

COUNCIL

26th February 2013

Report of the Leader of the Council and Cabinet

CORPORATE VISION, PRIORITIES PLAN, BUDGET & MEDIUM TERM FINANCIAL STRATEGY 2013/14

Purpose

- To approve the Single Corporate Vision & Strategic Priorities for 2013/14 (**attached at Appendix A**).

- To approve the recommended package of budget proposals (**attached at Appendix B**) to enable the Council to agree the:
 - General Fund Revenue Budget and Council Tax for 2013/14;
 - Housing Revenue Account (HRA) Budget for 2013/14;
 - Three Year General Fund Capital Programme (2013/15);
 - Five Year HRA Capital Programme (2013/18);
 - Three Year Medium Term Financial Strategy (MTFS) for the General Fund (GF) (2013/15); and
 - Five Year Medium Term Financial Strategy (MTFS) for the HRA (2013/18).

- To comply with the requirement of the Council's Treasury Management Policy in reporting to Council the proposed strategy for the forthcoming year and the Local Government Act 2003 with the reporting of the Prudential Indicators (**attached at Appendix N**).

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

Recommendations

That Council approve:

1. the Single Corporate Vision & Strategic Priorities for 2013/14 (Appendix A);
2. the proposed revisions to Service Revenue Budgets (Appendix C);
3. the sum of £10,505 be applied from Collection Fund surpluses in reducing the Council Tax demand in 2013/14 (Appendix E);
4. it be noted that on 13th December 2012, the Council calculated the Council Tax Base 2013/14 for the whole Council area as 20,199 [Item T in the formula in Section 31B(3) of the Local Government Finance Act 1992, as amended (the "Act")];
5. calculate that the Council Tax requirement for the Council's own purposes for 2013/14 is £3,080,349 (Appendix E);
6. the following amounts as calculated for the year 2013/14 in accordance with Sections 31 to 36 of the Act:
 - a. £54,445,138 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. £51,364,789 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. £3,080,349 being the amount by which the aggregate at 6(a) above exceeds the aggregate at 6(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year (Item R in the formula in Section 31A(4) of the Act);
 - d. £152.50 being the amount at 6(c) above (Item R), all divided by Item T (at 4 above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year;
7. the Council Tax level for Tamworth Borough Council for 2013/14 of £152.50 (an increase of £2.95 (1.97%) on the 2012/13 level) at Band D;
8. an aggregate Council Tax (comprising the respective demands of Tamworth Borough Council, Staffordshire County Council, Office of the Police and Crime Commissioner Staffordshire and Stoke-on-Trent and Staffordshire Fire and Rescue Authority) of £1,425.00 at Band D for 2013/14 be noted (Appendix H);
9. the Council Tax levels at each band for 2013/14 (Appendix H);
10. the sum of £756,300 be transferred from General Fund Revenue Balances in 2013/14 (Appendix E);
11. the Summary General Fund Revenue Budget for 2013/14 (Appendix E);

- 12. the Provisional Budgets for 2014/15 to 2015/16, summarised at Appendix G, as the basis for future planning;**
- 13. the minimum level for balances of £500k to be held for each of the General Fund, Housing Revenue Account, General Capital Fund & Housing Capital Fund;**
- 14. Cabinet be authorised to release funding from the General Contingency budget and that the release of funding for Specific Contingency items be delegated to the Corporate Management Team in consultation with the Leader of the Council;**
- 15. the proposed HRA Expenditure level of £13,993,100 for 2013/14 (Appendix D);**
- 16. rents for Council House Tenants in 2013/14 be increased by an average of £3.06 per week (3.8%) to £82.70, in line with the Government's Rent Restructuring rules;**
- 17. rents for Council House Tenants due for 53 weeks in 2013/14 be collected over 49 weeks;**
- 18. the HRA deficit of £598,620 be financed through a transfer from Housing Revenue Account Balances in 2013/14 (Appendix D);**
- 19. the proposed 3 year General Fund Capital Programme as detailed in Appendix I to the report;**
- 20. the proposed 5 year Housing Capital Programme as detailed in Appendix J to the report;**
- 21. 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;**
- 22. the Treasury Management Strategy Statement, the Treasury Management Policy Statement, Minimum Revenue Provision Strategy and Annual Investment Statement 2013/14 (as detailed at Appendix N);**
- 23. the Prudential and Treasury Indicators and Limits for 2013/14 to 2015/16 contained within Appendix N;**
- 24. the adoption of the Treasury Management Practices contained within ANNEX 7; and**
- 25. the detailed criteria of the Investment Strategy 2013/14 contained in the Treasury Management Strategy within ANNEX 3.**

Executive Summary

Long before the Comprehensive Spending Review and public sector spending cuts, Tamworth Borough Council has been proactive in the design and implementation of innovative and effective measures for driving efficiency.

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 a full suite of high quality public services.

Clearly, this has not been achieved in isolation. The principle of “collaboration” runs through the core of all we do. Whether this be internal; across services, directorates or even in respect of member and officer relations, there is strong collaboration, Tamworth is known for its successes in ‘partnership’ working. These span a broad range that include a nationally recognised, co-located multi-agency Community Safety Hub; an award winning Waste Management & Recycling arrangement; an Education & Skills Board, a local Health & Well-being Board and over £500k worth of services commissioned from Third Sector partners.

However, working on the premise that “nothing ever stays the same”, the Executive Board, a non-decision making forum of Cabinet members and Chief Officers have formed a working group with the intention of developing a ‘high level’ plan designed to tackle the forecast deficit long before it becomes a reality.

This budget report incorporates the Single Corporate Vision & Strategic Priorities of the Authority which are reflected within the Budget 2013/14 & Medium Term Financial Strategies (both Revenue & Capital). The Single Corporate Vision & Corporate Priorities are clear and accessible by stating what we aim to achieve, how we will do it and the resources we will use to support these aims.

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

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

All that said, it is pleasing to note that the MTFS will be able to sustain the commitment made in 2011/2012 **“to protect front line services”**.

In order to sustain this commitment further and to ensure that those most vulnerable in our communities are supported and/or protected, further consideration and reviews of non-essential services will be necessary. This will form part of the Sustainability Strategy and Corporate Change Programme referred to elsewhere in this report.

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

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

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

The headline figures for 2013/14 are:

- A General Services net revenue budget requirement of £8,204,480 an increase of 0.9%;
- A transfer of £756,300 from General Fund (GF) balances;
- A transfer of £598,620 from Housing Revenue Account (HRA) balances;
- The Band D Council Tax would be set at £152.50, an increase of £2.95 (1.97%) on the level from 2012/13 of £149.55;
- An average rent of £82.70 which represents an increase of £3.06 (3.8% on the current average rent of £79.64) in line with the Government's Rent Restructuring rules (based on a 49 week rent year), equating to £76.46 on an annualised 52 week basis;
- A General Fund Capital Programme of £3.7m (for 3 years);
- A Housing Capital Programme of £55.2m (including c. £21m relating to the Regeneration Projects) for 5 years.

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

As raised at the Executive Management Team Away Day, there are a number of key challenges affecting the medium term financial planning process (as detailed within the report), which add a high level of uncertainty to budget projections.

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

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

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

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

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

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

The Treasury Management Strategy Statement & report attached at **Appendix N** outlines the Council's Prudential Indicators for 2013/14 to 2015/16 and sets out the expected Treasury operations for this period.

The main issues for Members to note are:

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

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

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

Resource Implications

A summary table of all the budget proposals is shown at the end of the report. The General Services Summary Revenue Budget for 2013/14, appears at **Appendix E**. A summary of the resulting budgets over the 3 year period appears at **Appendix G**. Closing balances over 3 years for the General Fund (GF) are estimated at £0.5m, the minimum approved level. The draft Budget and Medium Term Financial Strategy is based on a council tax increase of 1.97% for 2013/14 (the maximum permitted under the Government set limits to avoid a referendum is 2.0%) followed by increases at 2.5% p.a. thereafter & in line with statutory requirements.

The Summary HRA Revenue Budget for 2013/14 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 the minimum approved level of £0.5m.

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

The Council's uncommitted Housing Capital Resources will effectively be reduced to £0.5m (the approved minimum level) plus £1.5m remaining within the Regeneration Reserve (for future redevelopment schemes) assuming that the planned savings are realised to release the additional revenue contributions to capital spending.

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

Legal / Risk Implications

The Council's constitution requires Cabinet publish initial proposals for the budget, having first canvassed the views of local stakeholders as appropriate - budget proposals were considered at the Joint Scrutiny Committee (Budget) meeting on 22nd January 2013. In line with the constitution a Joint Scrutiny Budget Workshop was held on 4th December 2012.

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

Proposed amendments to the 2012/13 base budget, approved by Council on 28th February 2012, 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 admin.); Confirmed for 2013/14 & provisionally received for 2014/15; (High) | Sensitivity modelling undertaken to assess the potential impact in the estimation of future grant levels; (Medium / High) |
| 2 | New Homes Bonus grant levels lower than estimated; (High/Medium) | Future levels included on a risk based approach in order to offset further grant reductions / uncertainty over additional property numbers; (Medium) |
| 3 | Potential 'capping' of council tax increases by the Government or local Council tax Veto / referendum; (Medium) | Council tax models for consideration are included within this report – current indications are that increases above 2% risk 'capping' (confirmed as 2% for 2012/13); (Low) |
| 4 | A 3 year GF MTFs has been prepared due to significant uncertainties in future years' forecasts. Future years' finances are expected to reduce under the Government's austerity agenda with uncertainty over future economic conditions which could put further pressures on resourcing spend; (High) | In order to ensure sufficient resources will be available to deliver the Council's objectives in the longer term an ongoing Corporate Change Programme is in place and ongoing. A robust & critical review of savings proposals will be required / undertaken before inclusion within the forecast; (High/Medium) |
| 5 | Pay awards greater than forecast; (Medium) | Forecast assumes a 1% increase for 2 years, in line with Government announcements, with 2% p.a. increases thereafter; (Medium / Low) |
| 6 | Pension costs higher than planned; (Medium) | Increases of 0.5% pa have been included with agreement made with Pension Fund following triennial review (due 2013 for 2014/15) for next 3 years; (Medium) |
| 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; (High) | Robust estimates included to arrive at collection target as detailed in Cabinet report 30 th January 2013. Ongoing proactive monitoring will be in place during 2013/14; Potential mitigation regulations expected; (High / Medium) |
| 8 | Council tax support scheme implementation – potential yield changes and maintenance of collection levels; (High) | Robust estimates included. Ongoing proactive management & monitoring will be in place during 2013/14; (High / Medium) |
| 9 | Achievement of income streams in line with targets e.g. treasury, car parking, planning etc; (High/Medium) | Robust estimates using a zero based budgeting approach have been included; (Medium) |
| 10 | Delivery of capital programme dependent on funding through capital receipts and grants; (High/Medium) | Robust monitoring and evaluation – should funds not be available then schemes would not progress. (Medium) |

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

Report Author:

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

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| Background Papers:- | Budget & Medium Term Financial Strategy 2012/13 – 2015/16, Council 28th February 2012 |
| | Budget and Medium Term Financial Planning Process, Cabinet 26th September 2012 |
| | Budget Consultation Report, Cabinet 17th October 2012 |
| | Draft Base Budget Forecasts 2013/14 to 2017/18, Cabinet 28th November 2012 |
| | Treasury Management Strategy Statement & Annual Investment Strategy Mid-year Review Report 2012/13, Council 13th December 2012 |
| | Draft Budget and Medium Term Financial Strategy 2013/14 to 2017/18, Cabinet 9th January 2013 |
| | Business Rates Income Forecast (NDR1 return), Cabinet 30th January 2013 |
| | Treasury Management Practices 2012/13 (Operational Detail) |

Summary of Appendices

| Description | Appendix |
|---|-----------------|
| Single 'Vision' for Tamworth | A |
| Detailed Considerations | B |
| Policy Changes | C |
| HRA Budget Summary 2012/13 – 2017/18 | D |
| General Fund Summary Revenue Budget 2013/14 | E |
| General Fund Technical Adjustments 2013/14 (before policy changes) | F1 |
| HRA Technical Adjustments 2013/14 (before policy changes) | F2 |
| General Fund 3 Year Revenue Budget Summary | G |
| Council Tax Levels at Each Band 2013/14 | H |
| General Fund Capital Programme 2013/14 – 2015/16 | I |
| Housing Capital Programme 2013/14 – 2017/18 | J |
| Main Assumptions | K |
| Sensitivity Analysis | L |
| Contingencies | M |
| Treasury Management Strategy Statement, Treasury Management Policy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Statement 2013/14 | N |

A SINGLE 'VISION' FOR TAMWORTH

“One Tamworth, Perfectly Placed” (the People) (the Place)

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

Strategic Priority 1

To Aspire and Prosper in Tamworth

Primary Outcome

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

To achieve this, we will:

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

Strategic Priority 2

To be healthier and safer in Tamworth

Primary Outcome

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

To achieve this, we will:

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

Detailed Considerations

Introduction

The Council's approach to medium term planning aims to integrate the Council's service and financial planning processes. In accordance with that approach this report contains firm proposals for 2013/14 and provisional proposals for the following years.

It is intended that all aspects of the budget should be agreed by Members and so this report details each amendment which is proposed to the 2012/13 budget to arrive at the starting point for 2013/14. The report deals in turn with each of the key elements and towards the end of each section is a summary table. Each of these tables is brought together in the summary and conclusions section at the end of the report.

The Council's MTFS used as the basis for the 2013/14 budget, aimed both to deal with a challenging financial position and to find resources to address the Council's corporate priorities. The approved package was based upon:

- The need to compensate for reduced income levels arising from the unprecedented economic / world events which have led to the economic downturn / recession;
- Injecting additional resources into corporate priorities;
- Increasing income from council tax and fees and charges;
- Reducing existing services to make way for new ones;
- Making other savings and efficiencies.

Financial Background

The medium term financial planning process is being challenged by the unprecedented economic / world events which have led to the economic downturn / recession.

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

As raised at the Executive Management Team Away Day, there are a number of key challenges affecting the medium term financial planning process, which add a high level of uncertainty to budget projections:

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

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

Material Legislative Changes Impacting on the MTFS - Methodology

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

In order to assist in the estimate of the impact on the MTFS, a number of models have been assessed (using external advisors) to arrive at a prudent projection – as detailed within the report. Should, however, the actual figures be better than forecast, the Council's financial position will be improved.

Uncertainties include the assessment of the Non-domestic rate income & future New Homes Bonus levels and continued funding.

At the same time, with effect from 1 April 2013, Support for Council Tax (Council Tax Benefit) will be localised, together with a national reduction of 10% in Grant Funding. The impact of the localisation of the support for council tax benefit has been included within the MTFS with the required 10% saving delivered through changes in the benefits system (and mitigated by the fact that preceptors will pay their share). Government grants will be paid to billing and major Precepting Authorities. The scheme has reduced each authority's Council Tax Requirement. This will be subject to ongoing review. Any net shortfall will be met by the appropriate Authority with the Council's share met by the General Fund.

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

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

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

| Effect of x% movement: | % + / - | Impact over 1 year +/- £'000 | Impact over 3 years +/- £'000 | Risk |
|-------------------------------------|---------------|---------------------------------------|--|------|
| Pay Award / National Insurance (GF) | 0.5 | 43 | 261 | M |
| Pension Costs | 0.5 | - | 169 | M |
| Council Tax | 0.5 | 15 | 91 | M |
| Inflation / CPI | 0.5 | 39 | 237 | M |
| Government Grant | 0.5 | 28 | 146 | H |
| Investment Interest | 0.5 | 100 | 552 | H/M |
| Key Income Streams | 0.5 | 26 | 156 | H/M |
| New Homes Bonus | 10 | 37 | 243 | H/M |
| Total | | 288 | 1,855 | |

GENERAL FUND

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

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

The Council's actual reduction in combined Revenue Support Grant / assessed Business Rates baseline funding need is 4.8% for 2013/14 (which means that Government support will decrease by £0.25m over last year) with a further Reduction of 12.6% (£0.6m) in 2014/15 (after adjusting grant levels to include 'rolled in' grants i.e. local support for council tax, homelessness, council tax freeze).

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

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

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

| External Finance | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 |
|-------------------------------------|--------------------------|--------------------------|--------------------------|
| Business Rates Baseline | 2,043 | 2,106 | 2,127 |
| Revenue Support Grant | 3,071 | 2,362 | 1,956 |
| Total Funding Assessment | 5,114 | 4,468 | 4,083 |
| % Change Increase/(Decrease) | (4.8)% | (12.6)% | (8.6)% |

Technical Adjustments

Revisions have been made to the 2012/13 base budget in order to produce an adjusted base for 2013/14 and forecast base for 2014/15 onwards. These changes, known as technical adjustments have been calculated to take account of:

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

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

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

| Technical Adjustments | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 |
|---|--------------------------|--------------------------|--------------------------|
| Base Budget B/Fwd | 8,898 | 8,957 | 8,917 |
| Committee Decisions | (220) | (209) | 30 |
| Inflation | 23 | 28 | 42 |
| Other | 182 | 43 | (48) |
| Pay Adjustments (Including pay award / reduction of 5% for vacancy allowance) | 145 | 98 | 230 |
| Revised charges for non-general fund activities | (71) | - | - |
| Total / Revised Base Budget | 8,957 | 8,917 | 9,171 |

* () denotes saving in base budget

Policy Changes

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

| DIRECTORATE | Sheet No. | Budget Changes 13/14 £'000 | Budget Changes 14/15 £'000 | Budget Changes 15/16 £'000 |
|--|------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Chief Executive | 1 | (20.0) | - | - |
| Executive Director Corporate Services | | - | - | - |
| Director of Finance | 2 | (96.2) | 101.9 | (109.4) |
| Director of Technology & Corporate Programmes | | - | - | - |
| Solicitor to the Council | 3 | (72.0) | - | - |
| Director of Transformation & Corporate Performance | | - | - | - |
| Director of Communities, Planning & Partnerships | 4 | 78.7 | (33.3) | 1.7 |
| Director of Housing & Health | 5 | 162.0 | - | (162.0) |
| Director of Assets & Environment | 6 | (75.0) | - | - |
| Total | | (22.5) | 68.6 | (269.7) |
| Cumulative Cost / (Saving) | | (22.5) | 46.1 | (223.6) |

Capping / Local Referendum

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

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

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

Should Council Tax be frozen at the 2012/13 level for 2013/14 then this would reduce income by c.£60k p.a. – £180k over the 3 year period. This would be offset by grant income receivable over 2 years of c. £70k.

Consideration of the likely level of Council Tax increases over the 3 year period is needed to avoid the potential costs of holding a referendum and to ensure that balances are maintained at the minimum approved level of £500k. The indications are that a potential threshold will be 2.5% in future years - the impact of a 2.5% p.a. increase (with a 1.97% increase in 2013/14) is outlined below.

Council Tax

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

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

The Council's provision for collection losses for 2013/14 has been approved at 2.1% (a reduction of 0.6% on the 1.5% for 2012/13). In order to meet the on-going expenditure requirements the Council will have to increase the underlying income base.

A 1% change in Band D Council Tax equates to approximately £30k per annum. Each £1 increase in the Band D Council Tax would raise approximately £20k per annum. **A Council Tax increase in 2013/14 of £2.95 (1.97%) is proposed (with a minimum increase in line with inflation of 2.5% per annum thereafter).**

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

| Year: | 2013/14 | 2014/15 | 2015/16 |
|--|----------------|----------------|----------------|
| Forecast: | £000's | £000's | £000's |
| Net Expenditure | 8,961 | 8,988 | 8,971 |
| Surplus / (Deficit) | (757) | (1,347) | (1,618) |
| Balances Remaining /Overdrawn (-) | 3,465 | 2,118 | 500 |
| £ Increase | 2.95 | 3.85 | 3.95 |
| % Increase | 1.97% | 2.5% | 2.5% |
| Note: Resultant Band D Council Tax | 152.50 | 156.35 | 160.30 |

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

Also available to the Council to support expenditure otherwise funded from Council Tax are surpluses arising from the Council's share of surpluses within the Council Tax Collection Fund. It is proposed that all available surpluses be used, as shown in the table below (and that the relevant sums be made available to the other precepting authorities – the County Council, Fire & Rescue and Office of the Police and Crime Commissioner Staffordshire).

| Council Tax | 2013/14 | 2014/15 | 2015/16 |
|-------------------------|----------------|----------------|----------------|
| | £'000 | £'000 | £'000 |
| Council Tax Income | 3,080 | 3,173 | 3,270 |
| Collection Fund Surplus | 10 | - | - |

The County Council, Police Authority and Fire & Rescue Authority are due to finalise their budgets for 2013/14 during February 2013.

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

Balances

At the Council meeting on 29th February 2000 Members approved a minimum working level of balances of £500k. At 31st March 2013 General Fund Revenue Balances are estimated to be £4.2m, compared with £3.4m 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 2013/14, appears at **Appendix E**. A summary of the resulting budgets over the 3 year period appears at **Appendix G**.

| Financial Summary | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 |
|--|--------------------------|--------------------------|--------------------------|
| Base Budget | 8,957 | 8,917 | 9,171 |
| Proposed Policy Changes | (23) | 46 | (224) |
| Final Recharge & Inflationary Adjustments (following Policy Changes inclusion) | 27 | 25 | 24 |
| Net Expenditure | 8,961 | 8,988 | 8,971 |

Financing:

| | | | |
|----------------------------------|--------------|--------------|--------------|
| Business Rates Baseline | 2,043 | 2,106 | 2,127 |
| Revenue Support Grant | 3,071 | 2,362 | 1,956 |
| Council Tax Income | 3,080 | 3,173 | 3,270 |
| Collection Fund Surplus | 10 | - | - |
| Gross Financing | 8,204 | 7,641 | 7,353 |
| (Surplus) / Deficit | 757 | 1,347 | 1,618 |
| Balances Remaining / (Overdrawn) | 3,465 | 2,118 | 500 |

HOUSING REVENUE ACCOUNT

Technical Adjustments

The 2012/13 approved budget has been used as a base to which amendments have been made reflecting the impact of technical adjustments. The impact of the policy led changes, will be added to this figure to produce the HRA budget for 2013/14.

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

| Technical Adjustments | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 | 2016/17 £'000 | 2017/18 £'000 |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Base Budget B/Fwd | 1,120 | 498 | 342 | 1,650 | (521) |
| Committee Decisions | (833) | (355) | 1,133 | (2,312) | - |
| Inflation | 115 | 133 | 155 | 159 | 163 |
| Other | 80 | 22 | (45) | (80) | (706) |
| Pay Adjustments (Including pay award / reduction of 5% for vacancy allowance) | 31 | 44 | 65 | 62 | 60 |
| Revised charges for non-HRA activities | (15) | - | - | - | - |
| Virements | - | - | - | - | - |
| Total / Revised Base Budget | 498 | 342 | 1,650 | (521) | (1,004) |

Revisions have been made to the 2012/13 base budget in order to produce an adjusted base for 2013/14 and forecast base for 2014/15 onwards. These changes, known as technical adjustments, are largely beyond the control of the Council and have been calculated to take account of:

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

and are summarised in **Appendix F2**.

Proposals

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

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

| Financial Summary | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 | 2016/17 £'000 | 2017/18 £'000 |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Net Surplus / (Deficit) | (498) | (342) | (1,650) | 521 | 1,004 |
| Policy Changes | (77) | (422) | (822) | (922) | (1,022) |
| Final Recharge & Inflationary Adjustments (following Policy Changes inclusion) | (24) | (14) | (4) | 6 | 17 |
| Surplus / (Deficit) | (599) | (778) | (2,476) | (395) | (1) |
| Balances Remaining / (Overdrawn) | 4,175 | 3,397 | 921 | 526 | 525 |

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

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

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

Rent Restructuring

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

On 25th February 2003 the Council received a report detailing the implications of the rent restructure framework. This framework removes the flexibility to independently set rent levels from Social Landlords and replaces this with a fixed formula based on the value of the property and local incomes. It is the aim of the framework to ensure that by a pre-set date all social landlord rents have reached a 'target rent' for each property that will reflect the quality of accommodation and levels of local earnings. In achieving this target rent councils are annually set a "limit rent" which restricts the level of rent increase in any one year.

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

In addition it should be noted that 2013/14 will be a 53 week rent year (as 1st April 2013 is a Monday – when rents become due) – approval is sought to collect the rent due over 49 weeks rather than the standard 48 weeks.

Balances

The forecast level of balances at 31st March 2013 is £4.77m. The impact on balances of the adjustments outlined in this report would be as follows:

| Summary | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 | 2016/17 £'000 | 2017/18 £'000 |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Proposed (Withdrawal from) / Addition to Balances | (599) | (778) | (2,476) | (395) | (1) |
| Balances Remaining / (Overdrawn) | 4,175 | 3,397 | 921 | 526 | 525 |

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

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

CAPITAL PROGRAMME

Following a review of the four year Capital Programme approved by Council on 28th February 2012, 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 £3.7m (excluding the £0.5m approved minimum balance) will be available during the period to 2015/16 for future capital spending (including the useable capital receipts generated from the sale of council housing).

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

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

Details of the proposed capital programme are shown in **Appendix I**.

The proposed programme includes a contribution from sale of council house receipts of £0.5m over the 3 years.

Housing

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

Revisions are included to reflect the approval of the Regeneration Projects (c.£21m) and the efficiencies arising from the new repairs and investment contract in 2013/14 only (prior to stock condition survey results to inform the 2014/15 programme review).

It is estimated that approximately £55.2m (excluding the £0.5m approved minimum balance) will be needed during the period to 2017/18 for future capital spending (including revenue contributions from the HRA of £19.7m & additional borrowing of £11.3m – the 'headroom' in line with the HRA Government debt cap).

Policy Changes Summary

| DIRECTORATE | Sheet No. | Budget Changes 13/14 £'000 | Budget Changes 14/15 £'000 | Budget Changes 15/16 £'000 |
|--|------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Chief Executive | 1 | (20.0) | - | - |
| Executive Director Corporate Services | | - | - | - |
| Director of Finance | 2 | (96.2) | 101.9 | (109.4) |
| Director of Technology & Corporate Programmes | | - | - | - |
| Solicitor to the Council | 3 | (72.0) | - | - |
| Director of Transformation & Corporate Performance | | - | - | - |
| Director of Communities, Planning & Partnerships | 4 | 78.7 | (33.3) | 1.7 |
| Director of Housing & Health | 5 | 162.0 | - | (162.0) |
| Director of Assets & Environment | 6 | (75.0) | - | - |
| Total | | (22.5) | 68.6 | (269.7) |
| Cumulative Cost / (Saving) | | (22.5) | 46.1 | (223.6) |

| | Sheet No. | Budget Changes 13/14 £'000 | Budget Changes 14/15 £'000 | Budget Changes 15/16 £'000 | Budget Changes 16/17 £'000 | Budget Changes 17/18 £'000 |
|-----------------------------------|------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Housing Revenue Account | 7 | 77.0 | 345.0 | 400.0 | 100.0 | 100.0 |
| Total | | 77.0 | 345.0 | 400.0 | 100.0 | 100.0 |
| Cumulative Cost / (Saving) | | 77.0 | 422.0 | 822.0 | 922.0 | 1,022.0 |

Policy Changes Summary Staffing Implications

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

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

CHIEF EXECUTIVE

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

STAFFING IMPLICATIONS

| Item No | | BC Ref | Proposal/(Existing Budget) | Implications | 13/14 FTE | 14/15 FTE | 15/16 FTE |
|--------------|--|--------|----------------------------|--------------|--------------|--------------|--------------|
| | | | | | | | |
| TOTAL | | | | | - | - | - |

DIRECTOR OF FINANCE

| Item No | BC Ref | Proposal/(Existing Budget) | Implications | Budget Change | Budget Change | Budget Change |
|-------------------------------------|--------|---|--|----------------|----------------|----------------|
| | | | | 13/14 £'000 | 14/15 £'000 | 15/16 £'000 |
| DF 1 | CORP | Additional New Homes Bonus | Additional income expected following confirmation of year 3 scheme funding | (22.24) | (57.14) | (29.35) |
| DF2 | CORP | Corporate Finance - General Contingency | Increased contingency budget to allow for 'in year' decisions to be made by Cabinet & to provide for any potential further reductions in income as a result of the economic situation. | 185.0 | (100.0) | (80.0) |
| DF3 | CORP | Revenue Contribution to Capital | Revenue support for the financing of the Capital Programme | 50.0 | (50.0) | |
| DF4 | CORP | Contribution from Building Repairs Fund | Revenue support for the financing of the Capital Programme | (50.0) | 50.0 | |
| DF5 | CORP | Contribution from Repairs & Renewals Fund | Use of Revenue Reserves | (259.0) | 259.0 | |
| Total New Items / Amendments | | | | (96.2) | 101.9 | (109.4) |

STAFFING IMPLICATIONS

| Item No | BC Ref | Proposal/(Existing Budget) | Implications | 13/14 FTE | 14/15 FTE | 15/16 FTE |
|--------------|--------|----------------------------|--------------|--------------|--------------|--------------|
| | | | | | | |
| TOTAL | | | | - | - | - |

SOLICITOR TO THE COUNCIL

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

STAFFING IMPLICATIONS

| Item No | | BC Ref | Proposal/(Existing Budget) | Implications | 13/14 FTE | 14/15 FTE | 15/16 FTE |
|--------------|--|--------|----------------------------|--------------|--------------|--------------|--------------|
| | | | | | | | |
| TOTAL | | | | | - | - | - |

DIRECTOR COMMUNITIES, PLANNING & PARTNERSHIPS

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

STAFFING IMPLICATIONS

| Item No | | BC Ref | Proposal/(Existing Budget) | Implications | 13/14 FTE | 14/15 FTE | 15/16 FTE |
|--------------|--|--------|---|--------------|--------------|--------------|--------------|
| CPP2 | | | Project officer (for 3 years) that would be dedicated to managing the projects for growth | | 1.0 | | |
| TOTAL | | | | | 1.0 | - | - |

DIRECTOR HOUSING & HEALTH

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

STAFFING IMPLICATIONS

| Item No | | BC Ref | Proposal/(Existing Budget) | Implications | 13/14 | 14/15 | 15/16 |
|--------------|--|--------|----------------------------|--------------|----------|----------|----------|
| | | | | | FTE | FTE | FTE |
| | | | | | | | |
| TOTAL | | | | | - | - | - |

DIRECTOR ASSETS & ENVIRONMENTAL SERVICES

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

STAFFING IMPLICATIONS

| Item No | | BC Ref | Proposal/(Existing Budget) | Implications | 13/14 FTE | 14/15 FTE | 15/16 FTE |
|--------------|--|--------|----------------------------|--------------|--------------|--------------|--------------|
| | | | | | | | |
| TOTAL | | | | | - | - | - |

HOUSING REVENUE ACCOUNT

| Item No | BC Ref | Proposal/(Existing Budget) | Implications | Budget Change | Budget Change | Budget Change | Budget Change | Budget Change |
|-------------------------------------|--------|--|---|----------------|----------------|----------------|----------------|----------------|
| | | | | 13/14 £'000 | 14/15 £'000 | 15/16 £'000 | 16/17 £'000 | 17/18 £'000 |
| HRA1 | SAV | Potential savings from the responsive repairs contract arising from retendering & revised work practices | Budget saving | (500.0) | | | | |
| | CORP | Revenue Contribution to Capital Spend | It is considered that this saving should be used in capital schemes to support regeneration of deprived areas and allow acquisition of land / property | 500.0 | | | | |
| HRA2 | CORP | To increase funding to a 3rd Sector organisation from £5k to £10k p.a. | To ensure access to legal borrowing, saving thereby assisting financial inclusion | 5.0 | | | | |
| HRA3 | CORP | Funding to deal with the impact of Welfare Benefit Reform (WBR) to maintain rent collection levels | To allow: a) Applications to be made online through internet access at hubs (£15k); b) Increased collection costs (£46k); c) Use of smart readers for tenant visits (£10k) | 70.0 | | | | |
| HRA4 | OTHER | To ensure that the Council is able to maintain the same level of service for sheltered housing tenants that are affected by the proposed cuts in supporting people funding as well as the community alarm service element, which is sub contracted to WELbeing | It was highlighted to Members in April 2012 that a 20% cut in Supporting people grant funding was to be imposed with effect from April 2012 which equated to a £42K reduction of income. In addition to this there are now planned changes to the administration of the contract so that the grant funding is effectively capped (based on the average utilisation of the amount of funding available) which exposes the council to the risk of a further £8k loss of funding (total circa of £50k) | 50.0 | | | | |
| HRA5 | CORP | The increase is to fund additional capacity to cover policy development and implementation | Estimated costs to be built into the budget setting process are to cover: a) Welfare reform and cost benefit analysis of outsourcing direct debits b) Legal support and work around service charges c) Implementation of flexible tenancies d) Costs associated with external peer assessment and review in the context of localism e) Continued work with consultants on sheltered housing facilitation and procurement | 30.0 | | | | |
| HRA6 | CORP | General Contingency | Ensure contingency available to meet unplanned issues & current challenges introducing additional uncertainty- eg impact of WBR | 100.0 | | | | |
| HRA7 | CORP | Resulting impact from review of recharges - Chief Executive / Street Wardens / Democratic Services | Additional recharge to HRA from GF | 167.0 | | | | |
| HRA8 | STAT | Rent Income | Inclusion of 53 week rent year income | (345.0) | 345.0 | | | |
| HRA9 | CORP | Contribution to Reserve | To provide funds for future redevelopment schemes | | | 400.0 | 100.0 | 100.0 |
| Total New Items / Amendments | | | | 77.0 | 345.0 | 400.0 | 100.0 | 100.0 |

*No staffing implications arising from these proposals are reported

HOUSING REVENUE ACCOUNT BUDGET SUMMARY 2013/14

| | Base Budget 12/13 £ | Technical Adjustments £ | Policy Changes £ | Revised Budget 13/14 £ | Revised Budget 14/15 £ | Revised Budget 15/16 £ | Revised Budget 16/17 £ | Revised Budget 17/18 £ |
|--|---------------------------|-------------------------------|---------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Income | | | | | | | | |
| Dwelling Rents | (17,111,370) | (648,730) | (345,000) | (18,105,100) | (18,407,480) | (19,089,230) | (19,645,740) | (20,214,510) |
| Non-Dwelling Rents | (450,470) | 115,730 | - | (334,740) | (343,010) | (351,490) | (360,180) | (369,090) |
| Charges for Services & Facilities | (644,860) | 92,710 | 49,520 | (502,630) | (512,500) | (523,630) | (535,050) | (546,770) |
| Contributions Towards Expenditure | (747,290) | (94,130) | - | (841,420) | (841,640) | (841,900) | (842,160) | (842,430) |
| Subtotal | (18,953,990) | (534,420) | (295,480) | (19,783,890) | (20,104,630) | (20,806,250) | (21,383,130) | (21,972,800) |
| Expenditure | | | | | | | | |
| Repairs & Maintenance | 4,484,310 | 93,460 | (500,000) | 4,077,770 | 4,124,940 | 4,238,120 | 4,353,240 | 4,471,330 |
| Supervision & Management | 4,937,810 | (98,720) | 372,480 | 5,211,570 | 5,286,500 | 5,385,340 | 5,483,690 | 5,580,370 |
| Rents, Rates, Taxes & Other Charges | 37,700 | (4,770) | - | 32,930 | 33,360 | 33,870 | 34,380 | 34,900 |
| Increase in Provision for Bad Debts | 173,000 | - | - | 173,000 | 470,000 | 470,000 | 470,000 | 470,000 |
| Housing Subsidy Payable | - | - | - | - | - | - | - | - |
| Depreciation | 4,482,060 | - | - | 4,482,060 | 4,482,060 | 4,482,060 | 4,482,060 | 4,482,060 |
| Debt Management Costs | 15,650 | 120 | - | 15,770 | 16,230 | 17,690 | 17,820 | 17,230 |
| Subtotal | 14,130,530 | (9,910) | (127,520) | 13,993,100 | 14,413,090 | 14,627,080 | 14,841,190 | 15,055,890 |
| Net cost of HRA Services per Authority I&E | (4,823,460) | (544,330) | (423,000) | (5,790,790) | (5,691,540) | (6,179,170) | (6,541,940) | (6,916,910) |
| HRA share of Corporate & Democratic Core | 3,740 | (20) | - | 3,720 | 3,810 | 3,910 | 4,010 | 4,110 |
| HRA share of other amounts included in the whole authority Net Cost of Services but not allocated to specific services | 5,630 | (2,250) | - | 3,380 | 3,380 | 3,380 | 3,380 | 3,380 |
| Net Cost of HRA Services | (4,814,090) | (546,600) | (423,000) | (5,783,690) | (5,684,350) | (6,171,880) | (6,534,550) | (6,909,420) |
| Interest Payable & Similar Charges | 3,032,350 | (58,480) | - | 2,973,870 | 2,973,870 | 2,924,700 | 2,874,960 | 2,755,120 |
| Amortisation of Premiums | 2,560 | (2,560) | - | - | - | - | - | - |
| Interest & Investment Income | (58,080) | 5,290 | - | (52,790) | (51,700) | (50,640) | (49,610) | (48,610) |
| Surplus/ Deficit for the year | (1,837,260) | (602,350) | (423,000) | (2,862,610) | (2,762,180) | (3,297,820) | (3,709,200) | (4,202,910) |

Statement of Movement on the HRA Balance

| | | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| Surplus or Deficit for the year | (1,837,260) | (602,350) | (423,000) | (2,862,610) |
| Additional Items required to be taken into account: | | | | |
| Capital Expenditure funded by the HRA | 2,956,970 | 4,260 | 500,000 | 3,461,230 |
| Net transfer to/ (from) earmarked reserves | - | - | - | - |
| Transfer to/ (from) the Major Repairs Reserve | - | - | - | - |
| (Increase)/ Decrease in HRA Balances | 1,119,710 | (598,090) | 77,000 | 598,620 |
| | 778,210 | 2,476,420 | 395,130 | 1,420 |
| | (2,762,180) | (3,297,820) | (3,709,200) | (4,202,910) |
| | 3,540,390 | 2,828,240 | 2,879,330 | 2,879,330 |
| | - | 2,946,000 | 1,225,000 | 1,325,000 |
| | - | - | - | - |
| | 778,210 | 2,476,420 | 395,130 | 1,420 |

General Fund Summary Revenue Budget for 2013/14

| <i>Figures exclude internal recharges which have no bottom line impact.</i> | Base Budget 2012/13 £ | Technical Adjustments £ | Policy Changes £ | Budget 2013/14 £ |
|---|---------------------------------|-----------------------------------|----------------------------|----------------------------|
| Chief Executive | 183,070 | (3,460) | (20,000) | 159,610 |
| Executive Director Corporate Services | 194,500 | 115,710 | - | 310,210 |
| Director of Finance | (145,250) | (240,640) | (96,240) | (482,130) |
| Director of Technology & Corporate Programmes | 848,400 | 12,400 | - | 860,800 |
| Solicitor to the Council | 699,950 | (52,090) | (72,000) | 575,860 |
| Director of Transformation & Corporate Performance | 934,410 | 66,910 | - | 1,001,320 |
| Director of Communities, Planning & Partnerships | 2,274,370 | 58,610 | 78,700 | 2,411,680 |
| Director of Housing & Health | 853,660 | 19,800 | 162,000 | 1,035,460 |
| Director of Assets & Environment | 3,054,710 | 108,260 | (75,000) | 3,087,970 |
| Total Cost of Services | 8,897,820 | 85,500 | (22,540) | 8,960,780 |
| Transfer (to) / from Balances | 770,420 | | | 756,300 |
| Revenue Support Grant | - | | | 3,070,744 |
| Retained Business Rates | 4,604,958 | | | 12,199,200 |
| Less: Tariff payable | - | | | (10,156,318) |
| Collection Fund Surplus | 26,262 | | | 10,505 |
| Council Tax Requirement | 3,496,180 | | | 3,080,349 |

General Fund Technical Adjustments 2013/14

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

HRA Technical Adjustments 2013/14

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

General Fund 3 Year Revenue Budget Summary

| <i>Figures exclude internal recharges which have no bottom line impact.</i> | Base Budget 2012/13 £ | Budget 2013/14 £ | Budget 2014/15 £ | Budget 2015/16 £ |
|---|---------------------------------|----------------------------|----------------------------|----------------------------|
| Chief Executive | 183,070 | 159,610 | 163,390 | 169,030 |
| Executive Director Corporate Services | 194,500 | 310,210 | 317,840 | 331,940 |
| Director of Finance | (145,250) | (482,130) | (602,170) | (681,330) |
| Director of Technology & Corporate Programmes | 848,400 | 860,800 | 857,630 | 817,020 |
| Solicitor to the Council | 699,950 | 575,860 | 587,920 | 605,260 |
| Director of Transformation & Corporate Performance | 934,410 | 1,001,320 | 1,023,820 | 1,052,550 |
| Director of Communities, Planning & Partnerships | 2,274,370 | 2,411,680 | 2,464,190 | 2,513,610 |
| Director of Housing & Health | 853,660 | 1,035,460 | 1,040,740 | 886,460 |
| Director of Assets & Environment | 3,054,710 | 3,087,970 | 3,134,660 | 3,275,940 |
| Total Cost of Services | 8,897,820 | 8,960,780 | 8,988,020 | 8,970,480 |
| Transfer (to) / from Balances | 770,420 | 756,301 | 1,346,903 | 1,617,672 |
| Revenue Support Grant | - | 3,070,744 | 2,361,832 | 1,956,187 |
| Retained Business Rates | 4,604,958 | 12,199,200 | 12,617,328 | 13,006,359 |
| Less: Tariff payable | - | (10,156,318) | (10,511,789) | (10,879,702) |
| Collection Fund Surplus | 26,262 | 10,505 | - | - |
| Council Tax Requirement | 3,496,180 | 3,080,349 | 3,173,746 | 3,269,964 |

Appendix H

Council Tax levels at each band for 2013/14

| Authority: | Tamworth Council Tax 2012/13 £ | Tamworth Borough Council £ | Staffordshire County Council £ | Office of the Police & Crime Commissioner Staffordshire £ | Stoke on Trent and Staffordshire Fire and Rescue Authority £ | Total 2013/14 £ | Total Council Tax 2012/13 £ |
|-----------------------------------|-----------------------------------|-------------------------------|-----------------------------------|--|---|---------------------------|--------------------------------|
| Demand/Precept on Collection Fund | | 3,080,349 | 20,749,467 | 3,587,544 | 1,366,260 | 28,783,620 | |
| Council Tax Band | | | | | | | |
| A | 99.70 | 101.67 | 684.83 | 118.41 | 45.09 | 950.00 | 949.07 |
| B | 116.32 | 118.61 | 798.97 | 138.14 | 52.61 | 1,108.33 | 1,107.26 |
| C | 132.93 | 135.56 | 913.11 | 157.88 | 60.12 | 1,266.67 | 1,265.43 |
| D | 149.55 | 152.50 | 1,027.25 | 177.61 | 67.64 | 1,425.00 | 1,423.61 |
| E | 182.78 | 186.39 | 1,255.53 | 217.08 | 82.67 | 1,741.67 | 1,739.96 |
| F | 216.02 | 220.28 | 1,483.81 | 256.55 | 97.70 | 2,058.34 | 2,056.33 |
| G | 249.25 | 254.17 | 1,712.08 | 296.02 | 112.73 | 2,375.00 | 2,372.68 |
| H | 299.10 | 305.00 | 2,054.50 | 355.22 | 135.28 | 2,850.00 | 2,847.22 |

Proposed General Fund Capital Programme 2013/14 – 2015/16

| | 2013/14 £ | 2014/15 £ | 2015/16 £ | Total £ |
|--|----------------|------------------|----------------|------------------|
| <u>General Fund Capital Programme</u> | | | | |
| Technology Replacement | 70,000 | 70,000 | 70,000 | 210,000 |
| Corporate Change Programme | 30,000 | 10,000 | - | 40,000 |
| Subtotal | 100,000 | 80,000 | 70,000 | 250,000 |
| Private Sector Grants - Disabled Facilities Grants | 240,000 | 190,000 | 190,000 | 620,000 |
| Improvements to Marmion House | 17,400 | - | - | 17,400 |
| CCTV Camera Renewals | 15,000 | 15,000 | 15,000 | 45,000 |
| Contingency | 50,000 | - | - | 50,000 |
| Assembly rooms development | - | 2,388,500 | 100,000 | 2,488,500 |
| Gateways | 83,000 | 50,000 | 50,000 | 183,000 |
| Subtotal | 405,400 | 2,643,500 | 355,000 | 3,403,900 |
| Total General Fund Capital | 505,400 | 2,723,500 | 425,000 | 3,653,900 |
| <u>Proposed Financing:</u> | | | | |
| Grants - Disabled Facilities | 169,000 | 169,000 | 169,000 | 507,000 |
| Grants - Assembly Rooms | - | 2,050,000 | - | 2,050,000 |
| Grants - SCC (Assembly Rooms) | - | 80,000 | - | 80,000 |
| Public Contributions (Assembly Rooms) | - | 8,500 | - | 8,500 |
| Section 106 (Gateways) | 83,000 | - | - | 83,000 |
| General Fund Capital Receipts | - | 235,000 | 100,000 | 335,000 |
| Sale of Council House Receipts | 203,400 | 166,000 | 156,000 | 525,400 |
| General Fund Capital Reserve | - | 15,000 | - | 15,000 |
| Contribution from BRF | 50,000 | - | - | 50,000 |
| Total | 505,400 | 2,723,500 | 425,000 | 3,653,900 |

Appendix J

Proposed Housing Capital Programme 2013/14 – 2017/18

| | 2013/14 £ | 2014/15 £ | 2015/16 £ | 2016/17 £ | 2017/18 £ | TOTAL £ |
|--|------------------|-------------------|-------------------|-------------------|------------------|-------------------|
| <u>Housing Revenue Account</u> | | | | | | |
| <u>Capital Programme</u> | | | | | | |
| Bathroom Renewals | 540,380 | 712,750 | 730,570 | 748,830 | 767,550 | 3,500,080 |
| Disabled Facilities Adaptations | 512,500 | 525,310 | 538,450 | 551,910 | 565,700 | 2,693,870 |
| Electrical Upgrades | 278,280 | 838,380 | 859,340 | 880,830 | 902,850 | 3,759,680 |
| Gas Central Heating Upgrades and Renewals | 1,233,530 | 1,264,370 | 1,295,980 | 1,328,380 | 1,361,590 | 6,483,850 |
| Kitchen Renewals | 583,520 | 1,072,020 | 1,098,820 | 1,126,290 | 1,154,450 | 5,035,100 |
| Roofing - High Rise | 41,000 | 42,030 | - | - | - | 83,030 |
| High Rise Lift Renewal | 307,500 | 315,190 | 323,070 | 331,140 | - | 1,276,900 |
| Major Roofing Overhaul and Renewals | 153,750 | 157,590 | 161,530 | 165,570 | 567,900 | 1,206,340 |
| Fencing/Boundary Walls | 15,380 | 15,760 | 16,150 | 16,560 | 16,970 | 80,820 |
| Fire Upgrades to Flats | 205,000 | 210,130 | 215,380 | 220,760 | - | 851,270 |
| Enhancements to Flats | 205,000 | 210,130 | 215,380 | 220,760 | - | 851,270 |
| Sheltered Schemes | 235,750 | 241,640 | 247,680 | 253,880 | - | 978,950 |
| General Estate Works | 768,750 | 787,970 | 807,670 | 827,860 | 848,560 | 4,040,810 |
| Window and Door Renewals | 1,187,740 | 1,218,260 | - | - | - | 2,406,000 |
| Contingency | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 500,000 |
| Capital Salaries | 115,190 | 118,070 | 121,020 | 124,050 | 127,150 | 605,480 |
| CDM Fees | 9,280 | 9,510 | 8,140 | 8,340 | 7,730 | 43,000 |
| Regeneration Schemes | 500,000 | 4,961,700 | 10,461,300 | 3,204,700 | 1,673,300 | 20,801,000 |
| Total HRA Capital | 6,992,550 | 12,800,810 | 17,200,480 | 10,109,860 | 8,093,750 | 55,197,450 |
| <u>Proposed Financing:</u> | | | | | | |
| Capital Receipts from additional Council House Sales | - | 125,000 | 250,000 | 125,000 | - | 500,000 |
| Sale proceeds | - | - | 1,298,000 | - | - | 1,298,000 |
| Regeneration Revenue Reserves | 500,000 | 500,000 | 3,046,000 | 1,223,700 | 1,223,300 | 6,493,000 |
| Major Repairs Reserve | 4,482,060 | 4,482,060 | 4,482,060 | 4,482,060 | 4,482,060 | 22,410,300 |
| Revenue Contribution to Capital Outlay in Year | 2,010,490 | 4,107,050 | 2,307,120 | 2,423,100 | 2,388,390 | 13,236,150 |
| Unsupported Borrowing | - | 3,586,700 | 5,817,300 | 1,856,000 | - | 11,260,000 |
| Total | 6,992,550 | 12,800,810 | 17,200,480 | 10,109,860 | 8,093,750 | 55,197,450 |

Main Assumptions

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

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

Sensitivity Analysis (3 years)

| Sensitivity / Risk Profile | Risk | Potential Budgetary Effect | 2014/15 £'000 | 2015/16 £'000 |
|---|------|----------------------------------|------------------|------------------|
| | | 2013/14 £'000 | | |
| Pay Award / National Insurance (GF) | | | | |
| Impact +/- 0.5% Variance £'000 | L | 43 | 87 | 131 |
| Budget Impact over 1 year | L | 43 | | |
| Budget Impact over 3 years | L/M | 261 | | |
| Pay Award / National Insurance (HRA) | | | | |
| Impact +/- 0.5% Variance £'000 | L | 12 | 24 | 36 |
| Budget Impact over 1 years | L | 12 | | |
| Budget Impact over 3 years | L | 72 | | |
| Subject to negotiation for Local Government pay (including any protection for low paid employees) | | | | |
| Pension Costs | | | | |
| Impact +/- 0.5% Variance £'000 | L | 0 | 56 | 113 |
| Budget Impact over 1 year | L | 0 | | |
| Budget Impact over 3 years | L | 169 | | |
| 6 year agreement in place - subject to stock market changes & membership Mitigation - Public Sector pension review potential for reduced liability & increased employee contributions | | | | |
| Council Tax | | | | |
| Impact on Council Tax income £'000 | | 15 | 30 | 46 |
| Budget Impact over 1 year | L | 15 | | |
| Budget Impact over 3 years | L | 91 | | |
| Inflation / CPI | | | | |
| Impact +/- 0.5% Variance £'000 | L | 39 | 79 | 119 |
| Budget Impact over 1 year | L | 39 | | |
| Budget Impact over 3 years | L/M | 237 | | |
| Government Grant | | | | |
| Impact +/- 0.5% Variance £'000 | L | 28 | 49 | 69 |
| Budget Impact over 1 year | L | 28 | | |
| Budget Impact over 3 years | L | 146 | | |
| Investment Interest | | | | |
| Impact +/- 0.5% Variance £'000 | L | 100 | 187 | 265 |
| Budget Impact over 1 year | L | 100 | | |
| Budget Impact over 3 years | M | 552 | | |
| Key Income Streams (GF) | | | | |
| Impact +/- 0.5% Variance £'000 | L | 26 | 52 | 78 |
| Budget Impact over 1 year | L | 26 | | |
| Budget Impact over 3 years | L/M | 156 | | |

| Sensitivity / Risk Profile | Risk | Potential Budgetary Effect 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 |
|---------------------------------|------|--|------------------|------------------|
| Key Income Streams (HRA) | | | | |
| Impact +/- 0.5% Variance £'000 | L | 89 | 181 | 276 |
| Budget Impact over 1 years | L | 89 | | |
| Budget Impact over 3 years | H | 546 | | |
| New Homes Bonus | | | | |
| Impact +/- 10% Variance £'000 | L | 37 | 79 | 127 |
| Budget Impact over 1 year | L | 37 | | |
| Budget Impact over 3 years | L/M | 243 | | |

Contingencies

| Revenue | 2013/14 | 2014/15 | 2015/16 |
|---|------------|------------|------------|
| Specific Earmarked & | £'000 | £'000 | £'000 |
| General | | | |
| General Fund | | | |
| <i>Specific Contingencies</i> | | | |
| Vacancy Allowance | 50 | 50 | 50 |
| Corporate Change Programme | 50 | 50 | 50 |
| <i>General Contingency</i> | 266 | 116 | 36 |
| | | | |
| Total GF Revenue | 366 | 216 | 136 |
| | | | |
| Housing Revenue Account | | | |
| <i>HRA - General Contingency</i> | 100 | 100 | 100 |
| | | | |
| Total HRA Revenue | 100 | 100 | 100 |

| Capital | 2013/14 | 2014/15 | 2015/14 |
|-----------------------------------|------------|------------|------------|
| Specific Earmarked & | £'000 | £'000 | £'000 |
| General | | | |
| General Fund | | | |
| <i>General Contingency</i> | 50 | - | - |
| | | | |
| Total GF Capital | 50 | - | - |
| | | | |
| Housing Revenue Account | | | |
| <i>General Contingency</i> | 100 | 100 | 100 |
| | | | |
| Total HRA Capital | 100 | 100 | 100 |