencies.

### Efficiency Statement - Sustainability Strategy

In an attempt to provide a clear 'route map' for the transition from surviving to thriving, the Council has designed and adopted a series of strategic plans, policies and processes. Cabinet, on 22<sup>nd</sup> August 2013, endorsed the overarching document '**Planning for a Sustainable Future**' as the strategy for meeting the challenges forecast for the Council's Medium Term Financial Strategy (MTFS) which, through the achievement of targets and outcomes associated with the work streams, enabled the organisation to generate significant efficiencies without there being any large scale impact upon the delivery of essential services.

The **Sustainability Strategy** delivered more than just 'big ticket' efficiencies detailed below, it brought about changes to working models, cultures and processes – **Agile Working; Demand Management; Joint Working; Shared Services; Locality Delivery/ Commissioning** all contributed to our journey.

This was achieved through: “**strong and clear leadership, political support, financial planning and the resilience, passion and professionalism of staff**” (Statement drawn from the 2014 LGA Peer review).

The Council’s External Auditors (Grant Thornton) also identified within their Annual Audit Letter for 2014/15, dated October 2015:

“On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.”

### SUSTAINABILITY STRATEGY

<b>HEADLINE OUTCOMES (OVER 3 YEARS)</b>	<b>£'000</b>
• Review of Corporate Management Team	<b>£338</b>
• Review of Support Services/Options Appraisal	<b>£180</b>
• Voluntary Redundancy/Staff Reduction exercise	<b>£2,000</b>
• Design & implementation of Joint Waste Management Arrangement	<b>£1,500</b>
• Revenue savings arising from Leisure Futures * <b>Excluding capital receipts</b>	<b>£1,000</b>
More recently and as part of a planned response to Governments continued austerity measures, further savings consequent of the <b>Sustainability Strategy Work Streams</b> have been identified. These include:	
• Adoption of Agile Working (including potential income from letting vacant accommodation with Marmion House)	<b>£488</b>
• Revisions to working practices (Wardens/CCTV)	<b>£456</b>
• Revisions to organic waste collection and disposal arrangements	<b>£421</b>
• Proactive management and collection of Business Rates	<b>£728</b>
• Recharges for services delivered for HRA Account	<b>£501</b>
• Review of Senior Management arrangements	<b>£400</b>

All that said, the plans, processes and strategies that have guided the organisation to date required a review and refresh if elected members are to respond to the feedback from local people and shift the trajectory from sustainability towards sustained viability.

## **CORPORATE REVIEW OF STRATEGIC FRAMEWORK**

This meant a fundamental review of the **Corporate Strategic Framework** and Cabinet at their meeting on 14<sup>th</sup> January 2016 endorsed the revised Strategic Framework including the Vision, Priority Themes, Corporate Objectives and Outcomes (**attached at Appendix A**) for inclusion in the emerging Corporate Plan; Corporate Support Plan and Medium Term Financial Strategy for Council approval.

The adoption of 'Demand Management' as the primary operating model and the targeting of resources via locality based commissioning and delivery has enabled greater effectiveness in service delivery as evidenced by customer satisfaction, award winning services and of course, the management of the Council's finances.

Whilst this is an extremely positive series of events, for the Council to sustain this favourable trajectory, it must review and monitor the various factors, influences and information that impact upon its direction of travel – key to this is the **Strategic Framework** – the foundation upon which its policies, plans and processes are based.

### **Review – Key Drivers**

The Council's relatively successful navigation of the recession and more recently, the extended period of austerity owes much to the commitment to and delivery of the **Sustainability Strategy** through the collaboration between employees at all levels, partners, politicians and management.

Almost five years into the strategic timeframe, the Leader of the Council commissioned a review of the strategic and policy frameworks.

Further to this, ongoing policy reforms and legislative changes continued to have a profound impact upon local government. It was the ongoing imposition of austerity measures that had the most acute and limiting effect upon how this Council operates, a fact clearly reflected in the wide ranging consequential remedies employed over this period.

Joint Working & Shared Services; Service reviews, staffing reductions and service standards, Efficiency models and Demand Management techniques have resulted in the Council becoming a multi-economy or hybrid organisation as opposed to its aspiration – An 'outcome focused', efficient corporate entity where customers are key.

The revised strategic framework is designed to address this issue through the refocusing of the public, political and professional perspectives upon an evidence based, informed set of **Thematic Priorities** based around the broad topics of **People; Place and Performance** as the generic areas of significance for all stakeholders.

## **Review – Methodology**

In very simple terms, the approach was based upon the collection, collation and analysis of a range of data; an understanding of local issues and an awareness of key influences.

In summary

- Data, Customer/User insight and intelligence;
- Public consultation and wider engagement outcomes;
- A detailed understanding of our partners' plans;
- Political intentions and ambitions across the parties and the tiers;
- Our strategic plans – e.g., Local Plan; Housing & Health Strategies, Growth & Regeneration;
- Detailed knowledge of local and regional growth through devolution plans/intentions;
- Financial constraints and opportunities.

## **VISION STATEMENT**

Public recognition and awareness of the current strapline was evident from both feedback and the fact that is now featured in literature relating to Tamworth as a destination. In order to incorporate a reference to growth and regeneration going forward and the Town's rich heritage, the **Vision Statement** has been revised as follows:

**“One Tamworth, Perfectly Placed”**

*Open for business since the 7<sup>th</sup> Century A.D.*

## **THEMATIC PRIORITIES**

Following the review and using the language of the day, these are referred to as:

**SP1 “Living a quality life in Tamworth”**

**SP2 “Growing strong together in Tamworth”**

**SP3 “Delivering quality services in Tamworth”**

## CORPORATE PRIORITIES

With regard to the **Corporate Priorities**, having assessed and evaluated the issues comprising the high level, strategic considerations and then triangulated the results with the outcomes arising from the 2016 Budget Consultation process, the following considerations have been factored in to the revisions:

- The priorities identified by the public are consistent with what our data and insight is telling us;
- A number of the service areas where the public endorse less spending are consistent with agreed plans for reviews/ efficiency plans;
- The primary 'place' related priorities identified by the public reflect the plans and ambitions of the organisation e.g., more quality housing options; a revitalised town centre; improved connectivity;
- The fact that our funding, resources and capacity are collectively reducing will inevitably have a significant impact upon how we manage demand and expectations. The proposals reflect a change in focus away from the topics – **Prosperity – Health – Safety – Aspiration** and more towards being clear about our role, our relationship with customers and how we will support them. The focus will primarily be upon **People, Place and Performance**. In order to personalise the relationship the corporate priorities are aligned under each theme;

These, together with the intended outcomes/success factors are set out in the Draft **Corporate Plan** attached at **Appendix A**.

In effect, these are the major actions that will be undertaken by the Council in addition to and in conjunction with each **Directorate Plan** which captures the statutory and discretionary functions and obligations of each service area i.e. the Day Job.

These plans rely heavily upon the support of high quality support services without which, past current and future achievement would not be possible. A **Support Service Plan** has been produced and forms part of the Corporate Plan.

Last year's budget report detailed a proactive approach to the challenge of ever increasing demand. By adopting the guiding principles, tools, techniques and transformational approaches, the Council can set about **managing demand** and thereby have greater control and the ability to align or target "supply" to managed "demand".

The primary change is a shift away from trying to sustain a full suite of services at high standards with 40%+ budget reductions to understanding the needs of our customers and working with them to co-design how we meet those demands.

The adoption of a Demand Management operating model for the Council was approved by Cabinet on 19<sup>th</sup> February 2015. Through its implementation, the Council will have far greater control upon the alignment of services or 'supply' to the increased needs and expectations of the public or 'demand'.

Key to this will be the application of existing and new technology to capture, collate and analyse customer insight, intelligence and data so as to understand not just the 'need' but the cause, behaviours or decisions creating the need. Then by the application of locality based commissioning for example, it can commission services that either intervene or prevent future need thereby reducing demand. The report entitled **Creating Opportunities from an Uncertain Future** is available to all Members and is available to the public. In summary, by adopting the model, supporting its implementation and measuring its progress, it will enable the Council to achieve its Vision and Priorities and fulfil its obligations.

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

This approach 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 reducing.**

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.

The headline figures for 2016/17 are:

- A General Fund total cost of services of £8,459,820 a reduction of £3,820 compared to 2015/16;
- A transfer of £1,724,806 from General Fund balances;
- The Band D Council Tax would be set at £161.75, an increase of £3.15 (1.99% - £0.06 per week) on the level from 2015/16 of £158.60;
- A General Fund Capital Programme of £8.014m for 3 years;
- a Housing Revenue Account (HRA) Expenditure level of £14,884,180 for 2016/17 (excluding interest & similar charges);
- A transfer of £368,100 from HRA balances;

- An average rent of £87.38 (based on a 1% reduction in average rent for General Accommodation, as announced in the Summer Budget 2015, in line with the Government's requirement to reduce rents by 1% p.a. for the next 4 years), which represents a reduction of £0.88 (1% on the current average rent of £88.26) and equates to £80.69 on an annualised 52 week basis;
- Rents for Council House Tenants in Supported Accommodation for 2016/17 would be frozen at 2015/16 levels;
- A Housing Capital Programme of £52.734m (including c.£33.7m relating to the Regeneration Projects) for 5 years.

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 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 and 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 - 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.

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

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 a Quarterly basis by CMT and Cabinet.

The Treasury Management Strategy Statement and report attached at **Appendix N** outlines the Council's Prudential Indicators for 2016/17 to 2018/19 and sets out the expected Treasury operations for this period.

The main issues for Members to note are:

- Members should 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 Capita (the Council's Treasury Management consultants);
- The proposed Counterparty limits for 2016/17 have been increased, reflecting higher average investment balances available at present – but still in line with Capita's suggested 20% maximum of investment balances deposited with any one institution.

### Options Considered

As part of the budget setting process a number of options for the council tax and rent increase levels for 2016/17 and future years have been modelled / considered.

<b>Council Tax</b>	<b>Option Modelled / Considered</b>
<b>Model 1</b>	<b>1.99% increase in Council tax in 2016/17 (followed by inflationary increases of c.1.99% p.a.)</b>
Model 1a	0% increase in Council tax in 2016/17 (followed by increases of c.1.99% p.a.)
Model 2	2.5% increase in Council tax in 2016/17 (followed by increases of 2.5% thereafter)
Model 3	0% increase in Council tax in 2016/17 (followed by increases of 0% thereafter)
Model 4	1% increase in Council tax in 2016/17 (followed by increases of 1% thereafter)

<b>Rent</b>	<b>Option Modelled / Considered</b>
Option 1	CPI + 1%
<b>Option 2</b>	<b>Reduction of 1% (in line with the Summer Budget announcement)</b>

These are detailed within the Base Budget report to Cabinet on 26<sup>th</sup> November 2015 and the Draft Medium Term Financial Strategy report to Cabinet on 14<sup>th</sup> January 2016 and Joint Scrutiny Committee (Budget) on 26<sup>th</sup> January 2016.

## 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 2016/17, 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 £0.6m, above the minimum approved level of £0.5m. The draft Budget and Medium Term Financial Strategy is based on a council tax increase of 1.99% for 2016/17 (the maximum permitted under the Government set limits to trigger a referendum is 2.0%) followed by increases at c.1.99% p.a. thereafter & in line with statutory requirements.

The Summary HRA Revenue Budget for 2016/17 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 £0.9m (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 £0.81m available (the minimum approved level is £0.5m).

The Council's uncommitted Housing Capital Resources will effectively be reduced to £2.4m over 5 years (the approved minimum level is £0.5m).

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 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 26<sup>th</sup> January 2016. In line with the constitution a Joint Scrutiny Budget Workshop was held on 3<sup>rd</sup> December 2015 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 2015/16 base budget, approved by Council on 24<sup>th</sup> February 2015, 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:

Ref	Risk	Control Measure
1	Major variances to the level of grant / subsidy from the Government (including specific grants e.g. Benefits administration, Business Rates Section 31 funding); <b>(High)</b>	Sensitivity modelling undertaken to assess the potential impact in the estimation of future grant levels; <b>(Medium / High)</b>
2	New Homes Bonus grant levels lower than estimated; Continuation of the scheme in its current form is uncertain – further changes are subject to consultation. <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>
3	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% or £5 and above risk 'capping' (confirmed as 2% for 2015/16); <b>(Low)</b>
4	The achievement / delivery of substantial savings / efficiencies will be needed to ensure sufficient resources will be available to deliver the Council's objectives through years 4 to 5. Ongoing; <b>(High)</b>	A robust & critical review of savings proposals will be required / undertaken before inclusion within the forecast;  A minimum General Fund capital balance of £0.5m is a requirement – this has been financed in the past by revenue contributions (held in a revenue reserve). <b>(High/Medium)</b>
5	Pay awards greater than forecast; <b>(Medium)</b>	Public sector pay cap announced as part of the Summer Budget 2015 - 1% increase p.a. for 4 years from 2016/17; <b>(Medium / Low)</b>
6	Pension costs higher than planned / adverse performance of pension fund; <b>(Medium)</b>	Regular update meetings with Actuary; Increases of c.2% 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 3 years; <b>(Medium)</b>
7	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;	Robust estimates included to arrive at collection target. Ongoing proactive management & monitoring will continue;  Business Rates Collection Reserve - provision of reserve funding to mitigate impact of any changes in business rate income levels;

Ref	Risk	Control Measure
	Potential changes to the Business Rates Retention system by the DCLG in support of Town Centre Regeneration / equalisation of the scheme; <b>(High)</b>	Monitoring of the situation / regular reporting; <b>(High / Medium)</b>
8	Local Council Tax Reduction 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; <b>(High / Medium)</b>
9	Achievement of income streams in line with targets e.g. treasury management interest, car parking, planning, commercial & industrial rents etc.; <b>(High / Medium)</b>	Robust estimates using a zero based budgeting approach have been included; <b>(Medium)</b>
10	Delivery of the capital programme (GF / HRA – including Regeneration schemes) dependent on funding through capital receipts and grants (including DFG funding through the Better Care Fund); <b>(High / Medium)</b>	Robust monitoring and evaluation – should funds not be available then schemes would not progress; <b>(Medium)</b>
11	Dependency on partner organisation arrangements and contributions e.g. Waste Management (SCC/LDC). <b>(High / Medium)</b>	Memorandum of Understanding in place. <b>(Medium)</b>
12	Treasury Management - risk of counterparty default.  (High / Medium)	Loss of deposits mitigated by Counterparty and Deposit monitoring (including Credit Default Swap – CDS - prices). (Medium/Low)

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, Director of Finance – tel. 709242.

<b>Background Papers:-</b>	<b>Draft Budget and Medium Term Financial Strategy 2016/17 to 2020/21, Cabinet 14<sup>th</sup> January 2016 / Joint Scrutiny Committee (Budget) 26<sup>th</sup> January 2016</b>
	<b>Business Rates Income Forecast (NDR1 return), Cabinet 14<sup>th</sup> January 2016</b>
	<b>Corporate Review of Strategic Framework (Route Map from Surviving to Thriving), Cabinet 14<sup>th</sup> January 2016</b>
	<b>Treasury Management Strategy Statement &amp; Annual Investment Strategy Mid-year Review Report 2015/16, Council 15<sup>th</sup> December 2015</b>
	<b>Joint Scrutiny Budget Workshop, 3<sup>rd</sup> December 2015</b>
	<b>Draft Base Budget Forecasts 2016/17 to 2020/21, Cabinet 26<sup>th</sup> November 2015</b>
	<b>Budget Consultation Report, Cabinet 22<sup>nd</sup> October 2015</b>
	<b>Budget and Medium Term Financial Planning Process, Cabinet 30<sup>th</sup> July 2015</b>
	<b>Corporate Vision, Priorities Plan, Budget &amp; Medium Term Financial Strategy 2015/16, Council 24<sup>th</sup> February 2015</b>
	<b>Treasury Management Training slides, February / October 2015</b>
	<b>Treasury Management Practices 2016/17 (Operational Detail)</b>

## Summary of Appendices

<b>Description</b>	<b>Appendix</b>
<b>Corporate 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 2016/17 – 2020/21</b>	<b>D</b>
<b>General Fund Summary Revenue Budget 2016/17</b>	<b>E</b>
<b>General Fund Technical Adjustments 2016/17 (before policy changes)</b>	<b>F1</b>
<b>HRA Technical Adjustments 2016/17 (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 2016/17</b>	<b>H</b>
<b>General Fund 3 Year Capital Programme 2016/17 – 2018/19</b>	<b>I</b>
<b>Housing 5 Year Capital Programme 2016/17 – 2020/21</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 2016/17</b>	<b>N</b>

## CORPORATE VISION FOR TAMWORTH

**“One Tamworth, Perfectly Placed”**

*Open for business since the 7<sup>th</sup> Century A.D.*

This Vision for Tamworth underpinned by high level, evidence based priorities that focus upon both Tamworth (the place) and the communities served (the people).

## THEMATIC PRIORITIES, CORPORATE PRIORITIES AND CORPORATE PLAN

SP1: “Living a quality life in Tamworth”

REF	CORPORATE PRIORITY	CORPORATE OBJECTIVE OR PLANNED ACTIONS	INTENDED OUTCOME OR SUCCESS FACTOR	CMT LEAD
LQ001	Support and protect individuals, communities that are or may become vulnerable	<ul style="list-style-type: none"> <li>Adoption of the Tamworth Prevent Strategy</li> </ul>	Successful implementation of the Prevent Strategy evidenced by completed awareness training of Staff, Members and partners	DoA&E
		<ul style="list-style-type: none"> <li>Implement changes to Sheltered Housing Services following withdrawal of supporting people funding</li> </ul>	Housing Management Plus services embedded and outcomes achieved	DoH&H
		<ul style="list-style-type: none"> <li>Develop and deliver Homelessness Prevention services in line with – DCLG gold standard</li> </ul>	Achievement of DCLG Gold Standard	DoH&H
		<ul style="list-style-type: none"> <li>Provision/Development of multi agency Digital Sharepoint</li> </ul>	<ul style="list-style-type: none"> <li>Improve communication, ensure robust and consistent delivery</li> </ul>	DoT&CP

**SP1: “Living a quality life in Tamworth”**

REF	CORPORATE PRIORITY	CORPORATE OBJECTIVE OR PLANNED ACTIONS	INTENDED OUTCOME OR SUCCESS FACTOR	CMT LEAD
LQ002	<b>Enable residents to improve their health and quality of life</b>	<ul style="list-style-type: none"> <li>• Enable access to high quality leisure facilities through our partners</li> </ul>	<p>Ensure mechanisms for the provision of sports related activities are robust and meet the needs of the community</p> <p>Ensure the services/facilities provided match the demand within the indoor/outdoor Sports Strategy</p>	<p>DoA&amp;E</p> <p>DoA&amp;E</p>
		<ul style="list-style-type: none"> <li>• Enable the provision of leisure activities targeted at identified sectors of the community</li> <li>• Support the provision of health interventions for vulnerable people</li> </ul>	<p>Deliver currently commissioned services and develop proposals for future third sector provision</p>	DoH&H
		<ul style="list-style-type: none"> <li>• To secure and develop the scope of Locality Commissioning opportunities and mechanisms with strategic partners</li> </ul>	<p>Development of pooled budgets and integrated systems of working. Explore opportunities for Double Devolution</p> <p>Agreement of shared priorities and objectives with partners</p>	<p>DoH&amp;H</p> <p>DoH&amp;H</p>

**SP1: “Living a quality life in Tamworth”**

REF	CORPORATE PRIORITY	CORPORATE OBJECTIVE OR PLANNED ACTIONS	INTENDED OUTCOME OR SUCCESS FACTOR	CMT LEAD
LQ003	<b>Work together with partners and residents to tackle the causes of inequality in Tamworth</b>	<ul style="list-style-type: none"> <li>Explore options and mechanisms for developing self-help opportunities at a neighbourhood level</li> </ul>	Managed transition from current scale of state support to self-help at a neighbourhood level	DoH&H
		<ul style="list-style-type: none"> <li>Engage collaboratively in the review of VCSE support and Development Models</li> </ul>	Skilled VCSE ‘provider’ organisations forming a local ‘offer’ to the market	CEO
		<ul style="list-style-type: none"> <li>Facilitate review of strategic purpose and processes of the TSP</li> </ul>	Aligned locality based multi-agency collaboration	CEO

**SP1: “Living a quality life in Tamworth”**

REF	CORPORATE PRIORITY	CORPORATE OBJECTIVE OR PLANNED ACTIONS	INTENDED OUTCOME OR SUCCESS FACTOR	CMT LEAD
LQ004	<b>Work together with residents to maintain and improve a safe, clean and green environment</b>	<ul style="list-style-type: none"> <li>Ensure all green spaces and nature reserves are accessible by residents and are maintained to a standard that is conducive for use.</li> <li>Continued commitment to a Community Safety Partnership that is responsive to locality, and reflects the needs of the community and partners</li> </ul>	<p>Continued use of the Wild about Tamworth project to provide support and guidance to both the volunteer groups and the Council</p> <p>Public feedback on how safe the community feels in Tamworth</p>	DoA&E
		<ul style="list-style-type: none"> <li>Review and implement options for Council housing repairs and investment services</li> </ul>	Strategic decisions regarding the future of repairs and investment services and implementation planning complete	DoH&H/ DoA&E
		<ul style="list-style-type: none"> <li>Develop a unified neighbourhood offer</li> </ul>		DoH&H

**SP1: “Living a quality life in Tamworth”**

REF	CORPORATE PRIORITY	CORPORATE OBJECTIVE OR PLANNED ACTIONS	INTENDED OUTCOME OR SUCCESS FACTOR	CMT LEAD
LQ005	<b>Work together to improve housing quality in Tamworth</b>	<ul style="list-style-type: none"> <li>Explore and develop proposals for an asset backed vehicle for the delivery of new housing/deliver of services</li> </ul>	Options understood and decisions regarding the future informed	DoH&H
		<ul style="list-style-type: none"> <li>Develop and deliver a programme of housing development on Council owned sites including exploration of asset backed vehicles to deliver prs</li> </ul>	New Council homes and neighbourhood regeneration	DoH&H
		<ul style="list-style-type: none"> <li>Deliver regeneration at Tinkers Green and Kerria</li> </ul>	New Council homes and Neighbourhood regeneration	DoH&H
		<ul style="list-style-type: none"> <li>Review and update the Council's HRA Business Plan including reviewing the impact of Government policies</li> </ul>	HRA Plan updated to inform strategic investment decisions	DoH&H
		<ul style="list-style-type: none"> <li>Review of Council's Private Sector housing offer</li> </ul>	Review informs strategic investment decision and service development	DoH&H
		<ul style="list-style-type: none"> <li>Complete the review of Healthy Housing Strategy and Action Plan</li> </ul>	Updated strategic approach and Action Plan	DoH&H

**SP2: “Growing Strong in Tamworth”**

REF	CORPORATE PRIORITY	CORPORATE OBJECTIVE OR PLANNED ACTIONS	INTENDED OUTCOME OR SUCCESS FACTOR	CMT LEAD
GS001	<b>Develop and support the local economy, together with local businesses and partners through our regional influence</b>	<ul style="list-style-type: none"> <li>Actively engage in the WMCA work stream for Innovation and Inward Investment</li> </ul>	Fair and equitable access to Inward Investment	DoA&E
		<ul style="list-style-type: none"> <li>Sustain support for GBSLEP Growth Hub</li> </ul>	Proactive stance on managing referrals	

**SP2: “Growing Strong in Tamworth”**

REF	CORPORATE PRIORITY	CORPORATE OBJECTIVE OR PLANNED ACTIONS	INTENDED OUTCOME OR SUCCESS FACTOR	CMT LEAD
GS002	<b>Work with businesses and developers to create a vibrant and sustainable town centre</b>	<ul style="list-style-type: none"> <li>• To support local businesses with their submission for B.I.D. status</li> <li>• Use our regulatory powers within Licensing, Planning, and Environmental Health to be proactive with support and advice to enable business development</li> <li>• The provision of accurate and timely advice, support, guidance and signpost town centre business to relevant information, business support programmes, training and funding opportunities.</li> </ul>	<p>The formation of a Tamworth BID</p> <p>An increase in early intervention with a corresponding reduction in sanction.</p> <p>Increase in businesses staying for longer in the tow centre. Increased footfall and dwell time in the town centre</p>	<p>DoA&amp;E</p> <p>DoA&amp;E</p> <p>DoA&amp;E</p>
		<ul style="list-style-type: none"> <li>• Collection of the levy arising from the planned Business Improvement District</li> </ul>	<p>Maximise the collection level for investment in local infrastructure</p>	<p>DoF</p>

**SP2: “Growing Strong in Tamworth”**

REF	CORPORATE PRIORITY	CORPORATE OBJECTIVE OR PLANNED ACTIONS	INTENDED OUTCOME OR SUCCESS FACTOR	CMT LEAD
GS003a	<b>Work together to strengthen the relationships between schools/FE &amp; HE/Employers</b>	<ul style="list-style-type: none"> <li>• Actively engage with the GBSLEP &amp; SSoTLEP in their respective programmes targeting young people</li> <li>• Engage as appropriate in Area Review processes</li> </ul>	<p>Increased opportunities for young people in job market</p> <p>Skilled &amp; Employment ready workforce</p>	<p>DoA&amp;E</p> <p>HoPR</p>
GS003b	<b>Champion higher skilled and better paid jobs in Tamworth</b>	<ul style="list-style-type: none"> <li>• Actively engage in and influence key strategic work streams namely: WMCA Skills &amp; Productivity Commission &amp; SSoTLEP Employment &amp; Skills work streams</li> </ul>	<p>Economic growth through prosperity</p> <p>Impact upon causes of deprivation and reduced reliance on State support</p>	<p>DoA&amp;E</p> <p>HoPR</p>
GS003	<b>Use our regional influence to support an environment where business and enterprise can flourish and grow</b>	<ul style="list-style-type: none"> <li>• Working with GBSLEP Finance Directors to maximise retention of business rates to improve the economy and infrastructure of the region</li> <li>• Working with GBSLEP Legal Directors to ensure Scrutiny and governance compliance</li> </ul>	<p>Maximise collection of business rates within the GBS rate retention pool</p> <p>Use of insight data to identify additional business rate collection opportunities in order to maximise local business rate collection levels</p> <p>Probity of decision making</p> <p>Robust scrutiny of proposals and decisions</p>	<p>EDCS</p> <p>StC&amp;MO</p>
		<ul style="list-style-type: none"> <li>• Engage as necessary in order to benefit from Non-Constituent Membership of WMCA</li> <li>• Maintain ongoing commitment to GBSLEP via Board and Executive membership</li> <li>• Maintain ongoing commitment to SSoTLEP and countywide collaborations</li> </ul>	<p>Seek opportunities to enhance key growth, skills regeneration outcomes</p> <p>Influence major decisions that impact upon economic growth</p> <p>Further enhance growth opportunities</p>	

**SP2: “Growing Strong in Tamworth”**

REF	CORPORATE PRIORITY	CORPORATE OBJECTIVE OR PLANNED ACTIONS	INTENDED OUTCOME OR SUCCESS FACTOR	CMT LEAD
GS004	<b>Work together to strengthen the connections between schools/FE &amp; HE/Employment to create opportunities for higher skilled and better paid jobs</b>	<ul style="list-style-type: none"> <li>Engage in the WMCA and SSoTLEP Skills and Productivity work streams</li> </ul>	Improved links between main education providers and businesses	CEO

**SP2: “Growing Strong in Tamworth”**

REF	CORPORATE PRIORITY	CORPORATE OBJECTIVE OR PLANNED ACTIONS	INTENDED OUTCOME OR SUCCESS FACTOR	CMT LEAD
GS005	<b>Adopt a commercial approach to managing Council assets in order to enhance the viability of the Borough Council</b>	<ul style="list-style-type: none"> <li>To commission a review of the Town Centre Master plan</li> <li>To facilitate progress by developers/landowners of sites identified in the local plan for housing and / or commercial activity</li> <li>To facilitate progress by developers/landowners of the regeneration of the Gungate Site</li> </ul>	<p>Refreshed masterplan giving a focused view</p> <p>Additional homes and floor space</p> <p>Robust and Proactive approach to facilitating development of land</p>	<p>DoA&amp;E</p> <p>DoA&amp;E</p> <p>CEO/ DoA&amp;E/ DoH&amp;H</p>

**SP2: “Growing Strong in Tamworth”**

REF	CORPORATE PRIORITY	CORPORATE OBJECTIVE OR PLANNED ACTIONS	INTENDED OUTCOME OR SUCCESS FACTOR	CMT LEAD
GS006	<b>Work together to preserve and promote Tamworth’s heritage, leisure and natural environment</b>	<ul style="list-style-type: none"> <li>Explore opportunities that will ensure all Council investment assets produce a revenue stream to support corporate priorities</li> </ul>	The production of a planned sustainable income stream based upon investment assets	DoA&E
		<ul style="list-style-type: none"> <li>To ensure consideration of commercial opportunities in business decision making</li> </ul>	<p>A risk/reward based return on investment requirement within planned projects</p> <p>Producing options appraisals, business cases and review opportunities for setting up Local Authority Trading Companies as well as other business models for service to maximise return on Council assets and increase economic benefit for the Council</p> <p>Increase income through adopted commercial approach</p>	EDCS

**SP2: “Growing Strong in Tamworth”**

REF	CORPORATE PRIORITY	CORPORATE OBJECTIVE OR PLANNED ACTIONS	INTENDED OUTCOME OR SUCCESS FACTOR	CMT LEAD
GS007	<b>Work together to preserve our culture; preserve our heritage and sustain our natural environment</b>	<ul style="list-style-type: none"> <li>To project manage the delivery of the Creative Quarter regeneration</li> </ul>	Project completed on time and within budget	DoA&E

**SP3: “Delivering quality services in Tamworth”**

REF	CORPORATE PRIORITY	CORPORATE OBJECTIVE OR PLANNED ACTIONS	INTENDED OUTCOME OR SUCCESS FACTOR	CMT LEAD
DQ001	Provide accurate information via a fully integrated Customer Services Centre	<ul style="list-style-type: none"> <li>• Undertake fundamental review of customer services functions across every service</li> <li>• Remodel service functions, standards and systems having regard for:               <ul style="list-style-type: none"> <li>○ Demand Management</li> <li>○ Current inconsistencies of service delivery/ standards</li> <li>○ Customer feedback/ demand</li> <li>○ Digital &amp; Technology</li> <li>○ Efficiency &amp; Added Value</li> </ul> </li> <li>• Co-design Customer Service standards with user groups</li> </ul>	<p>Enhanced, consistent and accessible customer services</p> <p>Improved customer experience and satisfaction ratings</p> <p>Increased efficiency and capacity</p> <p>Reduced demand and waste</p> <p>Agreed, measureable standards</p> <p>Availability of data and customer insight to aid future planning</p> <p>Streamlined, efficient corporate services</p>	ALL
		<ul style="list-style-type: none"> <li>• To provide support for the integrated Customer Services Centre</li> <li>• Full and robust implementation of Corporate Change Programme</li> </ul>	<ul style="list-style-type: none"> <li>• To enable first time resolution and reduction in waste</li> <li>• Promotion of digital channels to reduce demand</li> <li>• Technical support from back office including appropriately trained staff</li> <li>• Provision of digital data and information, enablement of automation and self service, consistent and robust service provision</li> </ul>	

**SP3: “Delivering quality services in Tamworth”**

REF	CORPORATE PRIORITY	CORPORATE OBJECTIVE OR PLANNED ACTIONS	INTENDED OUTCOME OR SUCCESS FACTOR	CMT LEAD
DQ002	<b>Work with customers to improve their access to council services</b>	<ul style="list-style-type: none"> <li>• Seek customer feedback consistently across all service areas</li> <li>• Explore and develop new channels of access</li> <li>• Deliver services that are digital by default</li> </ul>	<p>24/7 access for a full range of council services</p> <p>New technology exploited</p> <p>Improved efficiency of access channels</p> <p>Improved customer satisfaction with access to Council Services</p> <p>Increased number of services available on line</p> <p>Cost of delivery/transaction costs reduced</p>	ALL

**SP3: “Delivering quality services in Tamworth”**

REF	CORPORATE PRIORITY	CORPORATE OBJECTIVE OR PLANNED ACTIONS	INTENDED OUTCOME OR SUCCESS FACTOR	CMT LEAD
DQ003	<b>Enable and support Tamworth residents and businesses using our statutory and regulatory powers</b>	<ul style="list-style-type: none"> <li>• Implementation of the Crime and Police Act 2014</li> <li>• Delivery of a Community Safety Partnership that is responsive to locality, and reflects the needs of the community and partners</li> </ul>	<p>Appropriate use of the new legislation to ensure public concerns over ASB are dealt with swiftly</p> <p>Positive public feedback on how safe the community feels in Tamworth.</p>	DoA&E  DoA&E
		<ul style="list-style-type: none"> <li>• Proactive Business Continuity information sharing with businesses</li> </ul>	Enablement of a full business and community response in the event of an incident	DoT&CP

SP3: “Delivering quality services in Tamworth”

REF	CORPORATE PRIORITY	CORPORATE OBJECTIVE OR PLANNED ACTIONS	INTENDED OUTCOME OR SUCCESS FACTOR	CMT LEAD
DQ004	Enabling greater public engagement in local decision making	<ul style="list-style-type: none"> <li>• Explore new methods of ways in which the community can engage with the delivery of council services using data and intelligence</li> <li>• Continue to develop democratic community leadership</li> <li>• local ownership and delivery of services measured by percentage of local public assets &amp; facilities run by Voluntary Bodies, SMEs, etc</li> </ul>	<p>Services shaped by users</p> <p>Inspirational informed community leaders</p> <p>Increased number of people who feel they can influence decisions in their locality</p> <p>Increase customer capability/capacity to self-manage</p>	
		<ul style="list-style-type: none"> <li>• Budget Consultation</li> <li>• Local Council Tax Reduction Scheme consultation</li> <li>• State of Tamworth Debate</li> <li>• Registration of Electors/Individual Elector Registration/Elections</li> <li>• Council, Cabinet, Planning Committee</li> </ul>	<p>Carry out annual consultation process to inform local priorities for the MTFS</p> <p>Consultation on scheme proposals needed to balance cost of scheme to council taxpayers against needs of the vulnerable</p> <p>Encourage through media sources public involvement in the democratic process to add and facilitate the shape of Tamworth the place</p> <p>Provision of information to citizens through digital channels</p>	<p>DoT&amp;CP/ DoF</p> <p>DoTCP/ EDCS</p>

**SP3: “Delivering quality services in Tamworth”**

REF	CORPORATE PRIORITY	CORPORATE OBJECTIVE OR PLANNED ACTIONS	INTENDED OUTCOME OR SUCCESS FACTOR	CMT LEAD
DQ005	Demonstrate value for money	<ul style="list-style-type: none"> <li>• Review, remodel and realign services and resources by aligning them to our vision, purpose and priorities</li> <li>• Implement organisational transformation to ensure the Councils workforce is equipped and positioned for change</li> <li>• Challenge statutory need and reduce demand for services</li> <li>• Deliver a training plan that focuses on behaviours, culture and leadership</li> </ul>	<p>Unified back office functions</p> <p>Services aligned to customer needs</p> <p>Creation of an environment that enables people to be the best they can be</p> <p>Reviewed senior management structure to ensure positive, transformational and courageous leadership</p> <p>Delivery of facilitated leadership development programme to create consistent leadership culture</p> <p>Organisation fit for 21<sup>st</sup> Century</p>	

REF	CORPORATE PRIORITY	CORPORATE OBJECTIVE OR PLANNED ACTIONS	INTENDED OUTCOME OR SUCCESS FACTOR	CMT LEAD
		<ul style="list-style-type: none"> <li>• Proper Governance advice for officers and Members</li>   <li>• Business case approach to investment decisions</li>   <li>• To provide appropriate professional support</li>   <li>• Consideration of commercial opportunities in business decision making</li> </ul>	<ul style="list-style-type: none"> <li>• Development of e-learning modules to enhance governance awareness</li>   <li>• A risk/reward based return on investment requirement with planned projects</li>   <li>• Provision of financial, legal, ICT and procurement support for the decision making process</li>   <li>• Producing options appraisals, businesses cases and review opportunities for setting up local Authority Trading Companies as well as other business models for service to maximise return on Council assets and increase economic benefit for the Council</li> </ul>	<p>EDCS</p> <p>DoF</p> <p>DoF/ StC&amp;MO DTCP</p> <p>EDCS/ DoF</p>

## **Support Service Plan**

- **Effective financial planning**

- Ensure that available financial resources are targeted at delivering the Council's corporate objectives by supporting the development of a business case approach
- Support the exploration of alternative delivery vehicles for business development
- Provide strategic, technical and other advice and support to help deliver corporate projects and business objectives
- Provide risk based governance and management
- Develop a stronger focus on measuring cost and performance of all activities
- Ensure efficiency targets are built into all Council contracts

- **Deliver an organisational development strategy**

- Equip its employees with skills required in a 21<sup>st</sup> century business
- Support the delivery of transformational change
- Explore technological solutions to support business development

- **Develop exceptional customer service**

- Support increased customer access and self service ensuring services are developed and digital by default
- Develop a corporate knowledge hub that uses customer insight to shape service delivery

- **Support business delivery units**

- Support a project management approach to all corporate projects

- **Robust exploitation of technology and competence**

- Raise competence and skill sets of staff, elected members and partners to fully utilise and exploit technology
- Ensure inclusive access to technology for all

- **Significantly expand our response to the provision of digital data**

- Develop a digital approach that seeks to go beyond the basic requirement of data publishing legislation i.e. Transparency Agenda

- **Robust provision of programme and project management support**

- **Consolidation of corporate applications**

- Demand manage applications to support corporate and front end processes
- Work with partners to assess validity of shared systems

- **Implement technical self service**

- Demand manage the requirement for technical support / resource within the organisation to support agile working
- Ensure relevant skill sets to respond to self service, both technical and customer based

**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 2016/17 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 2015/16 budget to arrive at the starting point for 2016/17. 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 2016/17 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 2015/16 which add a high level of uncertainty to budget projections.

- a) Potential changes to future New Homes bonus levels following receipt, in late December 2015, of a Government consultation paper on changes to the scheme. No effect of this has been included at this stage – the impact of the potential options have been modelled and could potentially adversely affect the MTFs by up to £0.2m (excluding the further option to restrict the scheme payments to 2 or 3 years);
- b) Finalisation of Revenue Support Grant levels for future years following the Chancellor's Summer Budget in July 2015 (which indicated further £18bn cuts to Public Service spending by 2019/20) and the outcome from the Comprehensive Spending Review published on 25<sup>th</sup> November 2015. Provisional figures were received in December 2015 and included within the projections within this report;
- c) The impact of Business Rate Reform from 1<sup>st</sup> April 2013 and the associated forecast business rates receivable in 2015/16 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). Uncertainty remains over the planned revaluation in 2017 and recent Government consultation regarding proposals for Councils to keep 100% of the business rates collected by 2020;

- d) The calculation of the level of business rate appeal costs – of which the Council has to fund 40% from its own budgets – a provision of £3.8m was set aside in 2014/15 (40% of which relates to the Council);
- e) Future Pension contribution levels - following the triennial review carried out by the Actuaries employed by the Pension Fund - indicative *ongoing* annual increases in Employer's contributions of c.2% p.a. for the next 3 years have been included. This now includes an ongoing lump sum (with an annual increase) relating to past liabilities and a set rate for future employer contributions of 16.5% p.a.
- 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. has 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, a 2.2% increase (plus other changes) was agreed from 1<sup>st</sup> January 2015. As part of the Summer Budget announcements, a 1% pay cap for public sector workers for the next 4 years has been set. In addition, from April 2016, a new compulsory National Living Wage for the over 25s will be introduced to replace the National Minimum Wage, currently set at £6.50 per hour.

The National Living Wage will be set at £7.20 when it comes into effect in April 2016. It will then rise over the next four years to £9.00 per hour in 2020;

- h) Proposed changes set out in the Welfare Reform Act 2012 and the introduction of Universal Credit – impact on housing benefits staffing (as a result of the transfer of Universal Credit to the Department for Work & Pensions), the Housing Benefit administration grant and associated income receipts of the council (including Housing Rents and Council Tax);
- i) The impact of any further uncertainty over future interest rate levels and their impact on investment income / treasury management;
- j) Due to uncertainties around the Better Care Fund, a significant risk on the current grant funding for Disabled Facilities Grants (DFG) is highlighted after 2015/16 as passporting of the grant was guaranteed for 1 year. A grant of £224k p.a. has been assumed to be redistributed – in line with the funding notified for 2015/16;
- k) The effect of the reduction in Social Housing Rents announced in the Summer Budget 2015 – rents are to be reduced by 1% a year for four years from 2016/17, requiring local authorities and housing associations to make savings, and this will mean a reduction in HRA rent income of c.£600k p.a. each year for 4 years (cumulative) due to the 1% reduction and as the planned inflationary increases of c.3% p.a. will also not be made;

- l) The impact that Social Tenants with household incomes of at least £40k in London and at least £30k elsewhere, will have to pay a market or near market rent. Local Authorities will have to repay the rent subsidy that they recover from high income tenants to the Exchequer;
- m) Any impact from the sale of high value council housing scheme;
- n) 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 - potential savings arising from the Sustainability Plan workstreams have been included;
- o) Review and finalisation of the revised budgets/policy changes and feedback from the scrutiny process – including the Council Tax increase for 2016/17 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	Impact over 5 years + / - £'000	Risk
Pay Award / National Insurance (GF)	0.5%	43	262	661	M/H
Pension Costs	0.5%	0	174	582	M/H
Council Tax	0.5%	33	154	244	L/M
Inflation / CPI	0.5%	46	283	723	M/H
Government Grant	1.0%	39	210	466	M/H
Investment Interest	0.5%	145	971	2552	H
Key Income Streams	0.5%	6	38	103	L
New Homes Bonus	10%	65	385	947	H
Business Rates	0.5%	67	402	1003	H

## GENERAL FUND

### Future Revenue Support Grant & Business Rate income

On 17 December 2015, the Secretary of State for the Department for Communities and Local Government, Greg Clark MP, made a statement to Parliament on the provisional local government finance settlement 2016/17. The final Local Government Finance Settlement figures were confirmed on 9<sup>th</sup> February 2016 following an announcement in Parliament on 8<sup>th</sup> February – with no change from those provisionally released in December 2015.

In total, over the 4 year period, overall funding should be c.£269k better than expected in 2016/17 (£1.2m over 4 years).

RSG is c.£255k better in 2016/17 at £1.21m (£954m within the current forecast) - £835k over 4 years. It represents a 24.8% reduction in RSG.

The revised Business Rates forecast will mean additional income of £14k for 2016/17 (£327k over the 4 years to 2019/20).

The Government has also offered any council that wishes to take it up, a four-year funding settlement to 2019-20. It is recommended that the Council accept this offer - as part of the move to a more self-sufficient local government, these multi-year settlements can provide a degree of funding certainty and stability.

The Government has made a clear commitment to provide central funding allocations for each year of the Spending Review period, should councils choose to accept the offer - and if they have published an efficiency plan. In determining allocations for future years, the Government has assumed that it will continue to use the same methodology.

For the period 2015/16 to 2019/20, there is a reduction to the England Settlement Funding Assessment (SFA) of 31.8% (based on the adjusted 2015/16 figure), as per the table below.

	<b>2015-16 adjusted</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
	£m	£m	£m	£m	£m
SFA	21,250	18,601	16,622	15,536	14,500
Change %		(12.5)%	(10.6)%	(6.5)%	(6.7)%
Cumulative change %		(12.5)%	(21.8)%	(26.9)%	(31.8)%

In addition to SFA funding, starting in 2017/18, there will be additional funding through the “Improved Better Care Fund”. By 2019/20, this will be worth £1.5bn per annum. This funding will go to authorities with Social Care responsibilities to complement the new 2% Social Care Council Tax precept, which was previously announced in Spending Review 2015. This funding will take into account the amount that each authority can raise locally through a 2% increase in Council Tax.

Rather than all local authorities receiving the same percentage reduction in Revenue Support Grant (RSG) funding, **the government now propose to take into account the amount that can be raised locally from Council Tax, thereby increasing the reduction in RSG funding for higher taxbase authorities (in terms of the ratio of taxbase income to SFA) and lowering the reduction for lower than average taxbase authorities.**

The government has also altered the split of funding between tiers of government, which would appear to favour upper tier services and lead to higher funding reductions for district councils.

The provisional figures are expected to be confirmed in late January/early February 2016 (within the final settlement announcement).

The 2016/17 announcement includes local authority allocations for 4 years up to 2019/20 – with a caveat from the Government that in order to accept the offer of the 4 year certainty, evidence of value for money in order to achieve efficiencies has to be provided.

A new methodology for determining authorities' RSG allocations has been proposed within the provisional settlement. Rather than applying the same percentage cut to all authorities, **the new approach takes into account individual authorities' council tax raising ability and the type of services provided.** This would appear to favour upper tier authorities, with significantly larger funding reductions for district councils.

The methodology adds together authorities' SFA amount and their forecast council tax income for 2016/17 (based on individual authorities' actual council tax levels), before applying a percentage reduction. **This approach means that authorities with a lower than average council taxbase like Tamworth (relative to their SFA amount) have a lower reduction in grant (and those with a higher taxbase have a higher reduction in grant).**

The methodology therefore aims to take into account the amount that an authority can raise locally/the impact on overall funding of RSG reductions. It is a similar approach to the Resources block, with the previous four-block model (last used to set the Baseline Need amounts in 2013/14). **By using actual council tax levels, rather than an assumed level, this approach also favours authorities with below average Council Tax, and disadvantages those with above average Council Tax levels.**

**Due to this approach reducing some authorities' RSG to zero before 2019/20, it appears that the government plans to reduce top up/increase tariff amounts for these authorities, in order that the overall change in funding is consistent across all authorities.**

Given the current economic climate and further anticipated reductions in Central Government Grant support together with the uncertainty around the impact of the Business Rate Retention scheme, detailed modelling has been carried out in order to prepare estimated Business Rates income levels.

For future years, in light of indications of further grant reductions, it had been assumed that there will be a reduction in Revenue Support Grant as detailed below.

<b>BASE BUDGET</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Budgeted Funding:</b>				
Revenue Support Grant	954,322	541,893	251,444	75,714
% RSG Reduction	(41)%	(43)%	(54)%	(70)%
<b>Provisional Settlement Funding (December 2015):</b>				
All District Councils	265,151,084	133,211,054	52,202,688	(38,287,152)
% RSG Reduction	(37)%	(50)%	(61)%	
Tamworth Borough Council	1,209,603	770,996	493,964	184,529
% RSG Reduction	(25)%	(36)%	(36)%	(63)%
<b>Impact of change in methodology</b>				
<b>Total</b>	<b>255,281</b>	<b>229,103</b>	<b>242,520</b>	<b>108,815</b>
				<b>835,720</b>

As identified above, the reduction experienced by the Council is lower than expected / budgeted. RSG is c.£255k better in 2016/17 at £1.21m (£954m within the current forecast) - £835k over 4 years. It represents a 24.8% reduction in RSG.

However, it should be noted that the budgeted reduction is highly comparable to the average reduction for all District Councils, highlighted in the table above.

## **Business Rates**

The 2016/17 provisional finance settlement represents the fourth year in which the Business Rates Retention (BRR) scheme is the principal form of local government funding. As in the previous three years, the provisional settlement provides authorities with a combination of provisional grant allocations and their baseline figures within the BRR scheme.

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

The Council received additional business rates during 2013/14 (above forecast / baseline) and had to pay a levy of £386k to the Greater Birmingham & Solihull Local Enterprise Partnership (GBSLEP). No levy was payable for 2014/15 due to the significant increase in appeals during March 2015 – which meant an increase in the provision from £1m to almost £4m. The latest estimates indicate additional business rates receivable above the baseline in 2015/16 – of which the Council will receive 40% less the Government set tariff payment of c.£11m (and a 20% levy on any surplus over the baseline to the GBSLEP) - after deduction of the 50% Central Share, 9% County & 1% Fire & Rescue Authority shares).

However, the future position is less certain. A robust check & challenge approach has been taken of any increases on the base figure, including a risk assessed collection level.

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 GBSLEP. A prudent approach has been taken in respect of any new burdens funding – and, due to uncertainties & risk, the creation of an associated Business Rates Collection reserve to mitigate fluctuation in income. The forecast Section 31 Grants and levy payments included within the updated budget forecasts are detailed below.

<b>Section 31 Grants / Levy</b>	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>
Section 31 Grant income	(308)	(300)	(308)
Business Rates Levy payment	395	459	160

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

<b>BASELINE</b>	<b>2016/17 £</b>	<b>2017/18 £</b>	<b>2018/19 £</b>	<b>2019/20 £</b>
<b>Budgeted Funding:</b>				
Retained Business Rates	£12,927,984	£13,199,472	£13,489,860	£13,800,127
Less: Tariff payable	(£10,763,060)	(£10,989,084)	(£11,230,844)	(£11,489,153)
Total	2,164,924	2,210,388	2,259,016	2,310,974
% Reduction	2.0%	2.1%	2.2%	2.3%
<b>Provisional Settlement Funding (December 2015):</b>				
Retained Business Rates	12,780,114	13,031,478	13,415,916	13,844,713
Less: Tariff payable	(10,639,952)	(10,849,222)	(11,169,283)	(11,526,273)
Total	2,140,162	2,182,256	2,246,633	2,318,440
% Reduction	0.8%	2.0%	3.0%	3.2%
<b>Increase / (Decrease)</b>	<b>(24,762)</b>	<b>(28,132)</b>	<b>(12,383)</b>	<b>7,466</b>

As identified above, the Business Rates Baseline is £25k lower than expected at £2.14m. However, due to the variable nature of the BRR element of local authority funding, the provisional settlement no longer provides the absolute funding level for authorities. Overall, Government External support (combined RSG/**Baseline** NNDR) is £230k higher than expected in 2016/17 – the overall reduction in Government Support is 10.2% (compared to our assumed reduction of 16.4%). The position over 5 years is better by £786k.

The government's Business Rates Baseline for the authority is only based on an adjusted average income figure, and therefore is not representative of the Business Rates Baseline. The business rates forecast income has now been finalised – the updated budget estimates are detailed below:

<b>BASE BUDGET</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
	£	£	£	£
<b>Budgeted Funding:</b>				
Retained Business Rates	13,370,980	13,372,552	13,374,753	13,380,497
Less: Tariff payable	(10,763,060)	(10,989,084)	(11,230,844)	(11,489,153)
Total	2,607,920	2,383,468	2,143,909	1,891,344
% Reduction	(1)%	(9)%	(10)%	(12)%
<b>Provisional Funding (Updated January 2016):</b>				
Retained Business Rates	13,262,270	13,648,160	13,426,704	13,201,418
Less: Tariff payable	(10,639,952)	(10,849,222)	(11,169,283)	(11,526,273)
Total	2,622,318	2,798,938	2,257,421	1,675,145
% Increase / (Decrease)	-	7%	-19%	-26%
<b>Increase / (Decrease)</b>	<b>14,398</b>	<b>415,470</b>	<b>113,512</b>	<b>(216,199)</b>
<b>Total</b>				<b>327,181</b>

As identified above, the Business Rates tariff payment is lower than budgeted for in 2016/17 by £123k (£287k over 4 years). The revised Business Rates forecast will mean additional income of £327k over the 4 years to 2019/20.

Based on this Government financial support will reduce over the period as shown in the table below.

<b>BASE BUDGET</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
	£	£	£	£
<b>Budgeted Funding:</b>				
Revenue Support Grant	954,322	541,893	251,444	75,714
Retained Business Rates	13,370,980	13,372,552	13,374,753	13,380,497
Less: Tariff payable	(10,763,060)	(10,989,084)	(11,230,844)	(11,489,153)
Total	3,562,242	2,925,361	2,395,353	1,967,058
% Reduction	(16)%	(18)%	(18)%	(18)%
<b>Provisional Funding (Updated January 2016):</b>				
Revenue Support Grant	1,209,603	770,996	493,964	184,529
Retained Business Rates	13,262,270	13,648,160	13,426,704	13,201,418
Less: Tariff payable	(10,639,952)	(10,849,222)	(11,169,283)	(11,526,273)
Total	3,831,921	3,569,934	2,751,385	1,859,674
% Reduction	(10)%	(7)%	(23)%	(32)%
<b>Increase / (Decrease)</b>	<b>269,679</b>	<b>644,573</b>	<b>356,032</b>	<b>(107,384)</b>

The table shows that overall funding should be c.£269.68k better than expected in 2016/17 (£1.2m over 4 years).

No provision for a levy redistribution from the GBSLEP has been included.

There are still significant uncertainties relating to future years Business Rates income - specifically the treatment of:

- The estimated level of refunds of Business Rates following the Appeal process; and
- Provision of Section 31 grant funding (including Small Business Rate Relief Grant) – which could affect the calculation of any levy payment and thereby reduce retained Business Rate income.

The NNDR1 forecast approved by Cabinet on 14<sup>th</sup> January 2016 has now been finalised including amendments to reflect changes arising from the submission of an application for mandatory reliefs by NHS Trusts.

### **New Homes Bonus**

When the base budget was prepared, it had been assumed that the New Homes Bonus scheme will continue with such funding included using a risk based approach.

The New Homes Bonus top-slice from RSG for 2016/17 is £1,275m. The 2016/17 forecast allocation of New Homes Bonus is £1,485m (£1,461m in allocations and £24m in returned funding). DCLG support for the scheme has fallen from £250m in 2015/16 to £210m in 2016/17.

At present, it appears that there are no changes to the scheme planned before 2017/18, with in-year allocations increasing to £1,485m in 2016/17, £1,493m in 2017/18 and then a reduction to £938m in 2018/19 and to £900m by 2019/20. The amounts for 2016/17 and 2017/18 would be consistent with authorities receiving allocations as per the current system. For example, the forecast allocation for Tamworth BC (below) shows a pattern consistent with the national allocations, with a reduction to the scheme value from 2018/19 onwards.

- 2015/16 (current)           £0.56m
- 2016/17                       £0.66m
- 2017/18                       £0.66m
- 2018/19                       £0.41m
- 2019/20                       £0.40m

The following modelling on the consultation proposals has been undertaken and indicates a potential loss of grant funding of £0.2m over 3 years should the Government implement all aspects of the consultation proposals:

	2016/17	2017/18	2018/19
	£'000	£'000	£'000
<b>Reduction in scheme payments from 6 to 5 Years from 2017/18:</b>			
Revised Forecast	651	601	697
(Increase) / Decrease in grant	(2)	40	(78)
(Increase) / Decrease over 3 years			(40)
<b>Reduction in scheme payments from 6 to 4 Years from 2017/18:</b>			
Revised Forecast	651	493	697
(Increase) / Decrease in grant	(2)	149	(78)
(Increase) / Decrease over 3 years			69
<b>As above plus a 'Deadweight' allowance of 0.25% of Taxbase:</b>			
Budgeted	651	445	602
(Increase) / Decrease in grant	(2)	197	17
(Increase) / Decrease over 3 years			211

This excludes the further option to restrict scheme payments to 2 or 3 years.

## Technical Adjustments

Revisions have been made to the 2015/16 base budget in order to produce an adjusted base for 2016/17 and forecast base for 2017/18 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:

<b>Technical Adjustments</b>	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>
Base Budget B/Fwd	8,464	8,032	8,085
Committee Decisions	(402)	298	(540)
Inflation	15	35	32
Other	(427)	(391)	(317)
Pay Adjustments (Including pay award / reduction of 5% for vacancy allowance)	319	111	88
Revised charges for non-general fund activities	63	-	-
<b>Total / Revised Base Budget</b>	<b>8,032</b>	<b>8,085</b>	<b>7,348</b>

\* ( ) denotes saving in base budget

## Policy Changes

The policy changes provisionally agreed by Council in February 2015 have been included within the technical adjustments for 2016/17 onwards. **A list of the proposed new policy changes for 2016/17 is attached at Appendix C and summarised below:**

<b>Policy Changes Identified</b>	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>
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 financial climate	100	-	-
Contributions to / from Transformation reserve	-	(360)	300
West Midlands Combined Authority (WMCA) - contribution towards set up costs	25	-	-
Business Rates Levy payment	(22)	168	3
Business Rates Section 31 Grant Income	82	108	119
Cultural Quarter - Potential Prudential Borrowing Financing Costs	-	86	86
Funding for a project officer (for 3 years) that would be dedicated to managing the projects for growth	44	44	45
Costs of Cultural Quarter Project no longer considered as Capital	124	-	-
HLF Funding for cost of Cultural Quarter no longer considered Capital	(124)	-	-
Agile Working Project - Deferral of receipt of projected income for Marmion House / Loss of income	143	143	143
Replacement of the aging operational fleet of Council vehicles. These vehicles cover operational areas within Streetscene, Cemeteries, Arboricultural Services and Housing Caretakers	30	30	30
Waste Management Contingency	50	50	50
<b>Total New Items / Amendments</b>	<b>452</b>	<b>269</b>	<b>776</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 principles for 2016/17 are that authorities will be required to seek the approval of their local electorate in a referendum if, compared with 2015/16, they set council tax increases that are equal to or exceed 2.0% or £5.

The Government have indicated in previous years that it would offer limited grant support for the previous 4 year Comprehensive Spending Review (CSR) period should the Council freeze Council tax levels. It does not appear that a similar scheme will operate for 2016/17 or future years should the Council freeze the council tax level.

Should Council Tax be frozen at the 2015/16 level for 2016/17 then this would reduce income by c.£66k p.a. – c.£340k over the 5 year period.

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 2.0% in future years (subject to confirmation by Ministers) - the impact of a c.1.99% p.a. (with a c.1.99% increase in 2016/17) is outlined below.

## **Council Tax**

Last year's medium term financial plan identified ongoing increases of c.1.99% per annum from 2016/17.

Each £1 increase in the band D Council Tax would raise approximately £21k per annum. For each 1% increase in Council Tax, the Council will receive c. £33k additional income per annum.

The Council's provision for collection losses for 2016/17 has been approved at 2.1% (the same level as 2015/16). In order to meet the on-going expenditure requirements the Council will have to increase the underlying income base.

The Band D Council Tax would increase to £161.75 for 2016/18 (£158.60 - 2015/16).

Future levels of Council Tax and the projected impact on the General Fund revenue account forecast would be as follows:

Year:	2016/17	2017/18	2018/19
Forecast:	£'000	£'000	£'000
Surplus (-) /Deficit	1,725	1,271	1,726
<b>Balances Remaining (-) / Overdrawn</b>	<b>(3,605)</b>	<b>(2,334)</b>	<b>(608)</b>
£ Increase	3.15	3.20	3.25
% Increase	1.99%	1.98%	1.97%
Note: Resulting Band D Council Tax	161.75	164.95	168.20

which indicates potential balances of £0.6m (compared to the minimum approved level of £0.5m) is 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 and Business Rates elements of the Collection Fund.

It is proposed that surpluses / deficits be used (and that the relevant sums be made available to the other precepting authorities – the County Council, Fire & Rescue and Office of the Police & Crime Commissioner (OPCC). It is estimated that there will be a surplus of £0.75m for Council Tax and a deficit of £1.4m for Business Rates.

Year:	2016/17	2017/18	2018/19
<b>Council Tax</b>	£'000	£'000	£'000
Council Tax Income	(3,381)	(3,490)	(3,623)
Collection Fund Surplus (Council Tax)	(82)	-	-
Collection Fund Deficit (Business Rates)	560	-	-

The County Council, OPCC and Fire & Rescue Authority are due to finalise their budgets for 2016/17 during February 2016. 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 £0.5m. At 31<sup>st</sup> March 2016 General Fund Revenue Balances are estimated to be £5.33m, compared with £3.685m 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 2016/17, appears at **Appendix E**. A summary of the resulting budgets over the 3 year period appears at **Appendix G**.

<b>Summary</b>	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>
<b>Estimated Net Cost of Services</b>	<b>8,032</b>	<b>8,085</b>	<b>7,348</b>
Proposed Policy Changes / Additional Costs Identified <b>(Detailed at Appendix C) (Rounded)</b>	<b>452</b>	<b>269</b>	<b>776</b>
Final Recharge & Inflationary Adjustments (after Policy Changes inclusion)	(24)	(23)	(23)
Net Expenditure	8,460	8,331	8,101
<b>Financing:</b>			
RSG	(1,210)	(771)	(494)
Collection Fund Surplus (Council Tax)	(82)	-	-
Collection Fund Deficit (Business Rates)	560	-	-
Tariff Payable	10,640	10,849	11,169
Non Domestic Ratepayers	(13,262)	(13,648)	(13,427)
Council Tax Income	(3,381)	(3,490)	(3,623)
Gross Financing	(6,735)	(7,060)	(6,375)
Surplus(-) / Deficit	1,725	1,271	1,726
Balances Remaining (-) / Overdrawn	(3,605)	(2,334)	(608)

Per Council, 24 <sup>th</sup> February 2015	(2,544)	(505)	-
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## HOUSING REVENUE ACCOUNT

### Technical Adjustments

The 2015/16 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 2016/17.

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

Technical Adjustments	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Base Budget	3,072	138	(247)	(360)	(337)
Committee Decisions	(3,283)	(238)	(89)	347	-
Inflation	91	128	132	149	153
Other	197	(322)	(200)	(510)	(103)
Pay Adjustments	94	47	44	37	57
Revised charges for non-general fund activities	(33)	-	-	-	-
Total / Revised Base Budget	138	(247)	(360)	(337)	(230)

Revisions have been made to the 2015/16 base budget in order to produce an adjusted base for 2016/17 and forecast base for 2017/18 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** and are highlighted below:

<b>Policy Changes Identified</b>	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>
Reduction in Social housing rents by 1% a year for four years from 2016/17	638	1317	2039	2759	2808
Rents for Supported Accommodation frozen at 2015/16 levels	(14)	(14)	(14)	(14)	(14)
Introduction of Service Charges from 1 April 2016 including appointment of a Service Charges Officer	(416)	(416)	(416)	(416)	(416)
Reduced Contribution to Regeneration Reserve necessitated by reduced rental income	-	-	-	(2,000)	(2,000)
<b>Total New Items / Amendments</b>	<b>208</b>	<b>887</b>	<b>1,609</b>	<b>329</b>	<b>378</b>

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

<b>Summary</b>	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>
<b>Estimated Net (Surplus) / Deficit</b>	138	(247)	(360)	(337)	(230)
Proposed Policy Changes / Additional Costs Identified	208	887	1,609	329	378
Final Recharge & Inflationary Adjustments (after Policy Changes inclusion)	22	22	22	22	22
Surplus (-) / Deficit	368	662	1,271	14	170
Balances Remaining (-) / Overdrawn	(2,992)	(2,330)	(1,059)	(1,045)	(875)

Per Council, 24 <sup>th</sup> February 2015	(1,304)	(1,229)	(1,403)	(1,403)	-
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Indicating a Housing Revenue Account (HRA) balances of £0.8m over the next 5 years (Minimum recommended balances are currently £0.5m).

However this includes contributions to Capital Spend of £4.1m over 3 years (£6.9m over the next 5 years) and the Regeneration Reserve of £4.6m over 3 years (£5.4m over 5 years) - resulting in balances of £2m over 3 years (£2.4m over 5 years).

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

- Finalisation of the costs (following tender) / income associated with the regeneration / redevelopment schemes – to inform the likely need from the Regeneration reserve;
- The impact of restructuring following Supporting People funding reductions;
- The effect of service charges implementation;
- Results of ongoing structural surveys e.g. High Rise;
- The impact of Welfare Benefit Reform on rent collection levels – limited so far but further measures are to be rolled out (e.g. Universal Credit);
- The effect of the reduction in Social housing rents announced in the Summer Budget 2015 – rents are to be reduced by 1% a year for four years from 2016/17, requiring local authorities and housing associations to make savings and will mean a reduction in HRA rent income of c.£600k p.a. each year for 4 years (cumulative) due to the 1% reduction and as the planned inflationary increases of c.3% p.a. will also not be made;
- The impact that Social tenants with household incomes of at least £40k in London and at least £30k elsewhere, will have to pay a market or near market rent. Local authorities will have to repay the rent subsidy that they recover from high income tenants to the Exchequer;
- Any impact of the sale of high value council housing scheme;
- 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. There is also still uncertainty over retained receipt levels (pending further Government guidance) and spending plans.

## **Rent Restructuring**

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

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

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

Housing rents were increased in accordance with the Rent Restructuring Framework for 2014/15. However, from 2015/16, Councils could decide locally at what level to increase rents. Government Guidance suggested an increase of CPI plus 1%, however, the Council agreed to vary this level, and applied the formula CPI plus 1% plus £2 (capped at formula rent) **for 2015/16 only**, to generate additional funding to support increased maintenance costs and the regeneration of key housing areas within the Borough.

However, under Benefit regulations and circulars issued by the DWP, the Rent Rebate Subsidy Limitation scheme penalises the Council should the average rent be above the notified limit rent. The guidance on rent increases stated a CPI + 1% increase which, when applied to the 2014/15 limit rent, gave a limit rent for 2015/16 of £82.56 which when compared to the actual rent for 2015/16 of £81.51 meant no loss of Housing Benefit subsidy grant.

The effect of the reduction in Social Housing Rents announced in the Summer Budget 2015 means that rents are to be reduced by 1% a year for four years from 2016/17 and will mean a reduction in HRA rent income of c.£600k p.a. each year for 4 years (cumulative) due to the 1% reduction and as the planned inflationary increases of c.3% p.a. will also not be made.

Following various articles in the professional press, particularly reports from National Housing Federation (NHF) in January 2016; DCLG sent an update to Local Authorities on 8<sup>th</sup> February 2016. The Governments note set out further detail in relation to the sale of high value vacant housing (detailed in the Housing & Planning Bill) and further clarification with regard to the 1% reduction in social rents for 4 years (2016-2020).

The Government have now announced that it will put in place a one-year exemption for all supported accommodation whilst they review this area of supported accommodation. The exact definition of what is 'supported accommodation' is to be detailed in regulations not yet available or drafted. In the interim and to offer some clarity the Government have identified a range of accommodation which would benefit from the exclusion - for Tamworth this includes its sheltered housing and supported accommodation for young people – totalling 385 units of council owned stock.

The Government is still drafting the regulations and will be reviewing the rent standard to ensure comprehensive coverage, this is unlikely to be concluded before April 4<sup>th</sup> 2016. Until then the Government has referred LA's to the Housing our Ageing population: Panel for innovation report, as well as to rent guidance and amendments allowing for a 10% increase above social rents for supported accommodation.

The Governments expectation is that rents will not increase by more than CPI + 1% where the exemption is applied.

It is proposed to freeze Rents for Supported Accommodation at 2015/16 levels.

### Balances

The forecast level of balances at 31<sup>st</sup> March 2016 is £3.36m. The impact on balances of the adjustments outlined in this report would be as follows:

<b>Balances</b>	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>
Proposed Withdrawal from / Addition to (-) Balances	368	662	1,271	14	170
<b>Balances Remaining (-) / Overdrawn</b>	<b>(2,992)</b>	<b>(2,330)</b>	<b>(1,059)</b>	<b>(1,045)</b>	<b>(875)</b>

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 2016/17 to 2020/21**

### **Capital Programme**

Following a review of the Capital Programme approved by Council on 24<sup>th</sup> February 2015, 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 £8.014m (excluding the £0.5m approved minimum balance) will be needed during the period to 2018/19 for future capital spending (including the usable capital receipts generated from the sale of council housing). Potential prudential borrowing of £1.185m for the Cultural Quarter is included (should sufficient capital receipts not be available). A surplus over 3 years of £312k is highlighted. Details of the proposed capital programme are shown in **Appendix I**.

In the coming year the Council expects to work closely with its partners in the proposed West Midlands Combined Authority to start delivering the Devolution Deal agreed with the Government. This is estimated to bring additional capital investment in excess of £8 billion over ten years across the West Midlands and associated LEP areas. This will require new ways of delivering capital investment involving a variety of mechanisms appropriate to each investment programme. It is possible that some of the capital investment will be delivered by the West Midlands Districts. The Council may need to use prudential borrowing to fulfil its agreed part of this.

The capital programme has been reviewed and updated:

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#### **a) Technology Replacement**

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Rolling annual budget of £60k has been included until 2018/19 (the provisional programme included £60k p.a. from 2016/17); However, it may be more cost effective for purchases to be made before 31<sup>st</sup> March 2016 – should that be the case it is recommended that the spend be brought forward together with the associated budget.

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**b) Air Conditioning**

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An additional scheme has been included - £32k in 2016/17. Significantly increased reliance on ICT has resulted in a commitment to ongoing, large scale upgrade and maintenance to the TBC infrastructure, in line with agreed device lifecycles. In order to support the provision of this infrastructure, the computer suite needs continued investment, specifically the replacement of the air conditioning solution. Without a functioning system, the server infrastructure will become unstable and will impact on application availability across the organisation.

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**c) Backup Solution**

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An additional scheme has been included - £15k in 2016/17. The current backup solution has been installed for 8 years and the reliability and stability of the hardware has started to degrade. The tapes used are also becoming obsolete and require replacing every twelve months to ensure good quality backups. Whilst much of the data created by the organisation is replicated off-site, the operating systems, applications and UNIX based data has a continued requirement to be backed up to tape. However, it may be more cost effective for purchases to be made before 31<sup>st</sup> March 2016 – should that be the case it is recommended that the spend be brought forward together with the associated budget.

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**d) Disabled Facilities Grants**

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Rolling annual budget of £250k has been included. No changes have been made.

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**e) CCTV Camera Renewals**

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Required for the rolling replacement of cameras, £15k p.a. - subject to funding constraints.

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**f) Street Lighting**

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An additional scheme has been included – with an annual spend required. The Council has its own stock of street lighting across the borough, mainly in housing areas and other communal parts such as play areas and car parks. The street lighting assets are inspected and maintained by Eon on behalf of the Council under the terms of Staffordshire County Council PFI contract with Eon. Eon have produced a replacement street lighting programme which spans 40 years and includes the replacement of all the lighting columns based on 'their life expectancy' (£42k in 2016/17) and a lighting head replacement programme based on providing more efficient low energy lighting heads (£11k in 2016/17).

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**g) Cultural Quarter**

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The scheme budgets have been revised in line with the report to Cabinet on 14<sup>th</sup> January 2016.

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**h) Castle Mercian Trail (Budget currently within 2015/16 Programme)**

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A revised scheme, with a net cost to the Council of £125k, has been included to redevelop the top floor of the Castle to create a new exhibition focusing on Saxon Tamworth and the Staffordshire Hoard. Tamworth Castle will develop an exhibition that will include the display of more pieces from the Staffordshire Hoard along with artefacts relating to the history of Saxon Tamworth.

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**i) Gateways**

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An increased budget has been included – part funded by SCC and Section 106 funds with a net cost of £70k p.a. for the Council. Phase 1A in 2016/17 of £400k (Riverdrive to Ventura Park), phase 2 over 3 years from 2016/17 of £1.034m (Train Station to Town Centre).

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**j) Contingency**

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A £50k contingency budget will be required for 2016/17 – to be re-profiled from the unspent 2015/16 budget.

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**Housing**

The proposed 5 year Housing Capital Programme is attached at **Appendix J**.

It is estimated that approximately £52.734m (excluding the £0.5m approved minimum balance) will be needed during the period to 2020/21 for future capital spending (including revenue contributions to Capital Spend from the HRA of £4.1m over 3 years (£6.9m over the next 5 years) and the Regeneration Reserve of £4.6m over 3 years (£5.4m over 5 years) & additional borrowing of £7.2m – the 'headroom' in line with the HRA Government debt cap is £11.3m) - resulting in balances of £2m over 3 years (£2.4m over 5 years).

The capital programme has been reviewed (saving £2m over 4 years when compared to the provisional programme) and updated to include the new year 5 costs – with costs then smoothed over the new 5 year planning period. In addition, certain demand led schemes together with the Redevelopment of Garage Sites and Other Acquisitions have been reviewed and updated to reflect current trends:

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**a) Gas Central Heating Upgrades and Renewals**

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The budget has been reduced by £335k over 4 years in line with current demand.

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**b) Energy Efficiency Improvements**

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The programme has been reduced to the 3 years (remaining at the £50k level) needed for the ERDF funding bid.

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**c) Fencing / Boundary Walls**

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The budget of £30k p.a. has been removed with any spend to be met from the revenue budget.

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**d) Windows and Door Renewals**

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The programme has been smoothed – saving £235k over 4 years.

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**e) Neighbourhood Regeneration**

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The previous General Estate Works demand led budget has been retained at £200k for 2016/17 only (previously £200k p.a.) – pending a review of requirements over the term of the Business Plan period.

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**f) Contingency**

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The £100k p.a. budget has been removed - A £100k contingency budget will be required for 2016/17 – to be re-profiled from the unspent 2015/16 budget.

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**g) Regeneration Schemes**

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The budgets for Redevelopment of garage sites and other acquisitions have been updated to reflect available resources.

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## Policy Changes Summary

DIRECTORATE	Sheet No.	Budget Changes 16/17	Budget Changes 17/18	Budget Changes 18/19
		£'000	£'000	£'000
Chief Executive		-	-	-
Executive Director Corporate Services		-	-	-
Director of Finance	1	185.72	(183.90)	506.60
Director of Technology & Corporate Programmes		-	-	-
Solicitor to the Council		-	-	-
Director of Transformation & Corporate Performance		-	-	-
Director of Communities, Planning & Partnerships	2	44.00	0.50	0.50
Director of Housing & Health		-	-	-
Director of Assets & Environment	3	222.65	-	-
<b>Total</b>		<b>452.37</b>	<b>(183.40)</b>	<b>507.10</b>
<b>Cumulative Cost / (Saving)</b>		<b>452.37</b>	<b>268.97</b>	<b>776.07</b>

	Sheet No.	Budget Changes 16/17 £'000	Budget Changes 17/18 £'000	Budget Changes 18/19 £'000	Budget Changes 19/20 £'000	Budget Changes 20/21 £'000
Housing Revenue Account	4	208.00	679.00	722.00	(1,280.00)	49.00
<b>Total</b>		<b>208.00</b>	<b>679.00</b>	<b>722.00</b>	<b>(1,280.00)</b>	<b>49.00</b>
<b>Cumulative Cost / (Saving)</b>		<b>208.00</b>	<b>887.00</b>	<b>1,609.00</b>	<b>329.00</b>	<b>378.00</b>

## Policy Changes Summary Staffing Implications

<b>DIRECTORATE</b>	<b>Sheet No.</b>	<b>Budget Changes 16/17 £'000</b>	<b>Budget Changes 17/18 £'000</b>	<b>Budget Changes 18/19 £'000</b>
Chief Executive				
Executive Director Corporate Services		-	-	-
Director of Finance	<b>1</b>	-	-	-
Director of Technology & Corporate Programmes		-	-	-
Solicitor to the Council		-	-	-
Director of Transformation & Corporate Performance		-	-	-
Director of Communities, Planning & Partnerships	<b>2</b>	1.0	-	-
Director of Housing & Health		-	-	-
Director of Assets & Environment	<b>3</b>	-	-	-
<b>TOTAL</b>		<b>1.0</b>	<b>-</b>	<b>-</b>

	<b>Sheet No.</b>	<b>Budget Changes 16/17 £'000</b>	<b>Budget Changes 17/18 £'000</b>	<b>Budget Changes 18/19 £'000</b>	<b>Budget Changes 19/20 £'000</b>	<b>Budget Changes 20/21 £'000</b>
<b>Housing Revenue Account</b>	<b>4</b>	1.0	-	-	-	-
<b>TOTAL</b>		<b>1.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**DIRECTOR OF FINANCE**

Item No		Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change
				16/17 £'000	17/18 £'000	18/19 £'000
DF1	OTHER	Corporate Finance - General Contingency	Contingency budget to allow for 'in year' decisions to be made by Cabinet and to provide for any potential further reductions in income as a result of the financial climate	100.00	(100.00)	
DF2	OTHER	Contribution to / from Transformation Reserve			(360.00)	660.00
DF3	OTHER	West Midlands Combined Authority (WMCA) - contribution towards set up costs	At the meeting of the WMCA programme Board on 13 November 2015, it was agreed that Non-Constituent Authorities contribute £10k towards the budget for the 2015/16 financial year of £2.1 million to fund the setting up of the Combined Authority with a further £25k for 2016/17.	25.00	(25.00)	
DF4	CORP	Business Rates Levy payment	Estimated levy based on NNDR1 forecasts	(21.55)	189.33	(164.30)
DF5	CORP	Business Rates Section 31 Grant Income	New Burdens funding for Government scheme to reduce business rates charges	82.27	25.77	10.90
DF6	VFM	Cultural Quarter - Potential Prudential Borrowing Financing Costs	It was approved by Cabinet on 14th January 2016 that, as part of the budget setting process, they underwriting the gap in funding for the project which would need to be met from the potential capital receipt from the sale of the former golf course or from prudential borrowing. Should borrowing be required then this will impact on the revenue budget relating to interest and debt repayment costs (c.£86k p.a.).		86.00	
<b>Total New Items / Amendments</b>				<b>185.72</b>	<b>(183.90)</b>	<b>506.60</b>

**STAFFING IMPLICATIONS**

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

## DIRECTOR COMMUNITIES, PLANNING &amp; PARTNERSHIPS

Item No		Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change
				16/17 £'000	17/18 £'000	18/19 £'000
CPP1	OTHER	It is proposed to extend funding for a project officer (for 3 years) that would be dedicated to managing the projects for growth	<p>In 13/14 two budgets were approved to procure specialist knowledge and skills and to fund an officer post in relation to managing projects for growth and regeneration for a period of 3 years (ending 15/16).</p> <p>Given the success of the officer and budget in progressing projects and achieving significant potential capital receipt, it is proposed to extend these budgets for a further 3 years.</p> <p>The annual budget for procuring specialist knowledge and skills is £10,000</p>	44.00	0.50	0.50
CPP2	CORP	Revenue Implications from Capital Programme	Costs of Cultural Quarter Project no longer considered as Capital	124.30	(124.30)	
CPP3	CORP	Revenue Implications from Capital Programme	HLF Funding for cost of Cultural Quarter no longer considered Capital	(124.30)	124.30	
<b>Total New Items / Amendments</b>				<b>44.00</b>	<b>0.50</b>	<b>0.50</b>

## STAFFING IMPLICATIONS

Item No		Proposal/(Existing Budget)	Implications	16/17	17/18	18/19
				FTE	FTE	FTE
CPP1		It is proposed to extend funding for a project officer (for 3 years) that would be dedicated to managing the projects for growth	As above	1.0		
<b>TOTAL</b>				<b>1.0</b>	<b>-</b>	<b>-</b>

**DIRECTOR ASSETS & ENVIRONMENTAL SERVICES**

Item No		Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change
				16/17 £'000	17/18 £'000	18/19 £'000
AE1	OTHER	Agile Working Project - Deferral of receipt of projected income	Marmion House Rental Income budget - reversal of planned income from letting of space. Marketing of property has seen no interest and current markets suggest that there is unlikely to be interest in the medium term. This is despite regional marketing.	74.75		
AE2	OTHER	Agile Working Project - Deferral of receipt of projected income	Reduced income from service charges 3rd floor. Inability to let vacant space will mean that additional income from service charges will not be realised.	27.50		
AE3	OTHER	Loss of income at Marmion House	Marmion House Rental Income budget - SCC/SSOTP vacate premises on 2nd floor 3rd quarter 2015/16. Space has been marketed but with no interest and no prospect of interest in the medium term. Also impacts on service charges.	18.00		
AE4	OTHER	Loss of income at Marmion House	Reduced income from service charges 2nd floor. Inability to let vacant space will mean that additional income from service charges will not be realised.	22.50		
AE5	OTHER	Revenue savings from closing non operational floors	Reduction in various costs such as lighting costs.	(0.10)		
AE6	OTHER	Proposal to investigate replacement of the aging operational fleet of Council vehicles. These vehicles cover operational areas within Streetscene, Cemeteries, Arboricultural Services and Housing Caretakers  The current vehicle contract was awarded in 2007 for 5 years with annual extension clauses and is now at its full extent. The contract provides 23 vehicles across four service areas with a full maintenance service included.	In order to continue delivery of these services we need to replace all vehicles. The existing revenue budget has been sufficient to fund these vehicles for the past eight years however it is anticipated that these prices will increase due to the time period since they were last reviewed, therefore we are seeking an additional £30,000 of revenue budget to ensure that there is no shortfall which prohibits the procurement process.  Should the current revenue budget be sufficient to facilitate the procurement of these vehicles then the £30,000 will be returned	30.00		
AE7	OTHER	Waste Management Contingency	Restatement of Contingency budget pending finalisation of costs associated with changes to SCC waste management arrangements	50.00		
<b>Total New Items / Amendments</b>				<b>222.65</b>	<b>-</b>	<b>-</b>

**STAFFING IMPLICATIONS**

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

## HOUSING REVENUE ACCOUNT

Item No		Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
				16/17 £'000	17/18 £'000	18/19 £'000	19/20 £'000	20/21 £'000
HRA1	STAT	Reduction in Social housing rents by 1% a year for four years from 2016/17	One of the announcements made as part of the Summer Budget 2015 was that Local Authorities and Registered Providers will be required to reduce Social housing rents by 1% a year for four years from 2016/17, requiring local authorities and housing associations to make savings - initial estimates have been prepared for inclusion pending receipt of the detailed regulations and guidance from DCLG	638.00	679.00	722.00	720.00	49.00
HRA2		Rents for Supported Accommodation frozen at 2015/16 levels	The Government have now announced a one-year exemption for all supported accommodation from the 1% rent reduction	(14.00)				
HRA3	SAV	Introduction of Service Charges from 1 April 2016 including appointment of a Service Charges Officer	Cabinet on 9 July 2015 approved the introduction of Service Charges to tenants and leaseholders in the Council's own stock - indicative estimates have been prepared for inclusion pending final calculations of the charges to be made for 2016/17	(416.00)				
HRA4	CORP	Reduced Contribution to Regeneration Reserve necessitated by reduced rental income	Reduced contribution following revised estimates following from the 1% rent reduction				(2,000.00)	
<b>Total New Items / Amendments</b>				<b>208.00</b>	<b>679.00</b>	<b>722.00</b>	<b>(1,280.00)</b>	<b>49.00</b>

## STAFFING IMPLICATIONS

Item No		Proposal/(Existing Budget)	Implications	16/17	17/18	18/19	19/20	20/21
				FTE	FTE	FTE	FTE	FTE
HRA3		Introduction of Service Charges from 1 April 2016 including appointment of a Service Charges Officer	Officer required to administer Service Charges	1.0	-	-	-	-
<b>TOTAL</b>				<b>1.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## HOUSING REVENUE ACCOUNT BUDGET SUMMARY 2016/17

	Base Budget 15/16	Technical Adjustments	Policy Changes	Budget 16/17	Budget 17/18	Budget 18/19	Budget 19/20	Budget 20/21
	£	£	£	£	£	£	£	£
<b>Income</b>								
Dwelling Rents	(18,202,140)	(99,940)	624,000	(17,678,080)	(17,621,730)	(17,777,560)	(17,552,810)	(17,503,810)
Non-Dwelling Rents	(355,530)	(16,930)	-	(372,460)	(381,280)	(390,320)	(399,590)	(409,090)
Charges for Services and Facilities	(373,760)	50,500	-	(323,260)	(324,370)	(325,510)	(326,680)	(327,880)
Contributions Towards Expenditure	(1,608,200)	(26,210)	-	(1,634,410)	(1,635,150)	(1,635,900)	(1,636,710)	(1,637,540)
<b>Subtotal</b>	<b>(20,539,630)</b>	<b>(92,580)</b>	<b>624,000</b>	<b>(20,008,210)</b>	<b>(19,962,530)</b>	<b>(20,129,290)</b>	<b>(19,915,790)</b>	<b>(19,878,320)</b>
<b>Expenditure</b>								
Repairs and Maintenance	4,136,040	58,310	-	4,194,350	4,297,220	4,409,050	4,534,790	4,666,220
Supervision and Management	6,274,860	(144,230)	(416,000)	5,714,630	5,791,320	5,866,240	5,937,910	6,026,640
Rents, Rates, Taxes and Other Charges	30,530	950	-	31,480	31,910	32,340	32,810	33,290
Increase in Provision for Bad Debts	470,000	-	-	470,000	470,000	470,000	470,000	470,000
Housing Subsidy Payable	-	-	-	-	-	-	-	-
Depreciation and impairment of non-current assets	4,459,260	(3,360)	-	4,455,900	4,455,900	4,455,900	4,455,900	4,455,900
Debt Management Costs	17,690	130	-	17,820	17,230	17,310	17,310	17,310
<b>Subtotal</b>	<b>15,388,380</b>	<b>(88,200)</b>	<b>(416,000)</b>	<b>14,884,180</b>	<b>15,063,580</b>	<b>15,250,840</b>	<b>15,448,720</b>	<b>15,669,360</b>
<b>Net cost of HRA Services per Authority I&amp;E</b>	<b>(5,151,250)</b>	<b>(180,780)</b>	<b>208,000</b>	<b>(5,124,030)</b>	<b>(4,898,950)</b>	<b>(4,878,450)</b>	<b>(4,467,070)</b>	<b>(4,208,960)</b>
Corporate and Democratic Core	4,360	3,690	-	8,050	8,250	8,460	8,690	8,930
<b>Net Cost of HRA Services</b>	<b>(5,146,890)</b>	<b>(177,090)</b>	<b>208,000</b>	<b>(5,115,980)</b>	<b>(4,890,700)</b>	<b>(4,869,990)</b>	<b>(4,458,380)</b>	<b>(4,200,030)</b>
Interest Payable and Similar Charges	2,997,070	(114,320)	-	2,882,750	2,891,770	2,993,970	2,993,970	2,993,970
Amortisation of Premiums	-	-	-	-	-	-	-	-
Interest Receivable and Similar Income	(152,060)	49,060	-	(103,000)	(143,840)	(108,260)	(276,800)	(379,820)
<b>Surplus/ Deficit for the year</b>	<b>(2,301,880)</b>	<b>(242,350)</b>	<b>208,000</b>	<b>(2,336,230)</b>	<b>(2,142,770)</b>	<b>(1,984,280)</b>	<b>(1,741,210)</b>	<b>(1,585,880)</b>

## Statement of Movement on the HRA Balance

<b>Surplus or Deficit for the year</b>	<b>(2,301,880)</b>	<b>(242,350)</b>	<b>208,000</b>	<b>(2,336,230)</b>	<b>(2,142,770)</b>	<b>(1,984,280)</b>	<b>(1,741,210)</b>	<b>(1,585,880)</b>
Additional Items required to be taken into account:								
Capital Expenditure funded by the HRA	5,374,240	(2,669,910)	-	2,704,330	2,804,330	3,254,330	1,754,330	1,754,330
<b>(Increase)/ Decrease in HRA Balances</b>	<b>3,072,360</b>	<b>(2,912,260)</b>	<b>208,000</b>	<b>368,100</b>	<b>661,560</b>	<b>1,270,050</b>	<b>13,120</b>	<b>168,450</b>

## Appendix E

## General Fund Summary Revenue Budget for 2016/17

<i>Figures exclude internal recharges which have no bottom line impact.</i>	<b>Base Budget 2015/16</b> £	<b>Technical Adjustments</b> £	<b>Policy Changes</b> £	<b>Budget 2016/17</b> £
Chief Executive	161,180	4,350	-	165,530
Executive Director Corporate Services	349,940	42,000	-	391,940
Director of Finance	(703,460)	(259,170)	185,720	(776,910)
Director of Technology & Corporate Programmes	879,940	21,790	-	901,730
Solicitor to the Council	551,070	18,290	-	569,360
Director of Transformation & Corporate Performance	897,090	(19,230)	-	877,860
Director of Communities, Planning & Partnerships	2,214,690	(26,080)	44,000	2,232,610
Director of Housing & Health	912,190	20,190	-	932,380
Director of Assets & Environment	3,201,000	(258,330)	222,650	3,165,320
<b>Total Cost of Services</b>	<b>8,463,640</b>	<b>(456,190)</b>	<b>452,370</b>	<b>8,459,820</b>
Transfer to / (from) Balances	(145,682)	(1,579,124)	-	(1,724,806)
Revenue Support Grant	(1,607,554)	397,951	-	(1,209,603)
Retained Business Rates	(13,181,129)	(81,141)	-	(13,262,270)
Less: Tariff payable	10,552,019	87,933	-	10,639,952
Collection Fund Surplus (Council Tax)	(81,670)	(226)	-	(81,896)
Collection Fund Surplus (Business Rates)	(728,023)	1,288,048	-	560,025
<b>Council Tax Requirement</b>	<b>(3,271,601)</b>	<b>342,749</b>	<b>(452,370)</b>	<b>(3,381,222)</b>

## General Fund Technical Adjustments 2016/17 (before Policy Changes)

<i>Figures exclude internal recharges which have no bottom line impact</i>	Budget 2015/16	Technical Adjustments						External Recharge Changes (non-GF Activities) £	Total Adjustments £	Total Adjusted Base 2016/17
		Virements £	Committee Decisions £	Inflation £	Other £	Pay Adjustments £				
Chief Executive	161,180	-	-	80	390	4,230	(100)	4,600	165,780	
Executive Director Corporate Services	349,950	-	(20,000)	(2,350)	23,040	51,960	(10,430)	42,220	392,170	
Director of Finance	(703,450)	-	(189,870)	1,860	(104,750)	34,460	400	(257,900)	(961,350)	
Director of Technology & Corporate Programmes	879,940	-	-	9,260	(15,090)	7,420	22,400	23,990	903,930	
Solicitor to the Council	551,080	-	-	4,110	4,210	13,140	(3,010)	18,450	569,530	
Director of Transformation & Corporate Performance	897,080	(3,000)	(49,760)	1,560	4,870	27,310	3,330	(15,690)	881,390	
Director of Communities, Planning & Partnerships	2,214,690	-	(5,470)	(4,200)	(73,700)	57,290	-	(26,080)	2,188,610	
Director of Housing & Health	912,190	-	-	160	(14,380)	12,190	20,920	18,890	931,080	
Director of Assets & Environment	3,200,980	3,000	(137,250)	4,730	(252,210)	111,290	29,980	(240,460)	2,960,520	
<b>Grand Total</b>	<b>8,463,640</b>	-	<b>(402,350)</b>	<b>15,210</b>	<b>(427,620)</b>	<b>319,290</b>	<b>63,490</b>	<b>(431,980)</b>	<b>8,031,660</b>	

\* Base budget figures before recharge & inflationary adjustments after inclusion of Policy Changes.

## HRA Technical Adjustments 2016/17 (before Policy Changes)

<i>Figures exclude internal recharges which have no bottom line impact</i>	Budget 2015/16	Technical Adjustments						Total Adjusted Base 2016/17	
		Virements £	Committee Decisions £	Inflation £	Other £	Pay Adjustments £	External Recharge Changes (non-GF Activities) £		Total Adjustments £
<b>Chief Executive's Office</b>									
Director of Housing & Health	4,150,410	-	-	16,930	(60,060)	90,290	(30,250)	16,910	<b>4,167,320</b>
Director of Assets & Environment	(12,800)	-	-	110	550	3,360	(2,460)	1,560	<b>(11,240)</b>
HRA Summary	(1,065,250)	-	(3,283,080)	74,330	256,420	-	-	(2,952,330)	<b>(4,017,580)</b>
<b>Grand Total</b>	<b>3,072,360</b>	-	<b>(3,283,080)</b>	<b>91,370</b>	<b>196,910</b>	<b>93,650</b>	<b>(32,710)</b>	<b>(2,933,860)</b>	<b>138,500</b>

\* Base budget figures before recharge & inflationary adjustments after inclusion of Policy Changes.

## General Fund 3 Year Revenue Budget Summary

<i>Figures exclude internal recharges which have no bottom line impact.</i>	<b>Base Budget 2015/16</b> £	<b>Budget 2016/17</b> £	<b>Budget 2017/18</b> £	<b>Budget 2018/19</b> £
Chief Executive	161,180	165,530	167,880	170,250
Executive Director Corporate Services	349,940	391,940	393,840	395,200
Director of Finance	(703,460)	(776,910)	(1,102,140)	(1,247,290)
Director of Technology & Corporate Programmes	879,940	901,730	924,030	920,030
Solicitor to the Council	551,070	569,360	578,980	587,630
Director of Transformation & Corporate Performance	897,090	877,860	892,860	887,600
Director of Communities, Planning & Partnerships	2,214,690	2,232,610	2,306,400	2,178,630
Director of Housing & Health	912,190	932,380	940,690	947,600
Director of Assets & Environment	3,201,000	3,165,320	3,228,310	3,261,800
<b>Total Cost of Services</b>	<b>8,463,640</b>	<b>8,459,820</b>	<b>8,330,850</b>	<b>8,101,450</b>
Transfer to / (from) Balances	(145,682)	(1,724,806)	(1,270,574)	(1,726,532)
Revenue Support Grant	(1,607,554)	(1,209,603)	(770,996)	(493,964)
Retained Business Rates	(13,181,129)	(13,262,270)	(13,648,160)	(13,426,704)
Less: Tariff payable	10,552,019	10,639,952	10,849,222	11,169,283
Business Rates S.31 Grants				
Business Rates Levy				
Collection Fund Surplus (Council Tax)	(81,670)	(81,896)	-	-
Collection Fund Surplus (Business Rates)	(728,023)	560,025	-	-
<b>Council Tax Requirement</b>	<b>(3,271,601)</b>	<b>(3,381,222)</b>	<b>(3,490,342)</b>	<b>(3,623,533)</b>

## Appendix H

### Council Tax levels at each band for 2016/17

	Tamworth Council Tax 2015/16	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 2016/17</b>	Total Council Tax 2015/16
	£	£	£	£	£	£	£
Demand/Precept on Collection Fund		3,381,222	22,757,129	3,712,758	1,470,178	<b>31,321,287</b>	
Council Tax Band							
A	105.73	107.83	725.77	118.41	46.89	<b>998.90</b>	968.30
B	123.36	125.81	846.73	138.14	54.70	<b>1,165.38</b>	1,129.69
C	140.98	143.78	967.69	157.88	62.52	<b>1,331.87</b>	1,291.08
<b>D</b>	<b>158.60</b>	<b>161.75</b>	<b>1,088.65</b>	<b>177.61</b>	<b>70.33</b>	<b>1,498.34</b>	<b>1,452.45</b>
E	193.84	197.69	1,330.57	217.08	85.96	<b>1,831.30</b>	1,775.21
F	229.09	233.64	1,572.49	256.55	101.59	<b>2,164.27</b>	2,097.99
G	264.33	269.58	1,814.42	296.02	117.22	<b>2,497.24</b>	2,420.75
H	317.20	323.50	2,177.30	355.22	140.66	<b>2,996.68</b>	2,904.90
% increase	1.99%	1.99%	3.95%	0.00%	1.99%	3.16%	1.71%

\* To be confirmed:

*Staffordshire County Council Cabinet, 3<sup>rd</sup> February 2016– Strategic Plan and Medium Term Financial Strategy 2016-21*

*Staffordshire Police and Crime Panel 1<sup>st</sup> February 2016 - Police and Crime Commissioner for Staffordshire - Revenue and Capital Budget 2016/17*

*Stoke on Trent and Staffordshire Fire and Rescue Authority – 2016/17 Revenue Budget and Council Tax Setting, 16th February 2016*

## General Fund Capital Programme 2016/17 – 2018/19

<b>General Fund Capital Programme</b>	<b>2016/17 £</b>	<b>2017/18 £</b>	<b>2018/19 £</b>	<b>Total £</b>
Technology Replacement	60,000	60,000	60,000	<b>180,000</b>
Air Conditioning	32,000	-	-	<b>32,000</b>
Backup Solution	15,000	-	-	<b>15,000</b>
<b>Subtotal</b>	<b>107,000</b>	<b>60,000</b>	<b>60,000</b>	<b>227,000</b>
Private Sector Grants - Disabled Facilities Grants	250,000	250,000	250,000	<b>750,000</b>
CCTV Camera Renewals	15,000	15,000	15,000	<b>45,000</b>
Street Lighting	52,900	2,600	3,100	<b>58,600</b>
Cultural Quarter – Assembly Rooms	2,135,300	1,943,790	-	<b>4,079,090</b>
Cultural Quarter – Business Enterprise Centre	575,900	-	-	<b>575,900</b>
Cultural Quarter – Carnegie Centre	10,000	-	-	<b>10,000</b>
Cultural Quarter – Public Realm Works	-	-	229,040	<b>229,040</b>
Castle Mercian Trail	605,250	-	-	<b>605,250</b>
Gateways	784,000	370,000	280,000	<b>1,434,000</b>
<b>Subtotal</b>	<b>4,428,350</b>	<b>2,581,390</b>	<b>777,140</b>	<b>7,786,880</b>
<b>Total General Fund Capital</b>	<b>4,535,350</b>	<b>2,641,390</b>	<b>837,140</b>	<b>8,013,880</b>
<b><u>Proposed Financing:</u></b>				
Grants - Disabled Facilities	224,000	224,000	224,000	<b>672,000</b>
Section 106 Receipts	284,000	100,000	-	<b>384,000</b>
General Fund Capital Receipts	461,200	214,800	7,500	<b>683,500</b>
Sale of Council House Receipts	90,000	103,300	166,600	<b>359,900</b>
General Fund Capital Reserve	-	20,200	-	<b>20,200</b>
Grants - Assembly Rooms (HLF)	579,090	-	-	<b>579,090</b>
Grants - Mercian Trail (HLF)	470,250	-	-	<b>470,250</b>
Grants - Assembly Rooms (SLGF)	1,961,810	798,260	-	<b>2,760,070</b>
Grants - Gateways (SLGF)	390,000	200,000	210,000	<b>800,000</b>
Grants - SCC (Assembly Rooms / Gateways)	40,000	-	-	<b>40,000</b>
Public Contributions (Assembly Rooms)	25,000	25,000	-	<b>50,000</b>
Other Contributions	10,000	-	-	<b>10,000</b>
<b>Unsupported Borrowing</b>	<b>-</b>	<b>955,830</b>	<b>229,040</b>	<b>1,184,870</b>
<b>Total</b>	<b>4,535,350</b>	<b>2,641,390</b>	<b>837,140</b>	<b>8,013,880</b>

## Appendix J

## Housing Capital Programme 2016/17 – 2020/21

<u>Housing Revenue Account</u> <u>Capital Programme</u>	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	TOTAL £
Structural Works	100,000	100,000	100,000	100,000	100,000	<b>500,000</b>
Bathroom Renewals	774,250	795,540	817,420	839,900	850,000	<b>4,077,110</b>
Gas Central Heating Upgrades and Renewals	536,250	514,000	420,000	550,000	460,000	<b>2,480,250</b>
Kitchen Renewals	919,430	944,710	970,690	997,380	900,000	<b>4,732,210</b>
High Rise Lift Renewal	342,460	349,990	-	-	-	<b>692,450</b>
Fire Upgrades to Flats	265,460	-	-	-	-	<b>265,460</b>
Energy Efficiency Improvements	50,000	50,000	-	-	-	<b>100,000</b>
Major Roofing Overhaul and Renewals	156,770	161,080	165,510	170,060	174,310	<b>827,730</b>
Window and Door Renewals	250,000	250,000	250,000	250,000	250,000	<b>1,250,000</b>
Works to High Rise Flats	525,000	525,000	525,000	-	-	<b>1,575,000</b>
Disabled Facilities Adaptations	307,500	315,960	324,650	333,580	341,920	<b>1,623,610</b>
Capital Salaries	169,310	173,040	176,840	180,730	180,000	<b>879,920</b>
CDM Fees	10,170	5,000	5,000	5,000	5,000	<b>30,170</b>
Regeneration Schemes						
Tinkers Green	2,162,050	6,640,000	1,634,000	-	-	<b>10,436,050</b>
Kerria	848,150	1,810,640	3,805,250	-	-	<b>6,464,040</b>
Redevelopment of Garage sites	1,600,000	3,000,000	3,000,000	3,000,000	3,000,000	<b>13,600,000</b>
Other acquisitions	1,000,000	500,000	500,000	500,000	500,000	<b>3,000,000</b>
Neighbourhood Regeneration	200,000	-	-	-	-	<b>200,000</b>
<b>Total HRA Capital</b>	<b>10,216,800</b>	<b>16,134,960</b>	<b>12,694,360</b>	<b>6,926,650</b>	<b>6,761,230</b>	<b>52,734,000</b>
<b><u>Proposed Financing:</u></b>						
Major Repairs Reserve	4,406,600	4,184,320	4,855,110	3,426,650	3,256,230	<b>20,128,910</b>
HRA Capital Receipts	868,200	250,000	955,000	1,000,000	1,500,000	<b>4,573,200</b>
Regeneration Revenue Reserves	679,000	5,008,640	3,516,300	1,300,000	1,355,000	<b>11,858,940</b>
Capital Receipts from Add Council House Sales	780,000	650,000	450,000	300,000	300,000	<b>2,480,000</b>
Regeneration Reserve	1,241,000	1,070,000	2,917,950	900,000	350,000	<b>6,478,950</b>
Unsupported Borrowing	2,242,000	4,972,000	-	-	-	<b>7,214,000</b>
<b>Total</b>	<b>10,216,800</b>	<b>16,134,960</b>	<b>12,694,360</b>	<b>6,926,650</b>	<b>6,761,230</b>	<b>52,734,000</b>

## Main Assumptions

Inflationary Factors	2016/17	2017/18	2018/19	2019/20	2020/21
Inflation Rate - Pay Awards	1.00%	1.00%	1.00%	1.00%	2.00%
National Insurance	10.50%	10.50%	10.50%	10.50%	10.50%
Superannuation	16.50%	16.50%	16.50%	16.50%	16.50%
Inflation Rate (RPI)	2.00%	2.50%	2.50%	2.75%	2.75%
Inflation Rate (CPI)	1.53%	1.93%	2.00%	2.00%	2.00%
Investment Rates	1.25%	1.75%	2.00%	2.75%	3.00%
Base Interest Rates	0.75%	1.25%	1.75%	2.00%	2.00%

1. Pay award – it has been assumed that public sector pay will be capped at 1% for 4 years from 2016/17, in line with announcement in the Summer Budget 2015, 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. Revised estimates for rent allowance / rent rebate subsidy levels have been included;
4. Changes to the level of recharges between funds has been included;
5. A reduction in Revenue Support Grant levels to zero by 2020 following the Chancellor's Summer Budget in July 2015 (which indicated further £18bn cuts to public service spending by 2019/20). The outcome from the Comprehensive Spending Review was published on 25<sup>th</sup> November 2015 with the impact for the Council confirmed by DCLG as part of the *Local Government Finance Settlement* provisional announcement in December 2015.
6. Continuation of the New Homes Bonus scheme – including additional receipts from new developments (including Anker Valley and the Former Golf Course Site);
7. Increased investment income returns due to higher balances including the anticipated capital receipt from the sale of the Former Golf Course;
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. Annual year-on-year pension cost increases of c.2% via the pension lump sum element for past liabilities have been included (for 3 years following SCC triennial review in 2013).
10. Reduction in rent levels by 1% due to the Summer Budget announcement & current indications that sales of council houses will be approximately 50 per annum.

**Sensitivity Analysis (3 years)**

	Risk	Potential Budgetary Effect		
		2016/17 £'000	2017/18 £'000	2018/19 £'000
<b>Pay Award / National Insurance (GF)</b>				
Impact +/- 0.5% Variance £'000	L	43	87	132
Budget Impact over 1 year	L	43		
Budget Impact over 3 years	M	262		
<b>Pay Award / National Insurance (HRA)</b>				
Impact +/- 0.5% Variance £'000	L	13	27	41
Budget Impact over 1 years	L	13		
Budget Impact over 3 years	L	81		
Subject to negotiation for Local Government pay (including any protection for low paid employees)				
<b>Pension Costs</b>				
Impact +/- 0.5% Variance £'000	L	0	58	116
Budget Impact over 1 year	L	0		
Budget Impact over 3 years	L	174		
3 year agreement in place from 2014/15 - subject to stock market & membership changes				
<b>Council Tax</b>				
Impact on Council Tax income £'000		33	51	70
Budget Impact over 1 year	L	33		
Budget Impact over 3 years	L	154		
<b>Inflation / CPI</b>				
Impact +/- 0.5% Variance £'000	L	46	94	143
Budget Impact over 1 year	L	46		
Budget Impact over 3 years	M	283		
<b>Government Grant</b>				
Impact +/- 1.0% Variance £'000	L	39	72	99
Budget Impact over 1 year	L	39		
Budget Impact over 3 years	M	210		
<b>Investment Interest</b>				
Impact +/- 0.5% Variance £'000	L	145	315	511
Budget Impact over 1 year	L	145		
Budget Impact over 3 years	H	971		
<b>Key Income Streams (GF)</b>				
Impact +/- 0.5% Variance £'000	L	6	12	20
Budget Impact over 1 year	L	6		
Budget Impact over 3 years	L	38		

	Risk	Potential Budgetary Effect		
		2016/17 £'000	2017/18 £'000	2018/19 £'000
<b>Key Income Streams (HRA)</b>				
Impact +/- 0.5% Variance £'000	L	88	177	265
Budget Impact over 1 years	L	88		
Budget Impact over 3 years	H	530		
<b>New Homes Bonus</b>				
Impact +/- 10% Variance £'000	L	65	129	191
Budget Impact over 1 year	L	65		
Budget Impact over 3 years	M	385		
<b>Business Rates</b>				
Impact +/- 10% Variance £'000	L	67	134	201
Budget Impact over 1 year	L	67		
Budget Impact over 3 years	M	402		

**Contingencies****Contingencies 2016/17 - 2020/21**

<b>Revenue</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Specific Earmarked &	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>General</b>					
<b>General Fund</b>					
<b><i>Specific Contingencies</i></b>					
Vacancy Allowance	50	50	50		
Waste Management	50	50	50		
<b><i>General Contingency</i></b>	<b>100</b>	<b>-</b>	<b>42</b>		
<b>Total General Fund Revenue</b>	<b>200</b>	<b>100</b>	<b>142</b>		
<b>Housing Revenue Account</b>					
<b><i>HRA - General Contingency</i></b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Total HRA Revenue</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

\* The 2015/16 Capital Contingency budget of £50k for both GF & HRA is to be reprofiled to 2016/17.