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Gedling Borough Council

Civic Centre,
Arnot Hill Park,
Arnold,
Nottinghamshire,
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Agenda

Cabinet

Date:	**Thursday 16 February 2017**
Time:	**12.30 pm**
Place:	**Chappell Room**

For any further information please contact:

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Cabinet

Membership

Chair	Councillor John Clarke
Vice-Chair	Councillor Michael Payne
	Councillor Peter Barnes Councillor David Ellis Councillor Kathryn Fox Councillor Gary Gregory Councillor Jenny Hollingsworth Councillor Henry Wheeler
Observers:	Councillor Chris Barnfather

AGENDA

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Gedling Borough Council

Report to Cabinet

Subject: Prudential and Treasury Indicators and Treasury Management Strategy Statement (TMSS) 2017/18

Date: 16 February 2017

Author: Deputy Chief Executive and Chief Financial Officer

Wards Affected

All

Purpose

To present for Members' approval the Council's Prudential Code Indicators and Treasury Strategy for 2017/18, for referral to Full Council.

Key Decision

This is not a key decision.

Background

1.1 Definition of treasury management

Treasury management is defined as "the management of the local authority's investments and cash flows, its banking, money-market and capital-market transactions; the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks."

The Council is required to operate a "balanced budget", which broadly means that cash raised during the year will meet cash expenditure. The Localism Act 2011 places a duty on a local authority to calculate its "council tax requirement" for each financial year, and this includes the revenue costs which result from the capital investment decisions of the authority.

Part of the treasury management service is to ensure that cashflow is adequately planned, with cash available when it is needed. Surplus cash is invested with counterparties commensurate with the Council's low risk appetite, providing adequate liquidity before considering investment return. A further treasury management function is the funding of the Council's capital plans. These plans provide a guide to the Council's borrowing needs, and require longer term cashflow planning to ensure the Council can meet its spending obligations. The management of longer term cash may involve arranging long or short-term loans or the use of longer term cashflow surpluses. On occasion, debt previously drawn may be restructured to meet the Council's risk or cost objectives.

1.2 Statutory reporting requirements

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of polices, estimates and actuals.

1.2.1 Prudential and Treasury Indicators and Treasury Management Strategy Statement (TMSS) -this report

This first, and most important report covers:

- The capital plans (including prudential indicators),
- A minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time),
- The treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators,
- An investment strategy (the parameters on how investments are to be managed).

1.2.2 Mid-year Treasury Management Report

This updates Members on the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy is appropriate or whether any policies require revision.The Council has adopted a policy of presenting quarterly treasury management reports to Cabinet, and this exceeds the minimum requirement.

1.2.3 Annual Treasury Report

This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

1.2.4 Scrutiny

All treasury management reports are required to be adequately scrutinised before being recommended to Council. This role is undertaken by Cabinet. The TMSS is part of the Council's Budget and Policy Framework and accordingly the Chair of the Overview and Scrutiny Committee has also been consulted. Any comments received will be taken into account before referral to Council.

1.3 Treasury management strategy for 2017/18

The strategy for 2017/18 covers two main areas:

Capital issues:
- the capital plans and the prudential indicators
- the minimum revenue provision (MRP) policy

Treasury management Issues:
- the current treasury position
- treasury indicators which limit the treasury risk and activities of the Council
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy
- creditworthiness policy
- policy on use of external service providers

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, Communities and Local Government (CLG) MRP Guidance, the CIPFA Treasury Management Code and CLG Investment Guidance.

1.4 Training

The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for Treasury Management, ie. Cabinet, and the Chief Financial Officer will arrange training for Members as required. The Council's treasury management advisers, Capita Asset Services (CAS), provided a more detailed training session for Members in February 2016.

The training needs of officers involved with treasury management are reviewed periodically.

1.5 Treasury management consultants

The Council uses CAS as its treasury management advisors, recognising that there is value in employing external providers in order to acquire access to specialist skills and resources. The Council will ensure that the terms of appointment and the methods by which value will be assessed are properly agreed and documented, and subjected to regular review. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times, and will ensure that undue reliance is not placed upon the external service providers.

Proposal

2.1 Capital Affordability and Prudential Indicators 2017/18 to 2019/20

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in prudential indicators, which are designed to assist Members to overview and confirm such capital expenditure plans. The indicators for 2017/18 to 2019/20 are attached at Appendix 1.

2.1.1 Capital expenditure

The indicator includes a summary of the proposed capital expenditure plans for 2017/18 to 2019/20.

Portfolio Capital Expenditure:	**2017/18 Estimate £**	**2018/19 Estimate £**	**2019/20 Estimate £**
Housing, Health & Wellbeing	1,156,000	120,000	0
Public Protection	1,070,000	820,000	820,000
Environment	2,016,900	998,000	528,000
Growth & Regeneration	575,000	875,000	0
Resources & Reputation	150,000	150,000	150,000
Equipment Replacement	0	100,000	100,000
Development Bids	0	100,000	100,000
Total Expenditure	**4,967,900**	**3,163,000**	**1,698,000**

The table below summarises the above capital expenditure plans and how these are being financed by capital or revenue resources. Any shortfall of resources results in a borrowing need.

Resources:	**2017/18 Estimate £**	**2018/19 Estimate £**	**2019/20 Estimate £**
Capital Exp £m (above)	**4,967,900**	**3,163,000**	**1,698,000**
Financed by:			
Capital receipts	1,209,000	810,000	710,000
Capital grants & contributions	1,170,000	940,000	820,000
Direct Revenue Financing	441,400	0	0
Net borrowing need	**2,147,500**	**1,413,000**	**168,000**

2.1.2 The Council's borrowing need – the Capital Financing Requirement (CFR)

In simple terms, the CFR is the total historic outstanding capital expenditure which has not yet been paid for, from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure in the tables above, which has not immediately been paid for by way of capital receipts, grants or contributions, will increase the Council's CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset's life.

The CFR can include any other long term liabilities, for example finance leases and PFI schemes. Whilst these would increase the CFR, and therefore the borrowing requirement, such schemes would include their own borrowing facilities and the Council would not be required to separately borrow for them. The Council has no such schemes within its CFR.

	2017/18 Estimate £	**2018/19 Estimate £**	**2019/20 Estimate £**
Capital Financing Requirement (CFR):			
Closing CFR	13,160,400	12,878,900	12,283,200
Movement in CFR	**+475,600**	**-281,500**	**-595,700**
The movement on the CFR is represented by:			
Net financing need for the year (borrowing)	+2,147,500	+1,413,000	+168,000
Application of LAMS capital receipt	-1,000,000	-1,000,000	0
Less Gross MRP	-671,900	-694,500	-763,700
Movement in CFR	**+475,600**	**-281,500**	**-595,700**

2.1.3 Minimum Revenue Provision (MRP) Policy Statement

The Council is required to pay off an element of the accumulated General Fund capital spending (CFR) each year by way of a minimum revenue provision (MRP). It is also allowed to make an additional voluntary revenue provision if it wishes (VRP).

CLG regulations require the full Council to approve an MRP Statement in advance of each year. A variety of options is provided to councils, but there must be "prudent provision". The guidance does not, however, define “prudent”, instead making recommendations on the interpretation of the term. It is the responsibility of each authority to decide upon the most appropriate method of making a prudent MRP, having had regard to the guidance and its own circumstances, the broad aim being to ensure that borrowing is repaid over a period that reflects the useful lives of the assets acquired. The Council is obliged to have regard to the CLG guidance, but it is not prescriptive. The Council is recommended to approve the following MRP Statement for 2017/18.

a. The Council will assess MRP in accordance with the recommendations within the guidance issued under section 21(1A) of the Local Government Act 2003.

b. The CFR method, will be used for calculating MRP in respect of all capital expenditure incurred up to and including 31 March 2008. This is the simplest approach available, being calculated as a straightforward 4% of the relevant element of the CFR at the end of the previous year. In the current economic climate the Chief Financial Officer considers that use of the CFR Method is prudent.

c. The Asset Life Method, will be used for calculating MRP in respect of all capital expenditure incurred on and after 1 April 2008. An equal instalment approach will be adopted.

d. The Chief Financial Officer will determine estimated asset lives. Where expenditure of different types is involved, it will be grouped together in a manner which best reflects the nature of the main component of expenditure. It will only be divided up in cases where there are two or more major components, with significantly different asset lives.

e. The Council currently operates two cash-backed Local Authority Mortgage Schemes (LAMS), each based on a five-year advance to Lloyds TSB to match the five-year life of the indemnity. Lloyds TSB terminated all active LAMS schemes on 31 July 2016 and no further applications under Gedling’s remaining scheme have been accepted since that date, however the Council’s two advances with Lloyds remain in place pending their respective maturity dates. Each advance provides an integral part of the mortgage lending under the LAMS scheme, and is treated as capital expenditure and a loan to a third party, therefore the Capital Financing Requirement (CFR) increases by the amount of the advance. When each advance is returned at maturity, on 12 April 2017 and 11 June 2018 respectively, the funds will be classed as capital receipts, and the CFR will reduce accordingly. As the advances are temporary (5-year) arrangements, there is no need to set aside prudent provision to repay the debt liability in the interim period, and there is accordingly no MRP application.

f. In view of the economic climate and significant budgetary pressures, the Council will not provide for an additional voluntary contribution to MRP in 2017/18.

g. Based on the above policy, the net MRP charge for 2017/18 has been calculated as £671,900 as detailed below, and this sum has been included in the Council's 2017/18 budget proposals. The exact amount of MRP will be subject to change should capital financing decisions alter during the year.

	£
CFR Method	£239,900
Asset Life Method	£432,000
Gross MRP	**£671,900**

2.1.4 Capital Affordability Prudential Indicators

The previous sections cover the overall "capital" and "control of borrowing" prudential indicators, but within this framework additional prudential indicators are required to further assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The 2017/18 Capital Programme report, an item elsewhere on this agenda, provides full details of the proposed programme. The indicators, which can be found at Appendix 1, represent capital investment plans that have been fully factored into the Council's Medium Term Financial Plan, and are assessed as affordable, prudent and sustainable, subject to securing the commitment to delivering an efficiency programme in the medium term, as proposed in the Gedling Plan report elsewhere on this agenda. The indicators include:

a. Capital expenditure (see 2.1.1)

b. Capital Financing Requirement (CFR) (see 2.1.2)

c. Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream. Estimates of financing costs include current commitments and the proposals included in the Gedling Plan report.

d. Incremental Impact of capital investment decisions on Council Tax

This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in the Gedling Plan report, compared to the Council's existing approved commitments and current plans.

As detailed in the Capital Programme report, contributions totalling £441,400 (including items slipped from 2016/17) from the revenue budget are recommended to finance the 2017/18 capital programme and this is assessed as affordable.

e. Maximum Gross Debt

The Council must ensure that its gross debt does not, except in the short term, exceed the total of the opening capital financing requirement, plus estimates of any additional CFR for the year in question and the following two financial years (reductions are ignored). This allows flexibility for early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

2.2 Treasury Strategy 2017/18 - Borrowing and Investment

The capital expenditure plans set out above provide details of the Council's service activity. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this activity. This will involve both the organisation of the cash flow and, where necessary, the organisation of approporiate borrowing facilities. The Treasury Strategy covers the relevant treasury and prudential indicators, the current and projected debt positions and the annual investment strategy.

2.2.1 Projected portfolio position

The Council's forward projection on its treasury portfolio position is summarised below. This shows the projected external debt, ie. the treasury management operations, against the underlying capital borrowing need, ie. the Capital Financing Requirement (CFR), highlighting any expected over or under borrowing.

Projected Gross Debt compared to CFR	**2017/18 Estimate £000s**	**2018/19 Estimate £000s**	**2019/20 Estimate £000s**
Debt 1 April	7,812	8,812	8,812
Change in debt in year	1,000	0	0
Other long term liabilities	0	0	0
Gross Debt 31 March	**8,812**	**8,812**	**8,812**
Closing CFR	13,160	12,879	12,283
Under/(over) borrowing	**4,348**	**4,067**	**3,471**

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. As detailed at 2.1.4 (e) above, to comply with the “gross debt” indicator, the Council must ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any **additional** CFR for 2017/18 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Chief Financial Officer can report that the Council has complied with this prudential indicator during the current year, 2016/17, and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

Maximum Gross Debt	**2017/18 Estimate £000s**	**2018/19 Estimate £000s**	**2019/20 Estimate £000s**
Opening CFR (closing CFR preceding year)	12,685	13,160	12,879
Additions (only) in-year + following 2 years	475	0	74
Maximum Gross Debt	**13,160**	**13,160**	**12,953**
Estimated GBC debt at 31 March	8,812	8,812	8,812
Under/(over) borrowing	**4,348**	**4,348**	**4,141**

2.2.2 Treasury indicators – affordability limits to borrowing (Appendix 1)

a. The Operational Boundary for external debt

This is the limit which external debt is not “normally” expected to exceed. In most cases, this would be a similar figure to the CFR, but it may be lower or higher depending on the levels of actual debt.

b. The Authorised Limit for external debt

This limit represents a control on the “maximum” level of borrowing. It is the statutory limit determined under s3 (1) of the Local Government Act 2003 and represents the limit beyond which external debt is prohibited. The Authorised Limit must be set, and revised if necessary, by Full Council. It reflects a level of external debt which, while not desirable, could be afforded in the short term, but is not sustainable in the longer term. The Government retains an option to control either the total of all Councils’ plans, or those of a specific Council, although this power has not yet been exercised.

2.2.3 Prospects for Interest Rates

The Council has appointed Capita Asset Services (CAS) as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives the CAS central view as at 20 December 2016 and further information on interest rates can be found at Appendix 2.

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Bank rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
5yr PWLB rate	1.60%	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
10yr PWLB rate	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
25yr PWLB rate	2.90%	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%
50yr PWLB rate	2.70%	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%

The Monetary Policy Committee (MPC) cut Bank Rate from 0.5% to 0.25% in August 2016 to counteract what it forecast was going to be a sharp slowdown in growth in the second half of 2016. It also indicated that a further cut was likely, however economic data since August has been more positive and inflation forecasts have risen substantially as a result of the continuation of the sharp fall in the value of sterling since early August. Consequently, on current trends it is unlikely that there will be another cut – although this cannot be ruled out if there was another significant dip in economic growth.

During the two-year period in which the UK is negotiating the terms for its withdrawal from the EU, it is unlikely that the MPC will do anything to dampen growth prospects, ie. by raising Bank Rate, which will already be adversely impacted by the uncertainties around what form Brexit will eventually take. Accordingly, a first increase to 0.5% is not now expected until Q2 of 2019, after the Brexit negotiations have been concluded (although the period could be extended). However, if strong domestically generated inflation (eg. from wage increases) was to emerge, the pace and timing of increases in Bank Rate could be brought forward.

Economic and interest rate forecasting remains difficult due to the many external influences. The forecasts above, and MPC decisions, will be liable to further amendment depending on economic data and developments in the financial markets over the next year. Geopolitical development, especially in the EU, could also have a major impact.

The overall long-run trend is for gilt yields and PWLB rates to rise, albeit gently. Rates have experienced exceptional levels of volatility and these have been highly correlated to geopolitical factors, the sovereign debt crisis, and to emerging market developments. It is likely that this volatility will continue for the foreseeable future.

The overall balance of risk to economic recovery in the UK is to the downside, particularly in view of the current uncertainty over the final terms of Brexit, and the timetable for its implementation.

Downside risks to current forecasts for UK gilt yields and PWLB Rates include:

- Monetary policy action by the central banks of major economies reaching the limit of its effectiveness, and failing to stimulate significant sustainable growth, combat the threat of inflation, and reduce high levels of debt.
- A lack of adequate action by national governments to promote growth through structural reforms, fiscal policy and investment.
- Major national polls, for forthcoming elections in the Netherlands, France and Germany. Furthermore, Spain has a minority government, a situation that is potentially unstable.
- A potential resurgence of the Eurozone sovereign debt crisis.
- Weak capitalisation of some European banks.
- Geopolitical risks in Europe, the Middle East and Asia.
- UK economic growth and increases in inflation being weaker than anticipated.
- Weak growth or recession in the UK's major trading partners, ie. the EU and US.

Upside risks include:

- UK inflation rising to significantly higher levels than in the wider EU and in the US.
- A rise in the US Federal Reserve (Fed) rate, and rising US inflation expectation, which may drag UK yields upwards.
- The pace and timing of US Fed rates.
- A downward revision to the UK's sovereign credit rating

Borrowing rates were on a generally downward trend during 2016 and fell to historically low levels after the referendum in June and the August MPC meeting when a new package of quantitative easing (QE) was announced. Gilt yields have since risen sharply due to concerns around Brexit, the fall in the value of sterling, and an increase in inflation expectations. In general terms, a policy of avoiding new borrowing by running down cash balances has served well over the last few years, however this should now be reviewed to reduce the risk of incurring higher borrowing costs in future years, when borrowing becomes unavoidable either for financing capital expenditure, or for the refinancing of maturing debt. Investment returns are likely to remain low during 2017/18 and beyond. Accordingly there will remain a cost of carry to any new long-term borrowing that causes a temporary increase in cash balances.

2.2.4 Borrowing Strategy

a. The Strategy

The Council is currently maintaining an under-borrowed position (see 2.2.1 above). This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This represents "internal borrowing". This strategy is prudent since investment returns remain low, and counterparty risk is still an issue that needs to be considered.

However, against this background and the risks within the economic forecast outlined above, and the potential cost of carry (see 2.2.5 below), caution will be adopted with the 2017/18 treasury operations. The Chief Financial Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- If it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around a relapse into recession, or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.

- If it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start-date and in the rate of increase in central rates in the US and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.

Any new borrowing will be discussed with CAS, and any decisions will be reported to Cabinet at the next available opportunity.

b. Treasury Indicators - prudent limits on borrowing activity (Appendix 1)

There are three debt related treasury activity limits (see Treasury Indicators (c) to (e) at Appendix 1), the purpose of which is to restrain the activity of the treasury function within agreed limits, thereby managing risk and reducing the impact of adverse movement in interest rates. However, if limits are set to be too restrictive they will impair opportunities to reduce costs or improve performance:

- An upper limit on fixed interest rate exposure. This identifies a maximum limit for fixed interest rates based upon the debt position net of investments.

- An upper limit on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments.

  Members are asked to note that additional local indicators are also given for debt and investment individually, expressed as a percentage of the relevant totals.

- The maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

2.2.5 Policy on borrowing in advance of need

The Council will not borrow more than, or in advance of, its needs purely to profit from the investment of the extra sums borrowed, since this is illegal. Any decision to borrow in advance of need will be within the forward-approved CFR estimates, and will be considered carefully to ensure value for money can be demonstrated, and that the Council can ensure the security of such funds.

In determining whether borrowing will be undertaken in advance of need, the Council will ensure that there is a clear link between the capital programme and the maturity profile of the existing debt portfolio which supports the need to take funding in advance of need. It will ensure that the on-going revenue liabilities created, and the implications for future plans and budgets have been considered, and evaluate the economic and market factors that might influence the manner and timing of any decision to borrow. The advantages and disadvantages of alternative forms of funding will be considered, together with the most appropriate periods over which to fund.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

2.2.6 Debt rescheduling

As short term borrowing rates are expected to be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings
- helping to fulfil the Treasury Strategy
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility)

Consideration will also be given to identifying any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to Cabinet at the earliest meeting following action.

2.2.7 Municipal Bond Agency

The Municipal Bond Agency offers loans to local authorities for infrastructure and housing, at borrowing rates potentially lower than those offered by the Public Works Loan Board (PWLB). The Council may make use of this source of borrowing if appropriate, but only with advice from CAS.

2.2.8 Annual Investment Strategy 2017/18

The intention of the Annual Investment Strategy is to provide security of investment and the minimisation of risk. The aim is to generate a list of highly creditworthy counterparties which will also enable diversification and thus the avoidance of concentration risk.

a. Investment Policy

The Council's investment policy has regard to the CLG's guidance on Local Government Investments ("the guidance"), and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). In accordance with this guidance, and in order to minimise the risk to investment, the Council applies minimum acceptable criteria in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus the avoidance of concentration risk. The Council has clearly stipulated below at 2.2.8 (c) the minimum acceptable credit quality of counterparties for inclusion on its lending list. The Council utilises the CAS creditworthiness methodology, whereby banks' ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.

All investments will be made in sterling, and since the risk appetite of the Council with regard to its investments is very low, its general policy objective is the prudent investment of treasury balances. The Council's investment priorities are (in order of priority):

- The security of capital
- The liquidity of its investments
- The rate of return

The borrowing of monies purely to invest or on-lend and make a return remains unlawful, and the Council will not engage in such activity.

Investment instruments identified for use in the financial year are listed at Appendix 3 under “Specified” and “Non-Specified” categories.

Specified Investments:

An investment is a specified investment if all of the following apply:

- The investment is denominated in sterling and the payment or repayment is only payable in sterling.
- The investment is not “long-term”, ie. it is made for less than one year, a maximum term of 364 days.
- The making of the investment is not defined as capital expenditure.
- The investment is made with a body of high credit quality, or with the UK government, a local authority or a parish council.

Only minimal reference need be given to specified investments in the Annual Investment Strategy, and they will generally be used for cash-flow management.

Non Specified Investments:

Non-specified investments are all those not meeting the criteria for specified investments above. Accordingly, they may be simple investments made with the same counterparties as specified investments, being “non-specified” only by way of the maturity period being over 364 days (ie. one year or more). Alternatively they may be more complex instruments, or those offering slightly higher risk or lower liquidity. If used at all, non-specified investments will tend only to be used for the longer-term investment of core-balances.

Appendix 3 also sets out:

- The advantages and associated risk of investments under the non-specified category.
- The upper limit to be invested in each non-specified category.
- Those instruments best used after consultation with the Council’s treasury advisers.

Investment Limits:

Investment counterparty limits for 2017/18 will generally be **£3m** per individual counterparty, however a higher limit of **£4m** per Money Market Fund is considered prudent since such funds are already by definition highly diversified investment vehicles. The CFO has delegated authority to amend investment limits as he sees fit, and will report any such amendments to Cabinet for information as part of the next quarterly Treasury Management Report following the change.

With regard to the Council's own banker, HSBC, for transactional purposes if the bank was to fall below the standard creditworthiness criteria below, cash balances will be minimised both in monetary size and in duration of deposit.

b. Creditworthiness policy

To reiterate, the primary principles governing the Council's creditworthiness criteria are:

- Security of capital
- Liquidity of capital
- Return on investment

With regard to security, policies are maintained for "categories" of investment to be used, and these are set out at Appendix 3, ie. Specified and Non-Specified investments (see above). For the purpose of liquidity, policies are in place for determining the maximum periods for which funds may prudently be committed with counterparties.

The Chief Financial Officer maintains a "counterparty list" and this is monitored constantly. The CFO has delegated authority to amend the minimum criteria as he sees fit, and will report any such amendments to Cabinet for information as part of the next quarterly Treasury Management Report following the change.

The Council applies the creditworthiness methodology provided by CAS for the selection of investment counterparties. This employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies (Fitch, Moody's and Standard & Poor's). The credit ratings of counterparties are supplemented with overlays for:

- Credit watches and credit outlooks from rating agencies.
- Credit default swap (CDS) spreads to give early warnings of likely changes in credit ratings.
- Sovereign ratings to select counterparties from only the most creditworthy countries.

The CAS modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the output is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested maximum duration of investments with a given counterparty. The colour bandings used by the Council are as follows:

- Yellow 5 years (UK government debt or its equivalent)
- Purple 2 years
- Blue 1 year (nationalised or semi nationalised UK banks only)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

The CAS creditworthiness service uses a wider array of information than just “primary” ratings. Furthermore, by using a risk weighted scoring system it does not give undue preponderance to one agency’s rating. All credit ratings are monitored weekly and the Council is also alerted to interim changes via its use of the CAS creditworthiness service.

Ratings under the CAS methodology will not necessarily be the sole determinant for the use of a counterparty. Other information sources used will include market data, the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

The Council will use approved UK counterparties subject to their individual credit ratings under the CAS methodology. The Council may also use approved counterparties from countries with a minimum sovereign credit rating of **AA**. No more than £3m will be placed with any non-UK country at any time. The list of countries that currently qualify is shown at Appendix 4, however this list will be adjusted by officers in accordance with this policy should ratings change. The CFO has delegated authority to amend the minimum sovereign credit rating as he sees fit, and will report any such amendments to Cabinet for information as part of the next quarterly Treasury Management Report following the change.

The ultimate decision on what is prudent and manageable for the Council will be taken by the Chief Financial Officer under the approved scheme of delegation.

Under the cash-backed Local Authority Mortgage Scheme, launched in

April 2012, the Council has made two advances of £1m each to Lloyds Banking Group, each for a period of five years, to match the life of the indemnities. These advances are classified as “service investments”, rather than treasury management investments, and are therefore outside the Specified/Non specified categories discussed above.

c. Investment Strategy

The Council’s in-house managed funds are mainly cash-flow derived however, there has for some time been a core balance available for investment over a longer period, if appropriate. In addition, any borrowing undertaken in advance of need at favourable interest rates may add to the funds available for investment.

Investments will be made with careful reference to any remaining core balance, to cash-flow requirements, and to the outlook for short-term interest rates (ie. for investments up to 364 days).

Bank Rate is forecast to remain unchanged at 0.25% until Q2 of 2019, and then not to rise above 0.75% by Q1 of 2020. Bank Rate forecasts for financial year ends (31 March) are:

- 2017/18 0.25%
- 2018/19 0.25%
- 2019/20 0.50%

The overall balance of risk to these forecasts is to the downside in view of the uncertainty of the final terms of Brexit, and if growth is disappointing and/or inflationary pressures are minimal, the start of increases in Bank Rate could be delayed. If, however, the pace of growth quickens and/or inflation forecasts rise, there could be an upside risk, ie. Bank Rate rises earlier than forecast, or at a quicker pace.

CAS have suggested the following budgeted investment earnings rates for investments up to 100 days for the next four years, however they acknowledge that given the balance of risk around Bank Rate being to the downside (above), rates achievable will potentially be lower.

- 2017/18 0.25%
- 2018/19 0.25%
- 2019/20 0.50%
- 2020/21 0.75%

The Council’s outturn equated rate for 2016/17 is expected to be around 0.60%. Given the exceptionally low interest rate environment, and allowing for fixed investments already secured, the estimated equated rate for 2017/18 is 0.39%. The Council will use the average 7-day and 3-month LIBID rates to benchmark its equated investment rate.

An investment treasury indicator and limit must be set for the maximum principal funds invested for periods in excess of 364 days in the forthcoming and two subsequent years (ie. new non-specified investments). The limit for each year is set with regard to the Council's liquidity requirements.

The treasury indicator and limit for new non-specified investments in each of 2017/18, 2018/19 and 2019/20 is £3m, as detailed at Appendix 1 (treasury indicators) (f), subject always to the overall limit of £5m for total non-specified investments held at any one time, as detailed at Appendix 3.

d. Investments defined as capital expenditure

The acquisition of share capital or loan capital in a body corporate is defined as capital expenditure under regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. Such investments will have to be funded out of capital or revenue resources, and will be classified as non-specified investments.

Investments in "money market funds", which are collective investment schemes, and bonds issued by "multilateral development banks", both defined in SI 2004 No 534, will not be treated as capital expenditure.

A loan or grant or financial assistance by this Council to another body for capital expenditure by that body will be treated as capital expenditure.

e. Provision for credit-related loss

If any of the Council's investments appear to be at risk of loss due to default, this is a "credit-related loss" and not a loss resulting from a fall in price due to movements in interest rates. In such an instance, the Council will make revenue provision of an appropriate amount.

f. End of Year Investment Report

At the end of the year, the Council will report on its investment activity as part of its Annual Treasury Report.

g. Policy on the use of external service providers

The Council uses CAS as its external Treasury Management advisers, however it recognises that responsibility for Treasury Management decisions remains with the organisation at all times, and will ensure that undue reliance is not placed upon external service providers.

The Council also recognises that there is value in employing external providers of Treasury Management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2.2.9 Gedling Borough Council scheme of delegation

Full Council is responsible for:

- Receiving and reviewing reports on Treasury Management policies, practices and activities
- Approval of the annual Strategy (TMSS)
- Annual budget approval

Cabinet is responsible for:

- Approval of, and amendments to, the Council's adopted clauses, treasury management policy statement and Treasury Management practices
- Budget consideration and virement approval
- Approval of the division of responsibilities
- Receiving and reviewing regular Treasury Management monitoring reports, and acting on recommendations
- Approving the selection of external service providers and agreeing terms of appointment.

Audit Committee is responsible for:

- Reviewing the Treasury Management policy and procedures and making recommendations to the responsible body.

2.2.10 The role of the section 151 officer

The Chief Financial Officer is the Council's nominated S151 Officer. The role of the S151 (responsible) officer includes the following:

- Recommending clauses, Treasury Management Policy and Practices for approval, reviewing these regularly, and monitoring compliance
- Submitting regular Treasury Management policy reports
- Submitting budgets and budget variations
- Receiving and reviewing management information reports
- Reviewing the performance of the Treasury Management function
- Ensuring the adequacy of Treasury Management resources and skills, and the effective division of responsibilities within the Treasury Management function
- Ensuring the adequacy of internal audit, and liaising with external audit
- The appointment of external service providers

Alternative Options

There are no alternative options, this report being a statutory requirement.

Financial Implications

No specific financial implications are attributable to this report.

Appendices

1. Prudential and Treasury indicators for 2017/18 to 2019/20
2. Interest rate forecasts
3. Specified and non-specified investments
4. Approved countries for investment

Background Papers

None identified.

Recommendation

That:

Members approve the Prudential and Treasury Indicators and Treasury Management Strategy Statement 2017/18, which includes the key elements below, and refer it to Full Council for approval as required by the regulations.

1. The Minimum Revenue Provision (MRP) Policy Statement (2.1.3)
2. The Borrowing Strategy (2.2.4
3. The Annual Investment Strategy (2.2.8)
4. Capital Affordability Prudential Indicators (Appendix 1)
5. Treasury Indicators including affordability limits to borrowing (Appendix 1)

Reasons for Recommendations

To comply with the requirements of the Local Government Act 2003, the CIPFA Prudential Code, CLG MRP guidance, the CIPFA Treasury Management Code and CLG investment guidance.

For more information, please contact:

Alison Ball, Financial Services Manager, on 0115 901 3980

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PRUDENTIAL AND TREASURY INDICATORS 2017/18 TO 2019/20 — APPENDIX 1

	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Prudential Indicators - Capital Affordability			
a) Capital Expenditure:	£ 4,967,900	£ 3,163,000	£ 1,698,000
b) Capital Financing Requirement:	£ 13,160,400	£ 12,878,900	£ 12,283,200
c) Ratio of Financing Costs to Net Revenue Stream:	11.00%	8.39%	9.36%
d) Incremental Impact of 2017/18 Capital Investment Decisions:	£12.92	£3.58	£3.57
e) Maximum Gross Debt	£ 13,160,400	£ 13,160,400	£ 12,952,800
Treasury Indicators - Affordability Limits to Borrowing			
a) Operational Boundary for External Debt:			
Borrowing	£ 14,200,000	£ 14,200,000	£ 14,000,000
Other Long Term Liabilities	£ 1,500,000	£ 1,500,000	£ 1,500,000
Total Operational Boundary	**£ 15,700,000**	**£ 15,700,000**	**£ 15,500,000**
b) Authorised Limit for External Debt:			
Borrowing	£ 15,200,000	£ 15,200,000	£ 15,000,000
Other Long Term Liabilities	£ 1,500,000	£ 1,500,000	£ 1,500,000
Total Authorised Limit	**£ 16,700,000**	**£ 16,700,000**	**£ 16,500,000**
Prudent Limits on Borrowing Activity			
c) Upper limit for fixed interest rate exposure: (Maximum outstanding net BORROWING)	£ 13,200,000	£ 13,200,000	£ 13,000,000
Additional Local Indicator - Investment Only	100%	100.00%	100.00%
Additional Local Indicator - Borrowing Only	100%	100.00%	100.00%
d) Upper limit for variable interest rate exposure: (Maximum outstanding net BORROWING)	£ 2,000,000	£ 2,000,000	£ 2,000,000
Additional Local Indicator - Investment Only	100%	100.00%	100.00%
Additional Local Indicator - Borrowing Only	50%	50.00%	50.00%
e) Upper limits for the maturity structure of o/s Borrowing during 2017/18 (Lower limit 0%)			
Under 1 Year	40%		
1 Year to 2 Years	40%		
2 Years to 5 Years	50%		
5 Years to 10 Years	50%		
Over 10 Years	100%		
f) Investment treasury indicator and limit - Maximum NEW principal sums invested in-year for periods OVER 364 days (ie. non-specified) subject to maximum non-specified per counterparty of £3m AND to the prevailing overall counterparty limit, and to the total non-specified limit of £5m.	£ 3,000,000	£ 3,000,000	£ 3,000,000

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INTEREST RATE FORECASTS TO MARCH 2020

Capita Asset Services Interest Rate View	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20
Bank Rate View	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%	-
3 Month LIBID	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.40%	0.50%	0.60%	0.70%	0.80%	0.90%	0.90%
6 Month LIBID	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.50%	0.60%	0.70%	0.80%	0.90%	1.00%	1.00%
12 Month LIBID	0.70%	0.70%	0.70%	0.70%	0.70%	0.80%	0.80%	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%	1.40%
5yr PWLB Rate	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%	-
10yr PWLB Rate	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	-
25yr PWLB Rate	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	-
50yr PWLB Rate	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	-
Bank Rate														
Capita Asset Services	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%	-
Capital Economics	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%
5yr PWLB Rate														
Capita Asset Services	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%	-
Capital Economics	1.40%	1.60%	1.80%	2.00%	2.10%	2.20%	2.30%	2.40%	2.50%	2.70%	2.80%	2.90%	3.00%	3.20%
10yr PWLB Rate														
Capita Asset Services	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	-
Capital Economics	2.20%	2.30%	2.40%	2.55%	2.60%	2.70%	2.70%	2.80%	2.90%	3.10%	3.20%	3.30%	3.40%	3.60%
25yr PWLB Rate														
Capita Asset Services	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	-
Capital Economics	2.75%	2.90%	3.05%	3.15%	3.25%	3.25%	3.35%	3.45%	3.55%	3.65%	3.75%	3.95%	4.05%	4.15%
50yr PWLB Rate														
Capita Asset Services	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	-
Capital Economics	2.70%	2.80%	2.90%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.60%	3.70%	3.80%	3.90%	4.10%

APPENDIX 2

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LOCAL GOVERNMENT INVESTMENTS (England) page1

SPECIFIED INVESTMENTS 2017/18

All "Specified Investments" listed below must be sterling-denominated.

Investment	Share/ Loan Capital?	Repayable/ Redeemable within 12 months?	Security / Minimum Credit Rating	Capital Expenditure?	Circumstance of use	Maximum period
Debt Management Agency Deposit Facility (DMADF) This facility is at present available for investments up to 6 months	No	Yes	Govt-backed	NO	In-house	364 days
Term deposits with the UK government or with UK local authorities (i.e. local authorities as defined under Section 23 of the 2003 Act) with maturities up to 1 year	No	Yes	High security, although Local Authorities are not credit rated.	NO	In-house	364 days
Term deposits with credit-rated deposit takers (banks and building societies), including callable deposits, with maturities up to 1 year (364 days)	No	Yes	Adopt CAS creditworthiness methodology to assess usage, and duration of investments	NO	In-house	364 days
Certificates of Deposit issued by credit-rated deposit takers (banks and building societies) up to 1 yr. *Custodial arrangement required prior to purchase*	No	Yes	Adopt CAS creditworthiness methodology to assess usage, and duration of investments	NO	To be used in-house after consultation/advice from Capita Asset Services (CAS)	364 days
Gilts with maturities up to 1 year *Custodial arrangement required prior to purchase*	No	Yes	Govt-backed	NO	Buy and hold to maturity. To be used in-house after consultation/advice from CAS	364 days

LOCAL GOVERNMENT INVESTMENTS (England) page 2

SPECIFIED INVESTMENTS 2017/18 (CONTINUED)

All "Specified Investments" listed below must be sterling-denominated.

Investment	Share/ Loan Capital?	Repayable/ Redeemable within 12 months?	Security / 'High' Credit Rating criteria	Capital Expenditure?	Circumstance of use	Maximum period
Money Market Funds Collective investment schemes as defined in SI 2004 No 534 *These funds do not have any maturity date*	No	Yes	AAA	NO	In-house	*The period of investment may not be determined at the outset but would be subject to cash flow and liquidity requirements*
Treasury bills Government debt security with a maturity less than one year and issued through a competitive bidding process at a discount to par value *Custodial arrangement required prior to purchase*	No	Yes	Govt-backed	NO	In-house	364 days
Bonds issued by a financial institution that is guaranteed by the United Kingdom Government (as defined in SI 2004 No 534) with maturities under 12 months *Custodial arrangement required prior to purchase*	No	Yes	Govt-backed	NO	Buy and hold to maturity. To be used in-house after consultation/advice from CAS	364 days
Bonds issued by multilateral development banks (as defined in SI 2004 No 534) with maturities under 12 months *Custodial arrangement required prior to purchase*	No	Yes	AAA	NO	Buy and hold to maturity. To be used in-house after consultation/advice from CAS	364 days

NON-SPECIFIED INVESTMENTS 2017/18

Investment	**(A) Why use it?** **(B) Associated risks?**	**Share/ Loan Capital?**	**Repayable/ Redeemable within 12 months?**	**Security / Minimum credit rating**	**Capital Exp?**	**Circumstance of use**	**Maximum Investment**	**Maximum maturity of investment**
Term deposits with credit rated deposit takers (banks and building societies) with maturities greater than 1 year	(A) (i) Certainty of rate of return over period invested. (ii) No movement in capital value of deposit despite changes in interest rate environment. (B) (i) Illiquid - as a general rule, cannot be traded or repaid prior to maturity. (ii) Return will be lower if interest rates rise after making the investment. (iii) Credit risk - potential for greater deterioration in credit quality over longer period	No	No	Adopt CAS creditworthiness methodology to assess usage, and duration of investments	NO	In-house	£3m any ONE counterparty **AND £5m in TOTAL.** AND subject to the prevailing OVERALL maximum investment with any one counterparty	3 years
Certificates of Deposit with credit rated deposit takers (banks and building societies) with maturities greater than 1 year *Custodial arrangement required prior to purchase*	(A) (i) Although in theory tradable, are relatively illiquid. (B) (i) 'Market or interest rate risk' - Yield subject to movement during life of CD which could negatively impact on price of the CD.	No	Yes	Adopt CAS creditworthiness methodology to assess usage, and duration of investments	NO	To be used in-house after consultation/ advice from CAS	£3m	3 years
Fixed Term Deposits with variable rates and variable maturities with credit rated deposit takers (banks and building societies) with maturities greater than 1 year (structured deposits)	(A) (i) Enhanced income - Potentially higher return than using a term deposit with similar maturity. (B) (i) Illiquid – only borrower has the right to pay back deposit; the lender does not have a similar call. (ii) period over which investment will actually be held is not known at the outset. (iii) Interest rate risk - borrower will not pay back deposit if interest rates rise after deposit is made.	No	No	Adopt CAS creditworthiness methodology to assess usage, and duration of investments	NO	To be used in-house after consultation/ advice from CAS	£3m	3 years in aggregate

NON-SPECIFIED INVESTMENTS 2017/18 (Continued)

Investment	(A) Why use it? (B) Associated risks?	Share/ Loan Capital?	Repayable/ Redeemable within 12 months?	Security / Minimum credit rating	Capital Exp?	Circumstance of use	Maximum investment	Maximum maturity of investment
UK government gilts with maturities in excess of 1 year *Custodial arrangement required prior to purchase*	(A) (i) Excellent credit quality. (ii)Very Liquid. (iii) If held to maturity, known yield (rate of return) per annum - aids forward planning. (iv) If traded, potential for capital gain through appreciation in value (i.e. sold before maturity) (v) No currency risk (B) (i) 'Market or interest rate risk' - Yield subject to movement during life of sovereign bond which could negatively impact on price of the bond i.e. potential for capital loss.	No	Yes	Govt backed	NO	Buy and hold to maturity. To be used in-house after consultation/ advice from CAS	£3m	Maturity limit 5 years
Sovereign issues ex UK govt gilts - any maturity *Custodial arrangement required prior to purchase*	(A) (i) Excellent credit quality. (ii) Liquid. (iii) If held to maturity, known yield (rate of return) per annum - aids forward planning. (iv) If traded, potential for capital gain through appreciation in value (i.e. sold before maturity) (v) No currency risk (B) (i) 'Market or interest rate risk' - Yield subject to movement during life of sovereign bond which could negatively impact on price of the bond i.e. potential for capital loss.	No	Yes	AAA	NO	Buy and hold to maturity. To be used in-house after consultation/ advice from CAS	£3m	5 years

NON-SPECIFIED INVESTMENTS 2018/18 (Continued)

Investment	(A) Why use it? (B) Associated risks?	Share/ Loan Capital?	Repayable/ Redeemable within 12 months?	Security / Minimum credit rating	Capital Exp?	Circumstance of use	Maximum Investment	Maximum maturity of investment
Bonds issued by a financial institution that is guaranteed by the United Kingdom Government (as defined in SI 2004 No 534) with maturities in excess of 1year *Custodial arrangement required prior to purchase*	(A) (i) Excellent credit quality. (ii) relatively liquid (but not as liquid as gilts) (iii) If held to maturity, known yield (rate of return) per annum which would be higher than that on comparable gilt - aids forward planning, enhanced return compared to gilts. (iv) If traded, potential for capital gain through appreciation in value (i.e. sold before maturity) (B) (i) 'Market or interest rate risk' - Yield subject to movement during life of bond which could negatively impact on price of the bond i.e. potential for capital loss. (ii) Spread versus gilts could widen	Yes	Yes	AAA / government guaranteed	NO	Buy and hold to maturity. To be used in-house after consultation/ advice from CAS	£3m	5 years
Bonds issued by multilateral development banks (as defined in SI 2004 No 534) with maturities in excess of 1 year *Custodial arrangement required prior to purchase*	(A) (i) Excellent credit quality. (ii) relatively liquid. (although not as liquid as gilts) (iii) If held to maturity, known yield (rate of return) per annum, which would be higher than that on comparable gilt - aids forward planning, enhanced return compared to gilts. (iv) If traded, potential for capital gain through appreciation in value (i.e. sold before maturity) (B) (i) 'Market or interest rate risk' - Yield subject to movement during life of bond which could negatively impact on price of the bond i.e. potential for capital loss. (ii) Spread versus gilts could widen	Yes	Yes	AAA or government guaranteed	NO	Buy and hold to maturity. To be used in-house after consultation/ advice from CAS	£3m	5 years

APPENDIX 4

APPROVED COUNTRIES FOR INVESTMENT

The Council will use any UK Counterparties subject to their individual credit ratings under the CAS methodology.

The Council may also use counterparties from countries with a minimum AA sovereign rating. No more than £3m will be placed with any non-UK country at any time.

AAA
- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+
- Finland
- Hong Kong
- USA

AA
- Abu Dhabi
- France
- Qatar

List as at 16 December 2016

Gedling Borough Council

Report to Cabinet

Subject: Capital Programme 2017/18 to 2019/20

Date: 16 February 2017

Author: Senior Leadership Team on behalf of the Leader

Wards Affected

Borough wide.

Purpose

This report summarises:

a) The proposed Capital Programme for 2017/18 to 2019/20 in light of the Council's priorities and the resources available; and

b) The proposed Capital Investment Strategy for 2017/18 to 2019/20.

The Capital Programme and Capital Investment Strategy determined by Cabinet at this meeting will be referred to the Council Budget meeting on the 1 March 2017 for final approval. The detailed capital programme proposals are shown in Appendix 1 to this report.

Key Decision

This is a Key Decision.

Background

1.1 The prudential framework for Local Authority Capital Investment was introduced through the Local Government Finance Act 2003.

1.2 This prudential framework sets out the following key objectives:

- The capital investments plans of local authorities are affordable, prudent and sustainable. Affordability has regard to the implications of capital expenditure for Council Tax, whilst prudence and sustainability have regard to the implications for external borrowing.
- Treasury management decisions are taken in accordance with good professional practice.

Further information on the subject of this report is available from
Alison Ball, Financial Services Manager on (0115) 9013980

- Local strategic planning, asset management and proper option appraisal are supported.

Proposal

2.1 **Draft Capital Programme**

The following table summarises the proposed Capital Programme for 2017/18 to 2019/20. The full programme of schemes is presented in Appendix 1.

Portfolio	**2017/18 £**	**2018/19 £**	**2019/20 £**
Housing, Health and Wellbeing	1,156,000	120,000	0
Public Protection	1,070,000	820,000	820,000
Environment	2,016,900	998,000	528,000
Growth and Regeneration	575,000	875,000	0
Resources and Reputation	150,000	150,000	150,000
Future Equipment Replacement	0	100,000	100,000
Future Service Development Bids	0	100,000	100,000
Total Capital Programme	**4,967,900**	**3,163,000**	**1,698,000**

2.2 The proposed capital programme is derived from the following:

a) **Schemes already approved as part of the 2016/17 budget setting process**:

- 2017/18 Carlton Cemetery Expansion Car Park **£296,500**.

b) **Adjustments to schemes already approved**

- The Gedling Country Park Visitor Centre has an additional budget requirement of **£196,000** as reported to Cabinet on 2 February as part of the quarterly performance monitoring report.

  The additional budget requirement to fund the additional works and enable completion of the scheme is £196,000 which is now proposed as an addition to the 2017/18 programme.

c) **Schemes re-profiled from 2016/17**

Schemes totalling **£1,425,200**, approved for deferral by Cabinet on 2 February 2017:

	2017/18	2018/19
	£	£
Affordable Housing Scheme – funded by S106	150,000	120,000
Arnold Leisure Centre Flat Roof Replacement	123,400	
Disabled Facilities Grants/Better Care Fund	200,000	
CCTV Monitor Equipment	50,000	
Gedling Country Park Visitor Centre	380,000	
Carlton Cemetery Expansion	210,000	
Asset Management Fund (for suspended ceiling at Arnold Leisure Centre)	102,400	
Land Sale Fees	89,400	
Total	**1,305,200**	**120,000**

d) **Ongoing Capital Programme Items (previously approved as ongoing)**

- Disabled Facilities Grants **£820,000** per annum (subject to confirmation of grant funding via Better Care Fund). This is an increase of £131,000 from the previous approved programme which is fully grant funded.
- Asset Management Fund **£150,000** per annum - used to maintain the Council's assets to a safe and usable standard.
- Provisions for future development bids **£100,000** in 2018/19 and 2019/20.

e) **Replacement Equipment/Vehicles**

Replacement assets to ensure continuation of existing service:

	2017/18	2018/19	2019/20
	£	£	£
Leisure Fitness Equipment	238,000	0	0
Arnold Leisure Centre Suspended Ceiling	82,200		
King George V Climbing Frame	35,000		
Vehicles	763,000	998,000	528,000
Future Equipment Replacement	0	100,000	100,000
Total	**1,118,200**	**1,098,000**	**628,000**

f) **New resource development bids which meet the Council priorities**

The table below show schemes totalling **£1,910,000** which score 15 points and above using the Council's approved methodology as detailed in the Capital Investment Strategy (see paragraph 2.4 below). The approved methodology ranks schemes in accordance with the level of contribution made towards the achievement of the Council's Priorities and Improvement Plans. They are assessed as affordable in line with the Council's Prudential Code Indicators contained within the Treasury Management Strategy and within the overall context of the Medium Term Financial Strategy.

Description	Capital Budget 2017/18	Capital Budget 2018/19	Revenue Ongoing (For Info)	Score
	£	£	£	
Strategic Intervention Fund	475,000	475,000	20,000	38
Carlton Square Re-development	100,000	400,000	-	35
All Weather Pitch – Carlton le Willows School	300,000	0	-	25
Invest to Save Items:				
Calverton Leisure Centre – Soft Play Area	140,000	0	(31,300)	23
Carlton Forum/Redhill LC – Interactive Cycling Simulator	20,000	0	(5,400)	16
Total Capital Development Bids	**1,035,000**	**875,000**	(16,700)	

g) **Invest to Save Items from the Budget Reduction Programme**

Additional vehicle and equipment to support delivery of new Grounds Maintenance Contract which will generate savings of £35,000 per annum (as detailed in the Gedling Plan report elsewhere on this agenda) **£47,000.**

2.3 Capital Resources

2.3.1 Capital Receipts

When the Council sells General Fund assets it is permitted to use this income to fund capital expenditure.

The estimated annual capital receipt generation for 2017/18 to 2019/20 is detailed in the table below and it is proposed that these are fully utilised to finance the capital programme as detailed in paragraph 2.3.5:

	2017/18	2018/19	2019/20
	£	£	£
Land Sales	1,059,000	660,000	660,000
Right to Buy & Improvement Grant Repayments	150,000	150,000	50,000
Total Capital Receipt Estimate	**1,209,000**	**810,000**	**710,000**

Land Sales

A major review of the revenue budget was undertaken during 2014/15 with the objective of addressing the revenue grant reductions and delivering a sustainable Medium Term Financial Plan (MTFP). As part of that review, one strategy identified to reduce the pressure on the revenue budget was the sale of surplus non-operational land holdings to generate capital receipts. The capital receipts will be used to finance the capital programme and therefore avoid previously planned borrowing which in turn reduces pressure on the revenue budget by reducing principal and interest payments.

The initial estimate of capital receipts arising from this process was £3,650,000 in the period between 2015/16 to 2017/18 and included the sale of small areas of land and a major development site, Teal Close. To date £200,000 has been generated from the sale of small areas of land which have been used to finance previous capital programme items and a further £3,150,000 is still to be realised, leaving a shortfall from the original estimate of £300,000. The shortfall will be met partly by a £100,000 contribution from the Budget Reduction Risk Reserve which was set aside in recognition of the delivery risks contained in the budget reduction programme (see 2.3.2 below), and the remaining £200,000 will be met by borrowing.

The remaining capital receipt programme of £3,150,000 is expected to be generated between 2017/18 and 2022/23 with estimated receipts for the period of the current programme 2017/18 to 2019/20 included in the table above.

If, for whatever reason, these capital receipts do not materialise, then prudential borrowing will be used as replacement funding. This is still affordable within the timeframe of the MTFP.

Right to Buy Receipts and Improvement Grant Repayments

The Council also generates capital receipts from improvement grant repayments and preserved Right To Buy (RTB) receipts. Preserved RTB receipts are those that the Council has negotiated to retain, for a period of 10 years, as part of the LSVT of housing stock. These receipts are due to finish in 2018/19 when the 10 year period has ended. Preserved RTB receipts are not subject to usual housing pooling requirements, requiring a proportion to be paid to Central Government, and are fully usable to finance capital expenditure.

2.3.2 Direct Revenue Financing

The usage of earmarked revenue reserves as contributions to specific capital schemes totalling **£441,400** are proposed as follows:

a) £50,000 contribution from the earmarked revenue reserve for CCTV monitoring for the upgrade of the monitor room. This scheme is approved for deferral from the 2016/17 capital programme;

b) £100,000 contribution from the Economic Development Fund and £98,700 from the Business Rate Pool Reserve for the proposed development bid - Strategic Intervention Fund;

c) £82,200 to part fund the replacement ceiling at Arnold Leisure Centre as approved by Cabinet on 2 February 2017;

d) £10,500 contribution from the Asset Management Revenue Reserve to fund the project management costs of the Arnold Leisure Centre Flat Roof Replacement.

e) £100,000 contribution from the Budget Reduction Risk Reserve to cover a shortfall in an expected capital receipt projected as part of the 2014/15 budget reduction process, as detail in 2.3.1 above.

2.3.3 Capital Grants and Contributions

External funds such as the Disabled Facilities Grant (DFG) and contributions from developers continue to be important in the funding of capital expenditure and schemes financed in this way are included in the programme.

Grants and contributions estimated for financing the 2017/18 to 2019/20 programme include:

	2017/18 £	2018/19 £	2019/20 £
Disabled Facilities/Better Care Fund Grant (assumed ongoing 2017/18-2019/20)	820,000	820,000	820,000
Disabled Facilities/Better Care Fund Grant b/f from 2016/17 to fund slippage	200,000	0	0
S106 Contribution for Affordable Housing Project	150,000	120,000	0
Total Grants and Contributions	**1,170,000**	**940,000**	**820,000**

Disabled Facilities/Better Care Fund grant funding is now paid by the Department for Communities and Local Government to Nottinghamshire County Council for distribution. In 2016/17 the grant determination specified £820,000 for spend in Gedling on DFG and wider strategic Better Care Fund priorities. The actual allocations to each District Council are agreed by the Nottinghamshire Health and Wellbeing Board and for 2016/17 the full amount of £820,000 has been allocated for projects in Gedling. There have not yet been any grant announcements for 2017/18 so the current grant amount of £820,000 is assumed for the future programme. Any variation will be reported to Cabinet via the usual quarterly budget monitoring process.

Expenditure in the capital programme has been grossed up and the contributions are shown in the table below as adding to the resources available to finance the programme.

2.3.4 Prudential Borrowing

Due to the delay in generating capital receipts, as detailed in paragraph 2.3.1 above, there are requirements to use Prudential borrowing to finance the capital programme in 2017/18 to 2019/20. In addition, proposed development bids are higher than previously anticipated which has added £1.7m to the borrowing requirement. This is partly offset by a reduced borrowing requirement for the Disabled Facilities grants budget previously estimated at £225,000 per annum but is now 100% funded by government grant. The proposed borrowing amounts are detailed in paragraph 2.3.5 below.

The Council's Prudential Indicators for the financial years 2017/18 to 2019/20 are contained within the Treasury Management Strategy Statement, an item elsewhere on this agenda, which will be referred to Council for approval. These Prudential Indicators, in conjunction with the calculations within the Medium Term Financial Plan, show that this level of borrowing is affordable and sustainable, subject to securing the commitment to delivering a budget reduction programme of £3.5m in the medium term i.e. £1.6m net from planned budget reductions plus £1.9m the new proposed efficiency target.

2.3.5 Capital Resources Summary

An estimate of resources for financing the 2017/18 to 2019/20 programme is summarised below:

Capital Resources	**2017/18**	**2018/19**	**2019/20**
	£	**£**	**£**
Use of Capital Receipts	1,209,000	810,000	710,000
Direct Revenue Financing	441,400	0	0
Capital Grants and Contributions	1,170,000	940,000	820,000
Total Cash Resource	**2,820,400**	**1,750,000**	**1,530,000**
Prudential Borrowing	2,147,500	1,413,000	168,000
Total Financing	**4,967,900**	**3,163,000**	**1,698,000**

2.4 **Capital Investment Strategy**

2.4.1 The Capital Investment Strategy outlines the principles and framework that shape the Council's capital investment decisions. The principal aim is to deliver a programme of capital investment that contributes to the achievement of the Council's priorities and objectives as set out in the Gedling Plan.

2.4.2 The Strategy defines at the highest level how the capital programme is to be formulated; it identifies the issues and options that influence capital spending; and sets out how the resources and capital programme will be managed.

2.4.3 A copy of the proposed Capital Investment Strategy for 2017/18 to 2019/20 is attached at Appendix 2.

Alternative Options

3 As the resources for financing the capital programme are limited there is no capacity to implement further service developments which are not funded by specific grants and/or contributions, therefore no alternative options are available. However, depending upon the timing and value of expected capital receipts, borrowing may be utilised as a substitute for capital receipts to fund the programme in any one year, and vice versa.

Financial Implications

4 As detailed in the report.

Appendices

5 Appendix 1 - Draft Capital Programme 2017/18 – 2019/20
Appendix 2 - Capital Investment Strategy 2017/18 – 2019/20

Background Papers

- Treasury Strategy 2017/18
- Gedling Plan 2016-19

Recommendations

6 **THAT:**

(a) The estimated capital financing available for 2017/18 to 2019/20 be noted;

(b) The Capital Programme for 2017/18 to 2019/20 detailed at Appendix 1 is approved and referred to Council for approval on 1 March 2017;

(c) The Capital Investment Strategy 2017/18 to 2019/20 detailed at Appendix 2 is approved and referred to Council for approval on 1 March 2017.

Reasons for Recommendations

7 To obtain approval of the draft Capital Programme and Capital Investment Strategy, which support the delivery of the 2016-19 Gedling Plan.

APPENDIX 1

DRAFT CAPITAL PROGRAMME 2017/18 - 2019/20

SCHEME DESCRIPTION	Ref	CAPITAL BUDGET REQUIREMENT		
		2017/18	2018/19	2019/20
		£	£	£
HOUSING, HEALTH & WELLBEING				
Affordable Housing Scheme	S106 Slip	150,000	120,000	
All Weather Pitch Carlton Le Willows	Dev Bid	300,000		
Carlton/Redhill Cycling Simulator	Dev Bid	20,000		
Calverton Soft Play	Dev Bid	140,000		
Carlton Forum Gym Equipment Replacement	Equip Repl	190,000		
Carlton Forum/Redhill Spin Bike Replacement	Equip Repl	48,000		
Arnold LC Roof Replacement	Slippage	123,400		
Arnold LC Suspended Ceiling	Slippage/Repl	184,600		
Total Housing, Health & Wellbeing		**1,156,000**	**120,000**	**0**
PUBLIC PROTECTION				
Disabled Facilities/Better Care Fund	Ongoing/Slippage	1,020,000	820,000	820,000
CCTV Monitor Room Upgrade	Slippage	50,000		
Total Public Protection		**1,070,000**	**820,000**	**820,000**
ENVIRONMENT				
Carlton Cemetery - Expansion/Car Park	Dev Bid 16/17 + Slip	506,500		
Gedling Country Park Visitor Centre	Dev Bid/Slip	576,000		
King George V Climbing Frame	Equip Repl	35,000		
Land Sale Fees	Slip	89,400		
Bestwood Country Park Vehicle/Equipment	Budget Red Prop	47,000		
Vehicle Replacement	Equip Repl	763,000	998,000	528,000
Total Environment		**2,016,900**	**998,000**	**528,000**
GROWTH AND REGENERATION				
Strategic Intervention Fund	Dev Bid	475,000	475,000	
Carlton Square Development	Dev Bid	100,000	400,000	
Total Growth and Regeneration		**575,000**	**875,000**	**0**
RESOURCES AND REPUTATION				
Asset Management Fund	Ongoing	150,000	150,000	150,000
Total Resources and Reputation		**150,000**	**150,000**	**150,000**
Future Equipment Replacement			**100,000**	**100,000**
Future Development Bids			**100,000**	**100,000**
TOTAL CAPITAL PROGRAMME		**4,967,900**	**3,163,000**	**1,698,000**

Appendix 2

Gedling Borough Council

CAPITAL INVESTMENT STRATEGY 2017/18 to 2019/20

CAPITAL INVESTMENT STRATEGY 2017/18 to 2019/20

1. INTRODUCTION

This Capital Investment Strategy outlines the principles and framework that shape the Council's capital investment proposals. The principal aim is to deliver an affordable programme of capital investment consistent with the Council's financial strategy and that contributes to the achievement of the Council's priorities and objectives as set out in the Gedling Plan.

The Strategy defines at the highest level how the capital programme is to be formulated and designed; it identifies the issues and options that influence capital spending, and sets out how the resources and capital programme will be managed.

As well as detailing the approved capital investment programme over the forthcoming three years, the document also sets out the Councils ambitions over the medium to longer term.

The basic elements of the Strategy therefore include:

- A direct relationship to the Gedling Plan;

- A framework for the review and management of existing and future assets (the Property Asset Management Plan);

- An investment programme expressed over the medium term;

- A document that indicates the opportunities for partnership working;

- A framework that prioritises the use of capital resources;

- A consideration of the need to pursue external financing (grants, contributions etc.), which reconcile external funding opportunities with the Council's priorities and organisational objectives, so that it is the achievement of the latter that directs effort to secure the former;

- A direct relationship with the Treasury Management Strategy, and the limitations on activity through the treasury management Prudential Indicators.

This document is intended for the use by all stakeholders to show how the Council makes decisions on capital investment:

- for the Cabinet and Council – to decide on capital investment policy within the overall context of investment need/opportunity and affordability;

- for Councillors – to provide an understanding of the need for capital investment and help them scrutinise policy and management;

- for Officers – to provide an understanding of the Council's capital investment priorities, to assist them in bidding for capital resources, and to confirm their role in the capital project management and monitoring arrangements;

- for taxpayers – to demonstrate how the Council seeks to prudently manage capital resources and look after its assets;

- for partners – to share with them our Vision and help to co-ordinate and seek further opportunities for joint ventures.

The capital programme consists of:

- The General Fund Capital Programme with a proposed budget for 2017/18 of £4.968m. Of this amount, expenditure on the Council's assets totals £3.948m, and £1.020m will provide Disabled Facilities Grants to a number of private dwellings during the year.

2. PRINCIPLES SUPPORTING THE STRATEGY

The Capital Investment Strategy reflects the aspirations included within the Council's main strategic documents - principally the Gedling Plan but also other key planning documents such as the Asset Management Plan, Treasury Management Strategy and Prudential Code Indicators, Medium Term Financial Plan/Budget Strategy, and the ICT Strategy.

The principles that underpin the Capital Investment Strategy include:

Policy Principles:

- A direct relationship between Council priorities, including our statutory requirements, and a capital programme driven by essential investment needs and prioritised on an authority-wide basis, demonstrating an explicit link with all key strategic planning documents;

- The use of a rational process for assessing the relative importance of potential schemes.

Financial Principles:

- The overarching commitment to affordability of investments over the longer term;

- A recognition that the Council's own locally generated resources are limited and will only be used to fund those capital priorities that are unlikely to be able to access any other funding sources;

- A commitment to developing partnerships, including the pursuit of joint venture and community arrangements where appropriate, to achieve the Council's investment aspirations;

- To pursue all available external funding where there is a direct compatibility with the Council priorities;

- Value for money of investments in assets over their full life cycle.

<u>Asset Management Principles:</u>

- The development of Property Asset Management Plans (AMP) and investment plans for the use of all Council assets, be these operational buildings, investment properties, equipment and machinery, Information Technology or infrastructure assets;

- The optimisation of surplus assets by maximising income or application to other purposes informed through the AMP process, with all receipts generated through the sale of surplus property assets being used to fund the Capital Programme;

- Recognition of the value of surplus properties that are gifted by the Council as a contribution to a particular scheme. This value will be treated as capital resources and will have to be assessed against other capital proposals;

- A process of declaring property assets as surplus will be led by the Service Manager Property in consultation with the holding department, who will be able to declare a site surplus to requirements if deemed to be under-utilised or surplus to requirements;

- Wherever possible ensuring active community involvement in informing priorities and engagement in management plans, in line with the Localism Act 2011;

- Management of assets to take full account of the Council’s wider priorities including its environmental priorities;

- The continuation of financial support to schemes that involve site assembly, which will potentially generate significant capital receipts in the medium term;

- The provision of financial support to the Empty Homes Initiative, which is intended to bring empty homes back into use to increase the supply of affordable housing in the district;

- The Property Review process will determine if an asset meets the corporate need in the longer term. If this is the case then investment in the asset will be maintained. Conversely, if it is not required, then the asset is more valuable to the Council as a capital receipt.

Implementation and Management Principle

- The operation of robust management arrangements for the implementation, updating and review of the Strategy.

Links to Other Financial Documents

Medium Term Financial Plan

The Capital Strategy is closely linked to the Medium Term Financial Plan (MTFP), where available funding and projected levels of expenditure are set out. The revenue implications of the capital programme are also included in the MTFP, and the affordability of the impact on Council Tax is demonstrated.

Prudential Code

The Capital Strategy sets out the framework for prioritisation of capital investment decisions. The strategy for funding this investment is underpinned by the Prudential Code for Local Authority investment, which was introduced by The Local Government Act 2003. The Prudential Code has the following key objectives:

- That capital investment plans are affordable, prudent and sustainable
- That treasury management decisions are taken in accordance with good professional practice
- That local strategic planning, asset management and proper option appraisal are supported

To demonstrate that these objectives have been fulfilled, the Prudential Code details the indicators that must be set and monitored. These are designed to support and record local decision-making, and not to be comparative performance indicators. The Prudential Indicators must be approved by full Council.

Treasury Management Strategy

The Treasury Management Strategy links to the Capital Strategy in determining the Council's approach to borrowing and investment, including borrowing to fund capital expenditure. The Treasury Management Strategy is closely related to the Prudential Code and Prudential Indicators discussed above.

The Authority has an integrated Treasury Management Strategy, and has adopted the CIPFA Code of Practice for Treasury Management in Public Services. The Treasury Management Strategy deals with borrowing and investment arising as a consequence of all the financial transactions of the authority, not exclusively those arising from capital spending.

Statement of Accounts

The capital expenditure carried out in the year is reflected in the Balance Sheet of the Statement of Accounts ensuring stewardship of assets is demonstrated. The accurate monitoring and recording of capital expenditure ensures that this document is free from material error. The Statement of Accounts is externally audited at the end of each financial year to certify that it presents a true and fair view of the financial position of the Council.

Procurement Strategy

The manner in which capital monies are spent is determined by the Procurement Strategy, which along with the Contract Standing Orders and Financial Regulations, looks at who can be used to supply goods and services to the Council, and how these goods and services should best be obtained to secure value for money.

3. CAPITAL INVESTMENT PRIORITIES

The aim of the Council is to make a sustainable improvement to the long-term quality of life of our residents. The Gedling Plan 2016-19 sets out the vision for Gedling. This Vision is intended to be external facing and clearly indicates the Council’s ambition for the district and the people within. Underpinning the Council's contribution to the Gedling Plan vision are the priorities. These are:

People

- Reduce anti-social behaviour, crime and fear of crime.
- Reduce hardship and provide support to the most vulnerable.
- Improve health and wellbeing.
- Promote and encourage pride, good citizenship and participation in the local area.

Place

- Create more jobs and better access to them.
- Ensure local people are well prepared and able to compete for jobs.
- Provide more homes.
- Provide an attractive and sustainable environment that local people can enjoy and appreciate.

Performance

- Improve the customer experience of dealing with the Council.
- Create a stronger commercial and entrepreneurial culture.
- Maintain a positive and productive working environment and strong staff morale.

4. FINANCIAL CONTEXT

Comprehensive Spending Review

The Chancellor announced the comprehensive spending review on 25 November 2015, with further cuts in Central Government Funding being applied to all Local Authorities, including Gedling. This detailed the removal of the Revenue Support Grant to Council's over the period of this parliament, and instead moving to 100% funding by business rates income, i.e. a system of Local Government funded by local taxation. Changes to the New Homes Bonus (NHB) have also been announced by Government in the Provisional Finance Settlement 2016 which effectively reduce Gedling's NHB to zero over the next four years.

What this means in practice is that local authorities will find it much harder to fund capital expenditure, resulting from less government funding, more expensive borrowing, and reduced capital receipts in the current economic climate.

In response to these significant pressures, local authorities must now explore alternative sources of funding capital expenditure. These various options can be summarised as follows:

- External partners – Traditionally Section 106 monies have been levied on private contractors where funds have been required to deliver (amongst other things) capital projects necessary to make a planning application acceptable e.g. to upgrade highways infrastructure, within the district. These opportunities are now extended to include the Community Infrastructure Levy (CIL), which allows local authorities in England and Wales to raise funds from developers undertaking new building projects in their area. The money can be used to fund a wide range of infrastructure that is needed to deliver new development. The infrastructure to be funded by CIL must be clearly set out and can include transport schemes, flood defences, schools, hospitals, other health and social care facilities, parks, green spaces and leisure centres.

- Grants – Capital grants are made available by the central government and other public sector bodies that could be used to fund capital expenditure. Unfortunately capital grants are now diminishing in number as further cuts are enforced on Local Government. For example, as detailed above, changes to the New Homes Bonus, which is an established non-ringfenced grant is not expected to be a source of capital funding going forward.

- Business Improvement Districts (BIDs) – A partnership between a local authority and local businesses to develop projects and services that benefit the local trading environment.

- Local Asset Backed Vehicles (LABVs) – This is a form of public and private sector partnership that allows public sector bodies to use their assets (usually land and buildings) to attract long term investment from the private sector in order to deliver socio-economic development and regeneration. They are designed to encourage parties to pool resources, such as finance, planning powers, land and expertise, in order to deliver regeneration with an acceptable balance of risk and return for all those involved. They are increasingly being looked at as a potential model to help local authorities meet their regeneration aspirations.

- Tax Increment Financing (TIF) – This is an initiative that allows a local authority to borrow money against the predicted future growth in local business rates income.

- Social Impact Bonds (SIBs) – A contract between a public body and a private investor, where the investor funds are used to pay for interventions to improve the social outcome, and the public body pays the investor based on that improved social outcome. Examples include prisons based on reduced re-offending, and CCTV based on reduced anti-social behaviour and crime levels.

- Community Involvement – The Localism Act 2011 introduced the concept of “community asset transfer”, “community right to challenge” and “community right to bid” for services. These changes in legislation have opened up the whole spectrum of opportunities of private sector investment in community-led capital projects, where deemed appropriate.

- Collaborative Working – a move away from the traditional development agreement structure and towards a more collaborative approach, either to enhance marketing prospects for a site or to enhance its redevelopment value by addressing planning issues. This type of approach encourages interest from expert developers to promote a site or work together on the planning and infrastructure process, to enhance the attractiveness of the site to end users.

Financial Process

The Council’s financial and service planning process ensures decisions about the allocation of capital and revenue resources are taken to achieve a corporate and consistent approach.

The funding of capital schemes is via the following hierarchy:

- External grants and contributions;
- Capital receipts from the disposal of fixed assets;
- Borrowing;
- Leasing finance; (where applicable)
- Revenue contributions.

The following paragraphs examine the current and prospective means of financing projects and the range of choices available.

External Grants and Contributions - Some capital projects are financed wholly or partly through external grants and contributions that are specific to projects and cannot be used for other purposes.

Grants from external sources are a valuable source of capital finance for the Council and have enabled the Council to realise a substantial number of capital developments that would otherwise have been unable to progress. Given the scale of the Council's ambitions to improve and add to its asset base much will depend on our ability to secure external funding.

The most significant grants that the Council is now likely to receive are from Section 106 monies and the Community Infrastructure Levies from development sites. Section 106 agreements are contributions from developers tied into new construction projects, such as funding a new play area when building a housing development. These agreements can be complex and difficult to monitor, and the provision of the funding can be contingent upon a certain stage in the development being met. Once contributions have been received, there is usually a time limit within which they must be spent. Where there is a revenue element to provide for ongoing maintenance of facilities, it needs to be correctly reflected in directorate revenue budgets.

Capital Receipts - The Council also generates its own capital resources through the sale of surplus land and buildings and these resources can be used by the Council to invest in new capital projects. However, the Council is not asset rich and the ability to realise significant capital receipts is becoming limited. Moreover, the current economic climate will restrict the capital value of any sale. Decisions to dispose of assets at less than full value should therefore be tested against the opportunity cost of the capital spending given up as a consequence.

All capital receipts arising from the sale of land and buildings will feed directly into the corporate capital pot for reinvestment. Generally capital receipts will be treated as a corporate resource.

The Council will ring-fence capital receipts to specific schemes where there is a legal requirement to do so i.e. whether it arises from the terms under which the asset was acquired, or from a statutory requirement. Exceptionally the Council may ring-fence receipts where there is a close link between the receipt and reinvestment.

Borrowing – Prudential borrowing is where the debt costs have to be funded from the Council's revenue resources. The principle of affordability is therefore a key consideration.

Prudential borrowing will be tightly controlled due to the financial impact it will have on a revenue budget that already operates to very tight margins. The planning assumption for the three-year programme is that the Council may use borrowing for 'long life' assets, or as an alternative for leasing, or for an 'invest to save' scheme. This must, however, be proven to be affordable within the revenue budget.

Revenue Funding - The Council can also use revenue resources to fund capital projects, although pressures on the revenue budgets limit the ability to fund schemes from this source.

Leasing

Leasing does not currently play a part in funding the Council's capital expenditure, as vehicles are now purchased rather than leased when they are replaced. This falls outside the prioritisation and scoring mechanism, and checks need to be made to ensure that vehicle replacements form part of a coherent overall strategy that provides value for money.

Other Sources of Capital Financing - The Council will continue to explore the potential for developing partnerships and private sector involvement. In all cases the resulting revenue costs of these sources of funding are tested for relative Value for Money alongside debt financing.

The Council recognises that certain services have greater potential for attracting capital finance from external sources. The Council aims to ensure that it maximises the opportunities to attract partnership or third party funding where appropriate and will focus the use of its own scarce capital resources to provide public assets where these alternative funding sources are not available.

The table below shows the estimated use of these resources over the three-year period.

FUNDING SOURCE	**2017/18**	**2018/19**	**2019/20**
	£	**£**	**£**
Grants & Contributions	1,170,000	940,000	820,000
Capital Receipts	1,209,000	810,000	710,000
Direct Revenue Financing	441,400	0	0
Borrowing/Leasing	2,147,500	1,413,000	168,000
Total	**4,967,900**	**3,163,000**	**1,698,000**

5. CAPITAL BUDGET PREPARATION

The capital programme is derived from the following:

(a) Rolling Programme Items

- ongoing investment required to ensure continuation of existing service e.g. replacement of vehicles and equipment;
- Asset Management Fund to ensure existing assets are maintained to appropriate standards;
- schemes determined to be an ongoing requirement and funded by grant e.g. Disabled Facilities Grant;

(b) Resource Development Bids - new capital investment proposals to secure the achievement of Council priorities.

Capital Investment Prioritisation

The purpose of the capital budgeting process is to ensure that the money available for capital expenditure is prioritised in the way which best meets the Council's objectives. This must be achieved within the constraints of the capital funding available. Demand for capital resources to meet investment needs and aspirations will exceed the resources available to the Council and so are prioritised as follows:

(a) Rolling Programme Items are the first call on available resources to ensure that existing approved service levels can continue to be delivered.

The vehicle replacement programme identifies vehicles reaching the end of their useful life for which replacement vehicles need to be purchased. Additional vehicles for new service proposals are subject to the development bidding process.

Asset maintenance of a capital nature e.g. refurbishment of leisure centre changing rooms, are bid for annually by service departments and included in the programme as an Asset Management Fund scheme. Schemes may be prioritised in accordance with the capital scoring methodology (see below) if there are more bids than funds available in the Asset Management allocation. Funding for routine asset repairs and maintenance is not bid for on a yearly basis as the majority of ongoing repairs and maintenance budgets are held as revenue by directorates.

(b) Resource Development Bids present the competing directorate priorities for capital resources which are assessed by a capital scoring methodology (see below) which assigns points to proposed schemes based on their fit with the priorities identified.

The Capital Budgeting Process

The capital budgeting process commences in September each year, and is made up of several steps.

- Service Managers identify capital schemes in line with identified corporate and service priorities.
- Resource Development Bids are scored against the capital scoring methodology.
- The ranked scores of schemes are considered in conjunction with the capital funds available, to arrive at a proposed capital programme.
- Council has the final decision on which schemes proceed, informed by the proposed programme.

Service Managers submit proposed capital schemes on development bid pro-formas. The financial information required includes the initial outlay and ongoing costs of the scheme, as well as any income or savings generated.

The revenue impact of proposed schemes is of particular concern. Schemes that have a high ongoing impact on revenue may fail to proceed, due to the constraints on revenue financing. Conversely, schemes which generate additional revenue income, or contribute to revenue savings will score additional points on the financial element of the methodology. This also applies to schemes which generate external funding or capital receipts.

The bid process also asks Service Mangers to identify the non-financial outputs and outcomes which their scheme will provide, and this information is used to score schemes against the criteria in the scoring matrix.

Bids are scored by the Section 151 Officer, the Service Manager for Financial Services and a Corporate Director.

A good capital bid is likely to be one which:

- makes a significant contribution to one or more corporate priorities;
- has been thoroughly researched, both practically and financially, including consideration of an option appraisal and whole life costing approach for major schemes;
- considers fully the ongoing revenue implications, both costs and incomes;
- pays for itself and generates an income stream i.e. Invest to Save schemes;
- has been developed in conjunction with stakeholders, including Members and any other services or partners affected;
- has identified and secured possible external funding or capital receipts;
- identifies realistic and achievable outcomes and outputs;
- is deliverable within the resources (such as staffing) available within the directorate, or identifies extra resources required;

The submission of bids by directorates which demonstrate these qualities is key to ensuring that the Council's priorities are delivered through capital investment.

The Capital Scoring Methodology

The aim of the capital scoring methodology is to ensure that the schemes that best fit the Council's priorities, within the funds available, are taken forward. A copy of the current scoring methodology is attached at Appendix A. Scores are awarded based on:

- the extent to which schemes meet the priorities identified. Weighting may be applied to the scores if Cabinet propose that a particular priority or ward area requires additional investment. No weighting has been applied in the development of the 2017/18 to 2019/20 programme;
- Asset management priorities – this section is used to prioritise Asset Management Fund items if bids to the fund exceed the budget allocation;
- the measure of the financial impact of the scheme, where points are awarded for external funding, income generation, value for money, impact of risk, and generation of capital receipts.

The maximum score possible (excluding Asset Management Fund items) is 53 points. The highest score would only be achievable if the scheme made a high contribution to all of the Council priorities together with a maximum positive financial impact in terms of value for money, funding/income generation and risk. The maximum available score is unlikely to be achieved by any individual scheme so scoring parameters are set, based on the level of contribution to priorities achieved, by which schemes are considered for inclusion in the proposed capital programme.

For the 2017/18 to 2019/20 capital budget, the following score parameters have determined the schemes to be proposed for inclusion in the capital programme based on contribution to priorities:

Score	**Capital Programme Inclusion**
Greater than 25 points	Automatic Proposal
Between 15 and 25 points	Include with Cabinet Support
Less than 15 points	Automatic Disregard

Scheme are ranked in accordance with the scores secured and those above 15 points considered by Cabinet in light of resources available before making final recommendations to Council of the final programme for approval.

Managing the Capital Programme

A key role in the monitoring of the capital programme is undertaken by the Capital Monitoring Group, which meets on a bi-monthly basis. This Group is attended by responsible officers providing a supportive environment in which problem areas are identified and corrective actions agreed and implemented at an early stage to avoid slippage. Each scheme has a nominated project manager who is responsible for the successful completion of the scheme both to time and on budget.

The Council maintains comprehensive and robust procedures for managing and monitoring its Capital Programme. The ongoing monitoring arrangement for the delivery of the approved programme is a reciprocal process between service directorates and Financial Services consisting of:

- Project Managers identified for each scheme who are responsible for monitoring progress, spend and income and producing action plans to respond to variations in pace or cost of delivery;

- Project Managers feed information on scheme progress to the Finance Business Partner to produce the monthly budget monitoring statement;

- Bi-monthly capital monitoring meetings consider each Project Manager's report on performance outputs on each of their capital projects in progress. Variations and unexpected items are discussed and appropriate action taken;

- Service Managers are responsible for ensuring that Project Manager monitoring reports are quality assured and challenged, and that corporate implications arising from capital monitoring are brought to the attention of the Senior Leadership Team and Cabinet;

- Capital budget monitoring is reported to Cabinet on a quarterly basis, for consideration of slippage and budget amendments;

- At year end, Financial Services collate the outturn position for capital schemes, and report under and overspends and propose budget carry forwards. The Asset Register and Statement of Accounts are updated with new assets acquired within the year;

- A post-implementation review of capital projects after completion is important to assess to what extent the financial and non-financial aims of the project were met. Where they were not, lessons can be learned, which can inform future projects and may lead to revisions in either the budgeting or monitoring processes.

6. CONCLUSION

The Capital Investment Strategy is a ‘live’ document which enables the Council to make rational capital investment decisions in order to achieve its corporate priorities and objectives. As a consequence, it provides a framework for determining the relative importance of individual capital projects.

If the Council is to achieve its ambitions, it is recognised that a commitment to partnership working with both the private sector and other public sector bodies will play a significant part of the Council’s overall approach.

The adoption of a three-year capital planning framework is a significant means of improving programming for major projects and ensuring the longer term sustainability of the borrowing requirement.

The Council aims to ensure that it will maximise the opportunities to attract partnership or third party funding, and will focus the use of its own scarce capital resources to provide public assets where these alternative funding sources are not available.

New and innovative ways of generating increased capital finance will continue to be explored, as well as adopting a rigorous approach to the identification and disposal of surplus assets.

The Council will maintain comprehensive and robust procedures for managing and monitoring its Capital Programme.

Any policy or strategy proposed to Council that requires capital investment must be consistent with the Capital Investment Strategy. The Strategy is to be revisited annually, to ensure that it is kept up-to-date and is relevant and effective.

Appendix A

Capital Resource Development Bid – Scoring Methodology

		Scoring system	Bid Name	Bid Name
1.	**Priorities**			
a.	**People**			
i	Reduce anti social behaviour, crime & fear of crime	**0 - 3**		
ii	Reduce hardship and provide support to the most vulnerable	**0 - 3**		
iii	Improve health and wellbeing	**0 - 3**		
iv	Promote and encourage pride, good citizenship and participation in the local area.	**0 - 3**		
	Total for 1a: Maximum points =	**12**	**0**	**0**
0 = Not applicable; 1 = Low contribution; 2 = Medium contribution; 3 = High contribution				
Weighting due to performance indicator:		**1**	**1**	**1**
b.	**Place**			
i	Create more jobs and better access to them	**0 - 3**		
ii	Ensure local people are well prepared and able to compete for jobs.	**0 - 3**		
iii	Provide more homes	**0 - 3**		
iv	Provide an attractive and sustainable local environment that people can enjoy and appreciate.	**0 - 3**		
	Total for 1b: Maximum points =	**12**	**0**	**0**
0 = Not applicable; 1 = Low contribution; 2 = Medium contribution; 3 = High contribution				
Weighting due to performance indicator:		**1**	**1**	**1**
c.	**Performance**			
i	Improve the customer experience of dealing with the Council	**0 - 3**		
ii	Create a stronger commercial and entrepreneurial culture	**0 - 3**		
iii	Maintain a positive and productive working environment and strong staff morale	**0 - 3**		
	Total for 1c: Maximum points =	**9**	**0**	**0**
0 = Not applicable; 1 = Low contribution; 2 = Medium contribution; 3 = High contribution				
Weighting due to performance indicator:		**1**	**1**	**1**
2.	**Asset Management Plan Priority (AMF items only)**			
a.	AMP 1 (urgent Health & Safety)	**25 pts**		
b.	AMP 2 (desirable Health & Safety)	**5 pts**		
c.	AMP 3 or 4	**0 pts**		
	Total for 2: Maximum Points =	**25**	**0**	**0**

		Scoring System	Bid Name	Bid Name
3.	**Measure of Finance Impact**			
a.	External Funding	**0 - 10**		
b.	Income Generation	**0 - 10**		
c.	VFM	**0 - 10**		
d.	Risk	**0 - 10**		
e.	Capital Receipt Generation	**0 - 10**		
	Total for 3: Maximum points =	**20**	**0**	**0**
4.	**Weighting based on ABI impact**			
5.	**Total points Maximum points possible =**	**53**	**0**	**0**
AMF Items	**Total points Maximum points possible =**	**78**	**0**	**0**

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Report to Cabinet

Subject:	**Gedling Plan 2016-19 (including General Fund Revenue Budget)**
Date:	**16 February 2017**
Author:	**Senior Leadership Team on behalf of Leader of the Council**

Wards Affected

Borough wide.

Purpose

This report sets out the priorities, objectives and top actions for the Council for the forthcoming year with the associated revenue budget.

Key Decision

This is a Key Decision.

Background

1.1 The Constitution of the Council requires the Leader to present, before 21 February each financial year, a draft Budget and Performance Plan to the Cabinet for approval, highlighting budget priorities, growth items and proposed cuts.

1.2 The Executive is required to consider any comments made on the draft Budget and Performance Plan and present the final drafts to Council for adoption in accordance with the statutory requirements. To fulfil these requirements the 2016-19 Gedling Plan and revenue budget proposals will be presented to Budget Council on 1 March 2017. The Borough Council has a statutory responsibility to determine its Council Tax by 10 March.

1.3 This report ensures these requirements will be met for the 2017/18 budget process.

1.4 The severe financial pressures that the authority continues to face following the further reductions in Government Grant Settlement and recently announced changes to New Home Bonus funding make this another extremely challenging budget round. As the Council relies heavily on central funding to deliver its services, any funding reductions require the Council to make further budget cuts and efficiencies, and to generate additional income to deliver a balanced budget in the short and medium term.

Proposal

2. Gedling Plan

2.1 Members will recall that the Gedling Plan 2016/2019 setting out what the Council intends to achieve between 1 April 2016 and 31 March 2019 was approved by Full Council on 7 March 2016. This is the first time a 3 year plan has been developed by the Council, enabling a stronger link between the service and financial planning processes.

2.2 In 2016, it was noted that the Plan would be reviewed and updated on an annual basis to take into account new developments, emerging priorities and actions. The purpose of the annual review is not about creating a new Gedling Plan, but providing an opportunity to reflect on any changes necessary as a result of new challenges and the Council's ambitions. It is also an opportunity to re-focus, check and challenge whether the priorities, actions and performance indicators are the right ones.

2.3 This report presents a revised Gedling Plan 2017/19 (at Appendix 1) setting out an updated position one year on and provides a 'refreshed' suite of actions to take the Council to the end of the life of the current Plan. It also includes updated performance indicator targets.

2.4 The Plan is still based around 3 priorities, which have a range of objectives beneath them.

People

- Reduce anti-social behaviour, crime and fear of crime.
- Reduce hardship and provide support to the most vulnerable.
- Improve health and wellbeing.
- Promote and encourage pride, good citizenship and participation in the local area.

Place

- Create more jobs and better access to them.
- Ensure local people are well prepared and able to compete for jobs.
- Provide more homes.
- Provide an attractive and sustainable environment that local people can enjoy and appreciate.

Performance

- Improve the customer experience of dealing with the Council.
- Create a stronger commercial and entrepreneurial culture.

- Maintain a positive and productive working environment and strong staff morale.

2.5 When reviewing the Plan it is noted that a number of actions have already been reported as complete during 2016/17, therefore it is proposed these be removed from the revised Gedling Plan. A number of other actions have also been slightly re-worded to reflect the work to be progressed in the forthcoming year. A number of new actions have been introduced, but given the financial pressures faced by the Council these have been kept to a minimum.

2.6 Should the recommendations be agreed, progress against the actions and indicators will be reported to Members, including Cabinet and Overview and Scrutiny Committee and to the public online in the usual way. Accountability for individual actions and indicators will be shown clearly in the reports, with each having an accountable officer and lead portfolio holder.

3. Proposed General Fund Budget 2017/18

3.1 The Council's proposed General Fund budget sets out the financial strategy and framework for overall financial control and administration for the Council. It also details how individual items such as Central Government Funding, Taxation levels, Resource Developments etc. impact on the annual budget and this has been taken into account in presenting this annual budget and Medium Term Financial Plan (MTFP) Summary.

3.2 Principles Underpinning the Budget Strategy

The Council has a number of agreed principles as a basis for financial management and budget planning as follows:

- Emerging pressures are managed within existing overall budgets;
- Spending is aligned to key priorities as set out in the Gedling Plan;
- Income is only included in the budget where supported by robust proposals and is deliverable;
- The Council will maximise its commercial income where possible to ensure that fee charging services break-even over time and are provided with a nil cost subsidy from the taxpayer where appropriate, or return a surplus where appropriate;
- Where possible, future liabilities are anticipated;
- Budgets are sustainable;
- Savings proposals are supported by project plans and the impact on service delivery is clear;
- Capital and revenue planning must be integrated to ensure implications are fully anticipated;
- The Council's reserves and balances are not to be used as a primary method to balance the ongoing pressures in the budget. Earmarked reserves are used for specific one-off purposes to support the delivery of corporate objectives and to mitigate risks.

In light of the anticipated medium term gap, the Council has developed a forward strategy to inform future financial planning, by providing a framework for reducing planned expenditure over the medium term to ensure the Council is financially sustainable, while still delivering the Council's key priorities as set out in the Gedling Plan.

To meet the financial challenges of the next five years the proposed approach represents a strategic shift in the focus of the organisation from a model based largely on cost reduction and service redesign, through to a strengthened focus on a more commercial council approach with an income earning emphasis.

3.3 **Spending Review and Autumn Statement**

The Chancellor of the Exchequer presented his annual Spending Review and Autumn Statement to Parliament on 23 November 2016. It provided an update on the state of the economy, based on the latest economic and fiscal forecasts from the Office for Budget Responsibility, and announced the Government's measures to promote economic growth.

The Autumn Statement set out how the government will return the public finances to health, while providing flexibility to support the economy in the near term and addressing long-term economic weaknesses through increased investment.

The government intends to return the public finances to balance as soon as possible in the next Parliament, with an interim objective of reducing the structural deficit to less than 2% of GDP, and for debt as a percentage of GDP to be falling by the end of this Parliament. This is a relaxation of the previous plans which, pre-Brexit, intended to achieve a public spending surplus of £10 billion in 2019/20.

To achieve its plans the government remains committed to maintaining fiscal discipline and therefore Government Departments will be expected to continue to deliver the overall spending plans as set out in the Spending Review 2015 which means there will be no easing of austerity for public services.

The Chancellor announced that the timetabling of budgets has been changed with the intention to have the Budget in the autumn and a Spring Statement. This switch will allow more time for scrutiny of funding decisions before they come into effect.

3.4 **Local Government Finance Settlement & New Homes Bonus 2017/18**

3.4.1 The local government finance settlement is the annual determination of funding for local government, distributing revenue raised from business rates and other funding streams through Revenue Support Grant and Business Rates Retention.

The 2017/18 Settlement determines how much Revenue Support Grant central government will give to each local authority in England in 2017/18 and sets the Baseline Funding Level for Business Rates (the actual amount of business rates funding will be determined by the actual amount of rates collected and movements in the business rates base in accordance with the business rates retention scheme).

The provisional settlement figures for 2017/18 were announced by the Department for Communities and Local Government on 15 December 2016. A full analysis of the provisional Settlement was completed by the Local Government Association and is attached at Appendix 2 for information.

During the Settlement process for 2016/17 the Government offered all councils a four year funding settlement for 2016/17 to 2019/20 conditional upon the publication of an efficiency plan. Gedling accepted the offer to gain funding certainty to enable more proactive planning of service delivery, as did all but 10 Councils.

The latest figures for the multi-year settlement are detailed in the table below:

<u>Four Year Settlement - Spending Review Period 2016/17 – 2019/20</u>

Year	Revenue Support Grant £	Business Rates £	Total £	Cash Reduction £	Movement from Prev. Year
2016/17	1,415,700	2,815,500	4,231,200	707,200	-14.3%
2017/18	**780,500**	**2,873,000**	**3,653,500**	**577,700**	**-13.7%**
2018/19	384,900	2,965,400	3,350,300	303,200	-8.3%
2019/20	0	3,013,900	3,013,900	336,000	-10.0%

The total cumulative settlement grant reductions equate to 39% or £1.9m in cash terms over the full spending review period 2016/17-2019/20 compared to the base position of 2015/16. Total Settlement grant reductions compared to the amount received in 2010/11 will be £5.8m or 66% by 2019/20.

Settlement has now reduced to 29% of Gedling's net budget for 2017/18, falling to 25% by 2019/20 at current spending levels, compared to 60% in 2010/11.

3.4.2 <u>Business Rates Retention</u>

- <u>Current Business Rates Retention Scheme</u>

  The Business Rates baseline figures included in the Settlement have been recalculated by central government and all top-ups and tariffs adjusted to reflect the changes arising from the 2017 business rates revaluation exercise. The recalculation mitigates the financial impact of the revaluation exercise to ensure this has only a minor impact on business rates baseline funding levels. Business rate appeals will remain a problem, as successful appeals could date back to earlier years, and the revaluation exercise may encourage further appeals to be submitted.

- Future 100% Business Rates Retention Scheme

  The Government is committed to introducing 100% business rates retention by the end of this Parliament. Local government will retain 100% of business rates revenues to fund local services and the current system of top-ups and tariffs will be retained to ensure appropriate distribution of resources. The Government's intention is for this change to be fiscally neutral at a national level. As part of these reforms, the revenue support grant will be phased out, as demonstrated in the table above, and additional responsibilities devolved to local authorities (these are unknown at this stage), empowering them to drive local economic growth and support their local community. It is intended that the Uniform Business Rate will be abolished and any local area will be able to cut business rates, to win new jobs and generate wealth. Powers to increase business rates are only currently proposed for city-wide metro mayors for local infrastructure projects, with the support of local business.

  A number of pilots are trialling the 100% retention proposal to enable the proposed system to be tested. The Government is expected to publish a further technical consultation in due course and the Secretary of State has confirmed that they intend to introduce a Bill into Parliament early in 2017.

3.4.3 New Homes Bonus

During 2011/12 Central Government introduced the New Homes Bonus (NHB) which is now funded from the centrally retained share of Business Rates income and paid as a separate non-ringfenced grant which is not part of the Settlement Funding Assessment. When the NHB was introduced, the Department for Communities and Local Government stated in its final scheme design that it was intended to be a predictable, permanent and enduring feature of local government funding.

The principles of the grant are to reward local authorities for each new property completed within their boundary plus an additional reward for returning empty properties back into use. The value of the reward is linked to the national average council tax band D property and each individual award is currently for a six year period.

During 2016/17 the Government consulted on changes to the New Homes Bonus with the intention of delivering savings to fund pressures in social care. The Government has now confirmed the following changes:

- Reducing the length of time that the bonus is paid from six years to five years in 2017/18. This will be followed by a further reduction to four years in 2018/19 thereafter;
- Removal of deadweight – the Government notes that some housing would be built regardless of the NHB and will remove what it terms as 'deadweight' from the payment. A 0.4% baseline has been set which means that local authorities will need to achieve taxbase growth of greater than 0.4% in each year before they receive any NHB funding. This is higher than the threshold consulted upon of 0.25% and the Government may further change this threshold in future years if there is a significant increase in housing growth;
- Payments will not be withheld in 2017/18 for authorities that have not submitted their local plan but the government will revisit this from 2018/19;
- Payments for residential developments allowed on appeal will be withheld with effect from 2018/19.

Impact of the Changed New Homes Bonus Scheme

The introduction of the 0.4% growth baseline effectively means that GBC would have to grow by 208 band D houses per annum before any payment is made. For the period measured for the 2017/18 New Homes Bonus i.e. October 2015 to October 2016, growth in Gedling was 157 band D equivalent houses, equivalent to 0.35% growth. This is below the national baseline of 0.4% and therefore Gedling will not receive any additional New Homes Bonus for 2017/18. For additional context, if new housing was built with a value below the band D average, then Gedling would need 312 Band A properties or 267 band B properties or 234 band C properties before even meeting the threshold for payment. Even then we would only receive NHB on properties over and above this quantity. The introduction of a baseline could remove any incentive to grow in relatively low growth areas and penalise areas with limited opportunity to grow.

Whilst there remains a possibility that Gedling will receive some New Homes Bonus in the future, (indeed the Government is still projecting £1,200,000 for Gedling in its Core Spending Power projection detailed para 3.4.4 below) housing growth would need to substantially increase above 2017/18 levels to generate, what would still be, a much reduced reward e.g. 100 band D properties above the baseline would generate approximately £150,000 of which 80% for Gedling i.e. £120,000 and 20% for the County (£30,000), based on current splits.

However, the Affordable Homes Premium does continue to be paid, irrespective of the baseline, at £350 per affordable unit. For 2017/18, 32 units of the growth were 'affordable', generating a total premium of £11,200 of which Gedling retains 80% or £8,900, with the remaining 20% paid to Nottinghamshire County Council.

Due to the uncertainty surrounding future NHB it is considered prudent for medium term financial planning purposes to assume that zero NHB awards will be available to support revenue financing going forward. Any future awards will be available to support one off projects or an increase in balances to support future budgets.

The table below details the projected financial impact of the new NHB scheme compared to the indicative figures included in the 2016/17 MTFP estimate (which were based on Government's 2016/17 Core Spending Power projection):

New Homes Bonus Projections Compared to 2016/17 MTFP Assumptions

Payment Relating to	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	£	£	£	£	£	£
2011/12	339,800					
2012/13	409,600					
2013/14	366,300	366,300				
2014/15	448,100	448,100				
2015/16	467,700	467,700	467,700			
2016/17	368,800	368,800	368,800	368,800		
2017/18		8,900	8,900	8,900	8,900	
2018/19			0	0	0	0
2019/20				0	0	0
2020/21					0	0
2021/22						0
2017/18 MTFP	**2,400,300**	**1,659,800**	**845,400**	**377,700**	**8,900**	**0**
Total 16/17 MTFP	2,400,300	2,400,300	1,520,400	1,458,800	1,458,800	1,458,800
Shortfall	**0**	**(740,500)**	**(675,000)**	**(1,081,000)**	**(1,449,900)**	**(1,458,800)**

This change clearly presents a significant additional financial challenge that was not expected at the March 2016 budget setting process.

3.4.4 Core Spending Power 2019/20 Compared to 2015/16

As part of the Settlement announcements the Government includes it's projection of Core Spending Power for each authority for the current spending review period 2016/17 to 2019/20. For Gedling the components of Core Spending Power include the Settlement Funding Assessment (revenue support grant and business rates), the Government's estimate of Council Tax Receipts and the New Homes Bonus and these are summarised in the table below:

Core Spending Power 2016/17 to 2019/20

Year	Settlement £m	Assumed Council Tax £m	New Homes Bonus £m	Total £m	Movement from 2015/16
2015/16	5.0	5.5	2.0	12.5	-
2016/17	4.2	5.5	2.4	12.2	-2.4%
2017/18	3.7	5.8	1.6	11.1	-11.2%
2018/19	3.0	6.0	1.3	10.7	-14.4%
2019/20	3.0	6.4	1.2	10.6	-15.1%

The Government's estimate of council tax receipts assumes that District Councils will increase Council Tax by the maximum possible of £5 or 2%, whichever is greater. However, actual council tax receipts will be determined by local decisions for council tax increases and actual taxbase growth. The Government forecast presents a total cumulative reduction in core spending power by 2019/20 of 15.1% when compared to 2015/16**, making Gedling the 8th worst affected Council in the country.**

However, as detailed in paragraph 3.4.3 above, the Government's assumptions about New Homes Bonus rely upon a significant increase in new homes, which is considered unrealistic. The table below details the current spending power assumptions included in the MTFP i.e. including the NHB detailed in the table at paragraph 3.4.3 and shows a forecast 23.2% reduction in spending power in 2019/20 compared to 2015/16:

Year	Settlement £m	Forecast Council Tax £m	New Homes Bonus £m	Total £m	Movement from 2015/16
2015/16	5.0	5.5	2.0	12.5	-
2016/17	4.2	5.5	2.4	12.2	-2.4%
2017/18	3.7	5.7	1.6	11.0	-12.0%
2018/19	3.0	6.0	0.8	9.8	-21.6%
2019/20	3.0	6.2	0.4	9.6	-23.2%

3.4.5 Council Tax Increase Referendum Trigger

The Localism Act 2011 gives powers to the local community to either endorse or veto Council Tax rises that are above a limit which is to be set annually by the House of Commons. If a local authority decides to implement a council tax increase above the government set limit this will trigger a referendum so that local voters can either support or reject the proposed rise.

The Government has announced that the referendum limit for 2017/18 for Shire Districts has been set at a 2% or £5 increase, whichever is greater. Any

Council which sets an increase greater than the referendum limit and does not get support from the electorate via the referendum will have to revert to a council tax level that is compliant, and bear the costs of re-billing its residents.

3.5 Council Tax Reduction Scheme Grant

The Council Tax Benefit system was replaced on 1 April 2013 with the Council Tax Reduction Scheme (CTRS) which provides a discount on the council tax bill for eligible applicants. Gedling's initial scheme, which was approved by Council on 19 December 2012, was devised to ensure the most vulnerable are protected by making the discount receivable equivalent to the benefit which would have been payable under the previous system. The basis of the original scheme is proposed to continue for the 2017/18 financial year updated to reflect legislative changes.

At the outset the CTRS was funded partly by Government Grant, initially set at a rate 10% less than previously available as benefit subsidy, and the remainder by introducing new tax charges for empty properties. Gedling's share of the Council Tax Reduction Scheme non-ringfenced grant, was previously specified at £706,325 for 2013/14, but this has now been incorporated into the base Settlement funding assessment and specific grant figures for CTRS are no longer identifiable or quantifiable. It is reasonable to assume that the government funding for CTRS is reducing in line with the settlement funding assessment reductions and will be removed entirely by 2019/20.

The non-ringfenced CTRS grant included an amount to fund the impact of taxbase reductions on local parish precepts, initially predicted by Government at £47,500. However, as the CTRS grant is not protected from settlement funding reductions the amount of grant to be paid to Parish Councils needs to be determined on an annual basis. Accordingly, the grant was reduced by £6,800 in 2016/17 and for 2017/18 it is now proposed that the grant be reduced by £7,200 to leave total grant funding of £33,500. As further cuts to our funding are anticipated over the next few years, (as detailed above) further reductions in the level of parish support will be considered in future budget processes.

3.6 **General Fund Budget 2017/18 Summary**

3.6.1 The following table summarises the proposed General Fund Budget for 2017/18. The detailed Gedling Plan budgets are presented at Appendix 3 together with an explanation of major variances between the original estimate for 2016/17 and the estimate for 2017/18. In developing a budget proposal, assumptions on the core budget have to be made and the various assumptions in respect of inflation are shown at Appendix 4. These have been included in both the annual base budget and MTFP calculations.

General Fund Budget Summary 2017/18

Portfolio	Original Budget 2016/17 £	Base Budget 2017/18 £	Variance £
Community Development	1,511,700	1,556,700	45,000
Housing, Health and Wellbeing	2,236,500	2,365,800	129,300
Public Protection	1,569,500	1,649,200	79,700
Environment	4,424,100	4,765,400	341,300
Growth and Regeneration	1,022,300	985,800	(36,500)
Resources and Reputation	1,779,400	1,833,100	33,700
Net Portfolio Budget	**12,563,500**	**13,156,000**	**592,500**
Transfer to/(from) Earmarked Reserves	59,800	(674,900)	(734,700)
Net Council Budget	**12,623,300**	**12,481,100**	**(142,200)**

3.6.2 **Major Budget Pressures**

In addition to the expected inflationary pressures detailed in Appendix 4 the base budget and Medium Term Financial Plan include the following major budget pressures **greater than £50,000**:

- Pay increments arising from the pay line review - £262,000;
- Actuarial review of Pension Fund forecast to increase Employers Pension Contributions from 12.3% to 15.1% partly offset by reduced pension deficit contributions - £234,000;
- Employee Pay Award 1% - £122,000;
- Increased borrowing costs MRP/Interest - £187,900;
- Reduced Investment/Local Authority Mortgage Scheme interest income - £79,600;
- Reduced external grounds maintenance contracts - £53,000

3.6.3 **Major Budget Reductions**

Efficiency/Budget Reduction Programme 2014/15 – Progress Update

During the 2014/15 budget process a significant programme of budget reductions totalling £2.458m was approved for delivery between 2014/15 and 2018/19 to ensure achievement of a sustainable Medium Term Financial Plan. The approved budget reductions covered a range of revenue and capital related proposals using a variety of strategies i.e. efficiency, new ways of working, income generation and service cuts. A risk assessment of the programme of budget reductions identified the establishment of a risk provision of £179,500. Delivery of the programme has progressed well and final outturn figures are expected to be broadly in line with the original estimates net of the risk provision. However, the timescale for delivery of the planned community centre and capital receipt related reductions is slower than anticipated with the latter being due to the delay in the sale of a major development site with receipts now expected over the period 2017/18 to 2022/23.

In order to facilitate the delivery of the budget reduction programme the 2014/15 Council approved the establishment of a Transformation Reserve over 3 years totalling £500,000 and this is forecast to be fully utilised by the end of 2017/18.

Efficiency/Budget Reduction Proposals – New Programme 2017/18

Following further significant reductions in settlement grant funding, Budget Council, at its meeting on 7 March 2016, approved an efficiency target of £1.15m for the period 2017/18 to 2020/21 and instructed officers to develop delivery plans for the 2017/18 budget process. These budget reduction targets were set in order to deliver a sustainable Medium Term Financial Plan.

As detailed at paragraph 3.4.1 the four-year settlement offer was dependent upon the Council publishing an Efficiency Strategy which was approved by Council on 16 September 2016. Budget reduction plans have been completed in accordance with the three themes contained in the Efficiency Strategy:

- **Efficiency & Effectiveness** – including: service efficiencies delivering the same level of service with a reduced level of resource; effective asset management; new ways of working including service re-engineering and new delivery methods; demand management; and service reductions or cessation;
- **Contract Management** – improved value for money in procurement;
- **Income Generation** – to maximise all income and reduce the level of subsidy provided in our discretionary service areas moving towards full cost recovery where appropriate; innovation/new ideas for new income streams.

The proposed budget reductions over the five year period of the Council's Medium Term Financial Plan i.e. 2017/18 to 2021/22 total **£1,694,200**. This is higher than the initial target set by Council to reflect the increased risks arising from proposed changes to New Homes Bonus and economic uncertainty following Brexit. The tables below summarise the proposed budget reductions analysed by Portfolio and Reduction Type, and a detailed list is included at Appendix 5.

It is recognised that as we work to implement these proposals some resources will be required to manage the change effectively and therefore it is proposed that a new Transformation Fund be established totalling **£600,000** over the next 3 years i.e. £200,000 per annum 2017/18 to 2019/20. This will cover all change management costs, including costs of redundancy/retirement. It is also recognised there are risks in being able to deliver the full amounts of the savings in the timescales projected, therefore it is also recommended that a Budget Reduction Risk provision is recognised at **£140,000** over the course of the programme, equating to approximately 8% of the planned reductions.

Summary of Budget Reduction Proposals

	Inclusion in 2017/18 Budgets and MTFP			
Portfolio	**2017/18 £**	**2018/19 £**	**2019/20 - 2021/22 £**	**Total £**
Community Development	28,800	9,400	96,700	**134,900**
Housing, Health & Wellbeing	147,800	113,600	35,000	**296,400**
Public Protection	48,400	0	39,500	**87,900**
Environment	61,000	70,800	263,700	**395,500**
Growth & Regeneration	41,000	27,400	30,000	**98,400**
Resources & Reputation	205,200	168,600	307,300	**681,100**
Total	**532,200**	**389,800**	**772,200**	**1,694,200**

Budget Reduction Proposals Summarised by Type

Summary 2017/18 - 2021/22	Efficiency and Effective-ness £	Contract Manage-ment £	Income £	Total £
Community Development	132,400	0	2,500	**134,900**
Housing, Health & Wellbeing	214,500	0	81,900	**296,400**
Public Protection	16,000	0	71,900	**87,900**
Environment	97,500	8,000	290,000	**395,500**
Growth & Regeneration	43,400	5,000	50,000	**98,400**
Resources & Reputation	489,700	48,300	143,100	**681,100**
Total	**993,500**	**61,300**	**639,400**	**1,694,200**

Other Major Base Budget Reductions

The base budget and Medium Term Financial Plan include the following major budget reductions **greater than £50,000**:

- Additional income generation due to customer growth and new income streams in a variety of service areas e.g. Waste and Planning (excluding inflation and new income included in the Budget Reduction Proposals at 3.6.3 above) - £170,400.

3.6.4 **Proposed Revenue Resource Developments 2017/18**

Following discussions with the Leader, the Revenue Resource Developments detailed in the tables below are recommended to Cabinet for approval.

The table below show schemes scoring 15 points and above using the Council’s approved methodology which ranks schemes in accordance with the level of contribution made towards the achievement of the Council’s Priorities and Improvement Plans.

(a) Revenue Resource Developments 2017/18

Description	Gross Revenue Bid 17/18	2018/19 Ongoing	Score
	£	£	
Delivery of Digital Agenda	50,000	50,000	33
Temporary Empty Homes Officer	33,400	0	34
Total Revenue Resource Development Bids	**83,400**	**50,000**	

In addition to the revenue resource development proposals a number of capital resource developments (see capital programme report an item elsewhere on this agenda) have ongoing revenue implications which have been included in the revenue budget and MTFP, as detailed in the table below:

(b) General Fund Ongoing Revenue Cost of the Proposed Capital Resource Development Proposals (excluding borrowing costs)

Description	Capital Budget – For Information	Revenue Costs 2017/18	Revenue Costs Ongoing
	£	£	£
Strategic Intervention Fund	950,000	20,000	20,000
Calverton Leisure Centre - Soft Play Area	140,000	(5,900)	(31,300)
Carlton Forum/Redhill – Interactive Cycling Simulator	20,000	(5,400)	(5,400)
Total Ongoing Revenue Costs/(Saving)		**8,700**	**(16,700)**

3.6.5 **Income Inflation**

The Medium Term Financial Plan includes income inflation at 3% on discretionary income, (excluding leisure DNA, Trade Waste, Building Control), which equates to £73,000, and the increase per Portfolio is shown in the table below. Each additional 1% increase will raise a further £24,300.

It is suggested that the Portfolio Holder agrees individual charges with the relevant Corporate Director, with discretion to vary the percentage increase, as long as the overall cash amount for that Portfolio is raised or exceeded.

Portfolio	Discretionary Income £	1% increase £	**3% increase** **£**
Community Development	85,000	900	**2,400**
Housing, Health & Wellbeing	1,494,900	14,900	**44,900**
Public Protection	26,000	300	**800**
Environment	502,200	5,000	**15,100**
Growth & Regeneration	3,100	0	**100**
Resources & Reputation	323,900	3,200	**9,700**
Total	**2,435,100**	**24,300**	**73,000**

Some of the services operated by the Council are not included in the general fee inflation increase due either to: the sensitivity of demand to price changes e.g. Leisure DNA, Garden Waste or; being operated on a commercial basis and therefore required to breakeven e.g. Trade Waste Services and Building Control. The levels of fees which are set in these areas are considered separately and the base budget amended to ensure appropriate fees are set.

3.6.6 **Summary of Significant Budget Changes 2017/18**

In summary, the table below highlights the areas of significant variance in expenditure/income, in excess of £10,000, per annum which have been reflected in the base budget 2017/18.

Significant Budget Changes 2017/18

	Budget Impact 2017/18 £	£
Original Net Council Budget 2016/17		**12,623,300**
Revenue Budget Pressures		
Inflation Pay Award 1%	122,000	
Increments due to Payline review	262,000	
Pension Contribution Increase	234,000	
Pension Auto Enrolment	30,000	
Impact of Increased Borrowing MRP & Interest	187,900	
Reduction in Investment Interest Income	79,600	

	Budget Impact 2017/18 £	£
Reduced Council Tax Support Subsidy Grant	17,200	
Reduced Housing Benefit Admin Grant	27,600	
Reduction in External Building Services Consultancy	15,000	
Increase in PASC Agency costs	25,000	
Reduced External Grounds Maintenance Contracts	53,000	
Other minor variances (net)	2,900	
Total Pressures		**1,056,200**
<u>Revenue Budget Growth</u>		
Development Bid 2016/17 - Gedling Country Park Visitor Centre	50,000	
Revenue development bids 2017/18 (see table above)	83,400	
Total Growth		**133,400**
<u>Revenue Budget Reduction Review (Appendix 5)</u>		
Budget Reductions for delivery in 2017/18	(532,200)	
Less One off Reserves Created:		
Budget Reduction Risk Reserve	36,000	
Transformation/Change Reserve	200,000	
Total Budget Reduction Review (net)		**(296,200)**
<u>Other Base Budget Reductions</u>		
Efficiency Commitments made during 2014/15 Budget Reduction Process:		
• Community Centres Asset Transfer	(20,800)	
• End of Netherfield Lagoons/Groundwork Projects	(25,700)	
• Planned removal of 2016/17 Transformation Fund	(50,000)	
NNDR Reduction Civic Centre	(17,400)	
Reduction in Postage (volume and pricing)	(16,000)	
Reduction in Fuel Prices	(10,300)	
Reduction in Gas/Elec/Water	(31,600)	

	Budget Impact 2017/18 £	£
Removal of Gym Equipment Maintenance contract	(20,400)	
Fees and Charges Income Inflation (see para 3.6.5)	(73,000)	
New Income:		
Additional Garden Waste Income (customer growth)	(34,000)	
Additional Major Application Planning Income	(92,500)	
Additional CIL Income	(30,000)	
Increase in Recycling Credits	(13,900)	
Planned Removal of the 2016/17 Direct Revenue Financing for Gedling Country Park Visitor Centre	(500,000)	
Planned removal of the 2016/17 one off Gedling Country Park Projects Fund	(100,000)	
Total Other Budget Reductions		**(1,035,600)**
Net Decrease in Budget 2017/18		**(142,200)**
Proposed 2017/18 Net Council Budget		**12,481,100**

Note: In addition to the above 2017/18 budget changes the MTFP includes the following:

- Additional impact of Pension Auto Enrolments of £25,000 in 2018/19;
- Impact of Living Wage increases in 2019/20 of £46,000 rising to £113,500 by 2020/21;
- Payline Review Increments in 2018/19 of £67,000;
- Increased Service demands rising from an increasing number of households and ageing population are anticipated to the value of £100,000 in 2018/19;
- Assumptions about the transfer of Housing Benefit administration to the Department of Works and Pensions following the introduction of Universal Credit have been made. The net cost to the authority is expected to be £50,000 in 2018/19 rising to £200,000 by 2020/21;
- Assumptions have been made regarding the transfer of Land Charges functions to the Land Registry in 2019/20 which has a budget impact of £83,500:
- Additional borrowing costs for MRP/Interest of £70,000 by 2020/21.

3.6.7 **<u>Review of Balance Sheet Reserves</u>**

The Local Government Act 2003 requires authorities to consider the level of reserves when calculating their budget requirements. Professional guidance is set out to assist in this deliberation.

The Council minimum General Fund Balance requirement is set at 7.5% of the Net Council Budget which is £0.936m for 2017/18. The General Fund balance is currently projected to be in excess of the minimum by £4.1m at 31 March 2018. The medium term projection on the General Fund Balance is detailed in the Medium Term Financial Plan summary at paragraph 4 below.

Earmarked Reserves on the balance sheet have been reviewed to ensure appropriate levels of funds are retained for specific future purposes and risks. The estimated movement on reserves for 2016/17 and 2017/18 are detailed at Appendix 6 and show expected balances of £3.4m at 31 March 2018.

3.6.8 **<u>Financing of the Capital Programme</u>**

As detailed in the Capital Programme report earlier on this agenda it is currently forecast that borrowing will be required to finance part of the capital programme in 2017/18 to 2019/20. Borrowing has an impact on the revenue budget in terms of interest costs and principal repayment. This is reflected in the Medium Term Financial Plan. Direct revenue financing of the capital programme of £441,400 is proposed, funded by earmarked reserves, to finance a variety of capital projects as detailed in the capital programme report.

3.6.9 **<u>Collection Fund</u>**

<u>Council Tax</u>

The Council is statutorily obliged on 15 January each year to prepare an estimate of its Collection Fund transactions for Council Tax. This estimate enables Gedling and the three major precepting authorities to take account of any surpluses or deficits on the Fund when they set their own authority budgets.

Collection Fund balances at 31 March 2016 were worse than forecast and resulted in a deficit of £0.751m carried forward. A surplus of £0.987m was declared on 15 January 2016 for distribution in 2016/17. A deficit of <u>£1.5m</u> has been declared for 2017/18, which will be split between the major preceptors in line with their council tax requirements – for Gedling, the share of the declared deficit is £0.148m. The primary reason for the deficit on the council tax collection fund is over-declared surpluses in previous years which now need to be re-couped. Excluding the recovery of previous over-declared surpluses, an actual in-year surplus of £0.238m is forecast for 2016/17 due to lower discounts applicable.

Business Rates

Business Rates Collection Fund balances at 31 March 2016 were better than forecast and resulted in a deficit of £0.738m carried forward compared to the deficit of £1.368m that was declared for distribution, a reduction of £0.630m. Consequently, a surplus of £0.583m has been declared for 2017/18, which will be split between the major preceptors in line with their share of business rates income – for Gedling, the share of the declared surplus is £0.233m. The primary reason for the surplus on the business rates collection fund is over-declared deficits in previous years which now need to be repaid.

3.6.10 **Business Ratepayers Consultation**

Statutory consultation with 100 business ratepayers has been undertaken and any responses will be reported at the meeting.

4. MEDIUM TERM FINANCIAL PLAN

4.1 The implementation of the Local Government Act 2003, which introduced a requirement for the Council's Chief Financial Officer to comment on the robustness of the Council's estimates, and the need to look at the medium term (3 years) in order to produce the required indicators as detailed in the Prudential Code, means greater emphasis needs to be placed on the Council's medium term financial planning. Although an absolute requirement to look over three years is required, it is considered good practice to look over as long a period as is reasonable. This Council has a history of producing a Medium Term Financial Plan over a 5 year horizon and this is still considered the appropriate period for this authority.

4.2 The following table (a) identifies the impact of all the options that are proposed in this report:

- The incremental increase in base revenue expenditure from 2016/17 and budget growth items (paragraph 3.6.4);
- Fees and charges to be increased by an average 3%;
- Planned budget reductions and efficiency savings 2017-22 (paragraph 3.6.3);
- Anticipated cost of borrowing to finance the capital programme for 2017-22;
- A £5 Council Tax increase has been assumed for each year of the MTFP which is in line with the Government's assumption that all districts will use their maximum flexibility to increase Council Tax as included in their Core Spending Power calculation (as detailed at paragraph 3.4.4). However, future council tax increases will be dependent upon future spending

decisions, total local government funding and the achievement of efficiency savings.

Table (a) demonstrates that additional savings and/or income will need to be identified beyond year 2 (2018/19) to achieve a sustainable plan.

(a) MEDIUM TERM FINANCIAL PLAN 2017/18 TO 2021/22 - HIGH LEVEL SUMMARY

	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
Net Council Budget	12,481,100	12,441,900	12,696,200	12,331,000	12,315,900
Financed by:					
Less: Net Settlement Funding Assessment	(3,653,500)	(3,350,300)	(3,013,900)	(3,013,900)	(3,013,900)
New Homes Bonus	(1,659,800)	(845,400)	(377,700)	(9,000)	0
Council Tax Collection Fund (Surplus)/Deficit	148,200	0	0	0	0
NNDR Growth/ Collection Fund (Surplus)/Deficit	(989,400)	(250,000)	(400,000)	(500,000)	(500,000)
Less: Amount (from)/to Balances	(587,700)	(2,014,600)	(2,676,600)	(2,330,000)	(1,889,900)
Council Tax Requirement	5,738,900	5,981,600	6,228,000	6,478,100	6,732,100
Council Tax increase	£5 (3.27%)	£5 (3.16%)	£5 (3.07%)	£5 (2.97%)	£5 (2.89%)
Tax Base	36,306	36,681	37,056	37,431	37,806

Expected balances at year end	5,007,300	2,992,700	316,100	(2,013,900)	(3,903,800)
Required balance (7.5% projected exp)	936,100	933,100	952,200	924,800	910,200
(Surplus)/Deficit on required balances	**(4,071,200)**	**(2,059,600)**	**636,100**	**2,938,700**	**4,814,000**

4.3 Table (b) demonstrates the impact on balances if an efficiency/budget reduction target of £1.9m is delivered between 2018/19 and 2020/21 i.e. no underlying deficit between income and expenditure by 2021/22 and a surplus on minimum balances at the end of the Medium Term Financial Plan.

The Council has a strong track record of delivering efficiency savings/budget reductions but in previous years savings targets have been supported by outline business plans. As the indicative New Homes Bonus reductions have only recently been announced, firm efficiency proposals still need to be developed and therefore this aspect of the financial plan is less robust than usual. It is recommended that Members approve the cumulative efficiency target of £1.9m for 2018/19 onwards, made up of the following annual ongoing targets: **2018/19 £500,000; 2019/20 £700,000; 2020/21 £700,000.**

(b) Proposed Efficiency/Budget Reduction Target and Impact on MTFP/General Fund Balance

	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
New Efficiency Target – reducing Net Projected Expenditure	**0**	**(500,000)**	**(1,200,000)**	**(1,900,000)**	**(1,900,000)**
Amount (from)/to Balances	(587,700)	(1,514,600)	(1,476,600)	(430,000)	10,100
Expected balance at year end	5,007,200	3,492,700	2,016,100	1,586,100	1,596,200
(Surplus)/Deficit on required balance	**(4,071,200)**	**(2,597,100)**	**(1,153,900)**	**(803,800)**	**(828,500)**

5. COUNCIL TAX

5.1 The Council Taxpayer has to meet the difference between the planned expenditure and the Government grant receivable after the use of any balances are taken into account. It is this difference that is used to calculate individual Council Tax bills for 2017/18.

5.2 Gedling's share of the council tax for a band D property for 2016/17 is £153.07. The level of council tax for 2017/18 depends on the extent of service reductions/developments and financial risk issues (see paragraph 6 below) that the Council decides to provide for in the budget for next year. For illustration, an increase in Council Tax by 1% provides additional funding of £55,500. In the above MTFP a £5 (3.27%) increase has been assumed which is the maximum allowed without requiring a referendum and which results in a Council Tax for a band D property at £158.07.

6. ROBUSTNESS OF ESTIMATES

6.1 Sections 25 and 26 of the Local Government Act 2003 place a personal duty on the Chief Finance Officer to make a report to Council when considering its budget and Council Tax. The report must deal with the robustness of the estimates and the adequacy of reserves.

The Act requires Members to "have due regard to the report in making their decisions". Where this advice is not accepted, it should be formally recorded within the minutes of the Council Meeting.

Under Section 25 of the Local Government Act 2003 the Section 151 Officer is required to provide a commentary assessing the robustness of the estimates when Cabinet and Council are considering the budget proposals.

The key strategic risks in considering the 2017/18 revenue budget proposals and Capital Programme in the context of the Medium Term Financial Plan are detail in paragraphs 6.2 to 6.8 below.

6.2 Financial Settlement/Funding Streams

The Comprehensive Spending Review of 2015 and Autumn Statement 2016 identified a number of significant changes to future local government financial settlements and grant funding. The overall message is one of continuing financial restraint which in itself creates some degree of inherent risk. The following specific items carry a particular risk for this authority:

- **Business rates retention**: It is intended that over the spending review period that business rates will be 100% retained locally and the Central Government support in respect of Revenue Support Grant will be phased out. The intention is that this will be fiscally neutral and in order to achieve this, additional responsibilities will need to be transferred to Local Government. Any retention of business rates will still require a mechanism to ensure funding is distributed in respect of need which will create winners and losers. With an obvious emphasis already included in the Spending Review to support upper tier authorities in respect of their funding for social care, there is a real risk that district councils could lose further under any new allocation process.

  In addition, care will need to be had to ensure that new transferred responsibilities are capable of being fully funded in both the short and long term.

  The current retention of business rates has shown the volatility of this funding in respect of the appeals process, the prediction of future growth, and the potential for significant local impact where a large business relocates/closes. These changes are likely to require local authorities to hold higher levels of reserves in the future.

- **New Homes Bonus**: the main body of the report at paragraph 3.4.3, identifies the significant impact that changes to this funding stream has for Gedling Borough Council due to the introduction of a 0.4% growth baseline resulting in a zero NHB for the 2017/18 year. Whilst there is still an opportunity to receive NHB in the future if growth levels increase, it is considered that there is a significant downside risk to this arising and it is no longer prudent to rely on this funding stream to support the revenue budget. Therefore the MTFP assumes future payments will be zero. In the event that the Council does receive some NHB in the future, this will be used to support projects or be transferred to balances to support future budget setting.

- **Council Tax**: The Government's Core Spending Power figures are based on the assumption that Council Tax will be increased by 2% or £5 per annum whichever is greater, and that significant growth in the tax base will be achieved by the creation of additional hereditaments. These may be optimistic assumptions and in any case leave very little room for local discretion to set a higher Council Tax in order to plug any funding gaps. The MTFP contained in this report assumes that the maximum increase will be applied in each year of the plan but the actual increase will be determined on an annual basis by Council. Any increase below the maximum allowed will require an increase in the budget reduction targets to ensure a balanced budget can be set.

- **Economic Growth/Inflation**: The Chancellor has based future spending decisions on estimates of future growth and an assumption on inflation. Although these figures are supported by the independent Office of Budget Responsibility there is a degree of uncertainty in these figures, especially following the Brexit decision. Whilst there is now more certainty of future Settlement funding due to the acceptance of the four year settlement offer, effectively this does now result in zero RSG from 2019/20 and with New Homes Bonus also reducing to zero any future pressure arising from an economic downturn would need to be managed within local resources i.e. from further budget reductions. A commercial strategy is currently being developed which will be implemented to support the achievement of a balanced budget through new income streams and increased efficiency to ensure a minimum adverse impact on service levels.

  Inflation assumptions have been incorporated in the MTFP as detailed in Appendix 4, including a 1% pay award for the next five years.

6.3 A minimum balance of 7.5% of total projected net expenditure on the General Fund is recommended by the Chief Financial Officer to be a prudent amount given the scale of the business conducted by the Council. The external auditor regards this level of balance on the General Fund to be satisfactory, and it is also appropriate to reflect uncertainties in the financial position in the medium term. The minimum balance required for 2017/18 is £936,100.

6.4 The (surplus)/deficit on balances in MTFP table (a) above shows amounts (above)/below the recommended minimum General Fund balance in any one year. Current spending plans show a surplus of £4,071,200 in 2017/18 declining to a deficit on balances of £636,100 by the end of 2019/20 if no new efficiency plans are progressed during the period of the MTFP. Underlying this is an annual deficit between the amounts of income expected and anticipated expenditure. MTFP projections at paragraph 4.3 above show that this can only be accommodated within available balances by setting additional spending reduction targets for 2018/19 onward. If the proposed target of £1,900,000 is approved, the surplus on balances by 2021/22 will be £828,500. Whilst this does not leave an annual deficit between income and expenditure to be managed beyond the five-year horizon (assuming all budget assumptions are accurate) this does still not leave significant capacity to manage future budget pressures that may arise which will have to be managed by further budget reductions.

Inclusion of Future Non-costed Savings targets: The Medium Term Financial Plan can only be balanced by the inclusion of £1.9m of future savings targets. Usually when future efficiency savings are included in our financial planning processes these figures have robust outline business cases, but in this case these targets have been assessed as the **minimum** figure required in each year in order to deliver a sustainable plan. Although the council has a good track record of delivering efficiencies and identifying areas for reduction/savings this element of the MTFP is less robust than that which is usually acceptable and therefore has a greater degree of uncertainty than is usually acceptable. The challenges that lie ahead are therefore even greater than in previous years, although this plan is overall still considered robust. It must be recognised that these uncertainties have been caused by the change to NHB by the government which were not anticipated and did not feature as part of the consultation process. Furthermore, Gedling is not alone in facing this challenge - it is a national problem - and it is better placed than most councils to react and to develop strategies to meet the set efficiency targets.

6.5 Initiatives introduced to manage within reduced resources bring increased risks both financially and in terms of service delivery. For example:

- Reduced maintenance budgets – can be accommodated in the medium term but may bring pressures in the longer term as major capital investment plans may need to be accelerated as assets deteriorate faster;
- Earmarked reserves for specific purposes/risk management have been reviewed and will be managed at minimum requirement levels providing less scope for managing emerging risks. However, additional reserves have been set aside for the potential staffing redundancy/transfer costs in respect of the move of rent allowance payments to the Universal Credit system.

6.6 The Authority continues with activities undertaken in association with a variety of partners. This requires reliance on partnership funding and/or the delivery of integrated programmes and is an approach which is integral to the Council's efficiency programme. However, a significant number of the Council's partners are public sector organisations which are also facing significant budget pressures and changing roles. This places increasing risk on the Council both directly, in respect of possible withdrawal of partnership funding, and indirectly, with the Council potentially facing additional burdens resulting from budget cuts in other organisations. This is especially true in respect of the most vulnerable in society which could therefore have a direct impact on troubled families initiatives, homelessness and those with specialist housing need.

6.7 Although there is increased risk arising from these assumptions, it is not considered necessary to increase minimum balances above the 7.5% of total projected net expenditure as the Council is responding to the challenges through efficiency measures and service reductions. In addition it is anticipated that further efficiency plans will be developed during the summer 2017 for implementation in future years of the MTFP. It is considered that the annual and medium term budgets are robust, but given the above risk assessment the achievement of the estimated Medium Term Financial Plan will not be easy to deliver, and will require some tough decisions to be made by Members.

6.8 Given the Council's excellent track record for budget management, careful budget monitoring and financial planning, which will continue, the structural deficit that remains in the Medium Term Financial Plan is considered to still be at a manageable level, although it should be expected that there may need to be some contraction of service delivery/performance given the scale of the ongoing reductions required.

7. <u>Risk Assessment</u>

Gedling needs to review its Financial Strategy and Medium Term Financial Plan annually to ensure its projected expenditure is balanced with the income it receives, and where it doesn't, or is projected not to, corrective action needs to be identified and put in hand.

Risk	Impact	Comments
Time	Medium	Gedling has always aimed to be one year ahead of the budget reductions it needs to make, so that any changes required are as trouble free as possible. There are some pointers to finding the shortfall projected for 2018/19 and future years. These need to be worked on in the next 18 months to continue the smooth transition that Members and officers have been successful in delivering over the last few years.
Viability	Medium	The potential loss of New Homes Bonus has dealt a significant blow to the finances of the Council, however, it has enough reserves to cushion the impact over the next two years whilst attention is turned to finding the new efficiency target of £1.9m.
Finance	Medium	Council tax now needs to consistently increase year on year to offset the momentum of continual reductions in available budgets.
Profile	High	Gedling is facing a cut in government grant of £3.5m over the spending review period 2016/17 to 2019/20 and to date has identified savings of £1.6m (net) to bridge the gap, leaving further reductions of £1.9m to be identified over the life of this MTFP.
Adaptability	High	Working with partners will be essential to successfully respond to the challenges that face the Council. The joint work with the DWP points to a new way forward and Gedling needs to work more closely with the Police and the local Clinical Commissioning Group to work laterally across the sector.

8. **Equality Issues**

The Council has a duty under the Equality Act 2010 to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between protected groups (such as disabled people or ethnic minority groups) when considering proposed new or changing policies, services or functions, including decisions on funding for services.

Service Managers have been asked to assess the equalities impact of the proposals for service changes contained in this report. It is not anticipated that there will be any significant cumulative impact on any protected group arising from these budget proposals.

Where appropriate, individual Equality Impact Assessments will be carried out in relation to specific proposals identified in this report. Any equality issues arising will be brought to the attention of the decision maker when the decisions on those proposals are made.

9. **Key Decision Thresholds**

In accordance with the Council's Constitution, full Council will in each year determine the financial thresholds for each service or function above which expenditure or saving is regarded to be significant and should therefore be regarded as a Key Decision. Traditionally the threshold has operated at above £0.5m and it is proposed that this value be continued for 2017/18.

Alternative Options

Cabinet could consider recommending an alternative budget and service plan. Recommending an alternative budget may alter the level of recommended Council Tax for 2017/18. If Cabinet chose not to recommend a budget to Council this would be in contravention of the Council's Constitution and would not be in compliance with the Local Government Finance Act 1992.

Financial Implications

As detailed in the report.

Appendices

Appendix 1 – Gedling Plan 2016-19
Appendix 2 - Local Government Association Settlement Briefing
Appendix 3 – Detailed Gedling Plan Portfolio Budgets 2017/18
Appendix 4 – Major Price Indices – Medium Term Financial Plan
Appendix 5 - Budget Reduction Proposals 2017/18 to 2021/22
Appendix 6 – Movement on Earmarked Reserves
Appendix 7 – Council Tax Collection Fund Estimate 2017/18

Background Papers

Central Government Report – Local Government Finance Settlement in England 2017/18

Treasury Strategy 2017/18

Capital Programme Report 2017/18 to 2019/20

Recommendation(s)

Cabinet is asked to approve:

i. a 3% income inflation increase for the individual portfolios as shown in the table at paragraph 3.6.5;

Cabinet is asked to recommend to Council on 1 March 2017:

ii. that the financial threshold above which decisions will be regarded as Key Decisions be set at £0.5m for 2017/18;

iii. a Council Tax increase of £5 which balances the financing of a Net Council Tax Requirement of £5,738,900 in 2017/18;

iv. that the Gedling Plan and the detailed budget for 2017/18, as detailed in Appendices 1 and 3 be approved;

v. the future cumulative efficiency target of £1.9m with the following annual ongoing targets: 2018/19 £500,000; 2019/20 £700,000; 2020/21 £700,000; and to instruct officers to develop delivery plans for the 2018/19 budget process.

Reasons for Recommendations

To obtain approval of the Gedling Plan 2016-19 for referral to Council

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Gedling Plan

2017-2019

(Updated March 2017)

Gedling Borough Council

Contents

01 Introduction

Welcome to the latest update of the Gedling Plan covering the period 1 April 2017 to 31 March 2019.

The plan sets out how the Council and its partners intend to:-

- **Improve the lives of people who live in Gedling**
- **Support local businesses**
- **Provide high quality and excellent value for money public services.**

The plan maintains our focus on creating more homes across the Borough and earmarks substantial investment to transform Arnold Market and Carlton Square. Hot on the heels of the very popular children's play area we'll be completing the next phase of development at Gedling Country Park – a new visitor centre and car parking – and seeking out external funding to complement this with a heritage centre, designed to celebrate the rich history of the Borough.

For many of our residents and businesses, it's the day to day services such as refuse collection, street cleaning, parks and leisure centres that matter the most. For others it's help with housing, debt, finding a job or coping with loneliness. We'll continue to do our very best to balance what are often competing and increasingly complex needs, during a period when our Government grant has been reduced by £4.3 million or 49% (2009-2019).

We're extremely privileged and fortunate, therefore, to be supported by many amazing local organisations that make such a vital contribution to community life in Gedling. Our plan is rightly ambitious for the people and businesses of Gedling but undeliverable without their support and that of a range of other public and private sector partners. We look forward to continuing our excellent working relationships with them and to turning the plan into reality.

If you have any comments, questions or ideas, please get in touch. We'd love to hear from you. We'll be reviewing and publicising our progress on a regular basis and you can keep up to date with this through our website www.gedling.gov.uk

John Clarke
Leader

John Robinson
Chief Executive

About Gedling Borough

02 The people and the place that we serve

Gedling borough lies on the outskirts of Nottingham City and covers 120 km2

Latest estimated population is 115,638

Just under 9% of our population is from black/ minority ethnic groups

Just over 53,000 households

20,600 young people aged 0-15 years

Increasingly ageing population – 23,000 people are aged over 65 - 45% of these are aged over 75

51% of our residents are female

Around 5,000 businesses are based in Gedling

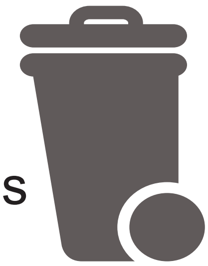
Life expectancy is higher than the national average at 79.5 years for males and 83 years for females

03 The services we provide

At Gedling Borough Council we:

Manage an annual budget of **£12.6 million**

Empty **60,000** bins and **13,000** glass recycling boxes each week

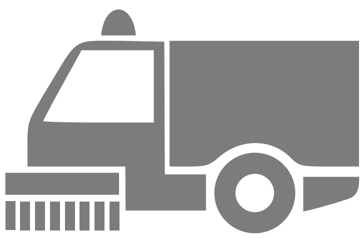


Manage **35** parks and **32** play areas

Handle just over **9,000** Housing Benefit claims each year

Clean 578 km of roads

Collect over 1,383Kg of litter from our streets each year



03 The services we provide

We also...

Provide 1,115 public car parking spaces

Deal with around 630 planning applications each year

Have over 800 licenced taxi drivers

Issue approximately 105 disabled facilities grants each year

Welcome just under 950,000 visitors to our leisure centres each year

Help around **250** individuals at risk of becoming homeless resolve their situation each year

Carry out around **450** environmental health inspections of food premises each year

Handle approximately **180,000** telephone calls to our contact centre each year

Assist **29,000** customers each year through the Council's customer services team

About Gedling Borough

04 What matters most to our residents

In the 2015 Gedling Conversation our residents told us that these are the most important things to them:

Access to and quality of health services

Condition of roads and pavements

Appearance and cleanliness of the environment

Feeling safe

Activities and services for residents aged 65+

Standard of local schools

Quality and range of shops

05 What we're here for

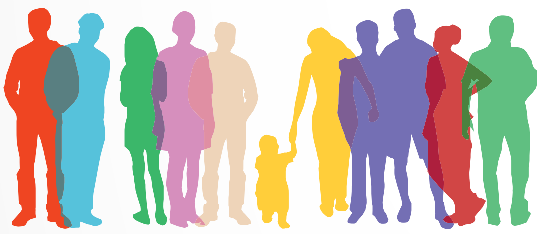
Although we are responsible for a large number and wide range of local services, many of the things that matter to residents are the responsibility of others. Things like GP waiting times, the condition of roads and pavements and the quality of local schools. Therefore, **we do not limit our interest to only those services we are directly accountable for but rather seek to make a difference in all aspects of community life.** In other words, at the centre of what we do is:

"Serving People, Improving Lives"

Our Vision

What we're aiming to create

We aspire to be regarded as a great Council by the people and businesses we serve and the staff we employ, by making a positive difference to people's lives and creating opportunities for everyone to achieve their full potential.



What we stand for and the way we go about our business

A **competent Council** that delivers on its promises, acts professionally and can be trusted to provide good quality

A **co-operative Council** that listens to and involves its citizens, partners and employees in playing an active part in creating a prosperous future

A **commercial Council** that is innovative in its use of resources and focused on achieving value for money

A **compassionate Council** that reaches out to the lonely and marginalised and encourages others to do the same

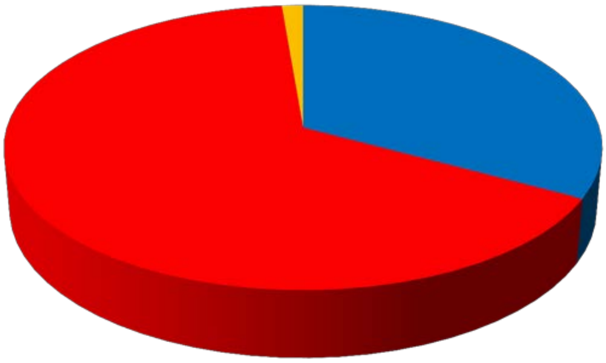
A **considerate Council** that recognises and respects difference and is sensitive to the impact of its actions on others

Our Values

06 How we’re organised

Our Councillors

We have 41 Councillors representing 19 wards



25
Labour

15
Conservative

1
Liberal democrat

The Cabinet

Our Cabinet has a Leader and six Cabinet members. They are all members of the majority Labour Group. Each Cabinet member has responsibility for a portfolio of services and activities and has the authority to make decisions within their area of responsibility. The Leader of the opposition group attends Cabinet meetings. He/she can participate in discussions but can’t vote.

Full Council and other Committees

A number of committees deal with specific business areas of the Council such as Planning and Licensing.

Overview and Scrutiny Committee holds the Cabinet to account, the Audit Committee oversees financial propriety and the Standards Committee promotes high standards of conduct by Councillors.

Council, Cabinet and committee meetings are held at the Civic Centre and almost all are open to the public. You can find the dates of all the meetings at www.gedling.gov.uk/councillorsmeetings.

Other representatives

There are also 2 MPs and with effect from May 2017, 9 County Councillors representing our residents.

06 How we're organised

Our Staff

- Economic Growth and Regeneration
- Development Services
- Planning Policy

- Legal
- Elections & Members' Services
- Organisational Development
- Customer Services & Communications

- Leisure
- Public Protection
- Community Relations

- Financial Services
- Parks & Street Care
- Waste
- Transport
- Revenues and Welfare support
- Property
- Health & Safety & Emergency Planning

Our Partners

We want the best for our residents but we can't achieve this on our own. The things that make for a good quality of life – like decent housing, good schools, a safe environment and healthy lifestyles – are things the Council looks to secure in partnership with others such as Parish Councils, Nottinghamshire Police, Gedling Homes and Nottingham North and East Clinical Commissioning Group.

Key partners from across the public, private and voluntary sectors come together to ensure service provision is co-ordinated and these include the South Notts Community Safety Partnership and exist to ensure a co-ordinated approach to the provision of services. These include the Employment and Skills group, South Nottinghamshire Crime and Disorder Partnership and the Developers' and Landlords' Forums.

We also work with Gedling Youth Council to help us and our partners develop services that affect young people.

07 How we're doing

In the 2015 Gedling Conversation we asked residents' opinions on how we're doing

79%

of households who responded are satisfied with their local area as a place to live

64%

of households who responded are satisfied with the way Gedling Borough Council runs things

82%

of households who responded are satisfied with our waste and recycling service

68%

of households who responded feel well informed about Gedling Borough Council and what we do

When asked to describe Gedling Borough Council the top three things residents said were they thought we were

accessible, fair and responsive

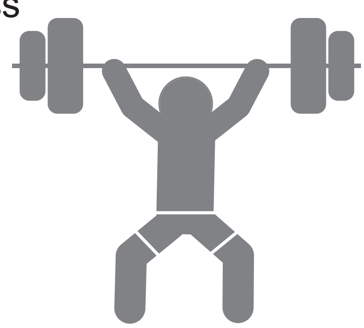
07 How we're doing

Overall crime rate reduced by **23%** since 2010

Recorded anti-social behaviour dropped by 75% since 2010

We see over 80% of our one stop customers within **15 mins**

Membership of DNA fitness scheme increased by 19% since 2012

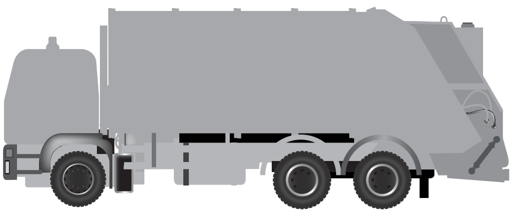


Just under 21,300 of our residents exercise regularly

We collect over 98% of Council Tax and Business Rates

We reuse, recycle and compost over 38% of household waste

We collect over **540kg** of waste from each household each year



Number of days taken to process new Housing Benefit and Council Tax Benefit claims has reduced from 8.3 days to 4.3 days since 2010

08 Financial Position

What we spend and how we spend it

We spend around £13.2 million a year on an ongoing basis on a wide range of services. We also administer around £25.5 million in housing benefit payments for national government. Apart from the benefit payments we make, the main areas we spend our money on are:

£985,800	£1,556,700	£1,649,200	£1,833,100	£2,365,800	£4,765,400
Growth and Regeneration Portfolio	Community Development Portfolio	Public Protection Portfolio	Resources and Reputation Portfolio	Housing, Health and Wellbeing Portfolio	Environment Portfolio

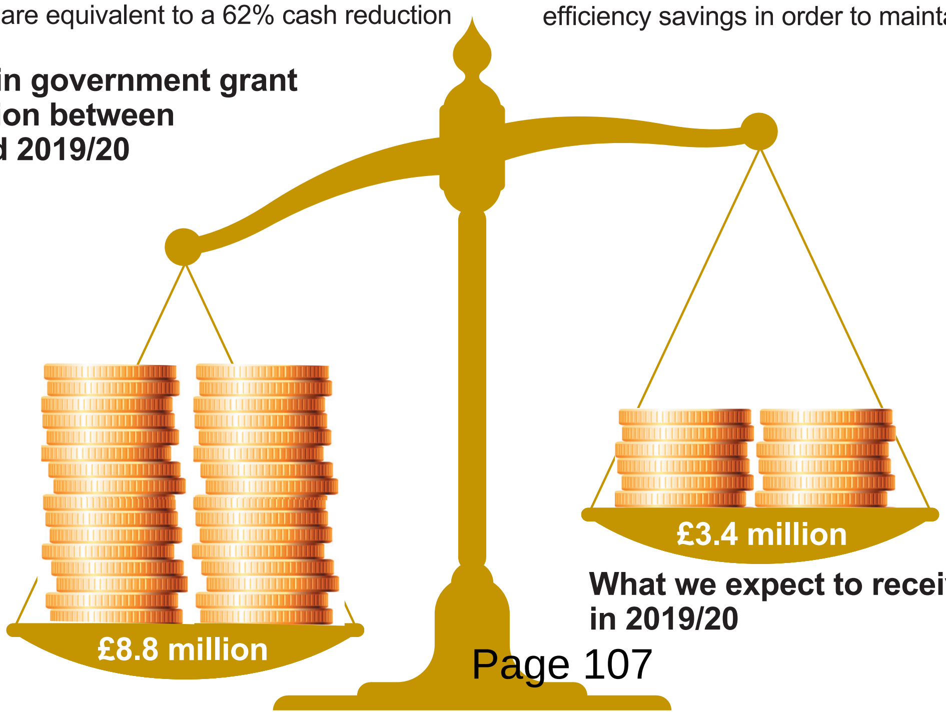
We have a long track record of delivering low cost, high quality services and our council tax charge remains lower than nearly two-thirds of other councils. We made a commitment not to increase council tax for 2016/17, but due to further government grant reductions a Council tax increase of 3.27% the maximum allowed for 2017/18 is required to help balance the budget.

Pressures we face

In recent years, we have faced the largest reductions in funding from central government in living memory and we now expect even more to come. Over the period 2011/12 to 2015/16 we faced government grant reductions (including the New Homes Bonus) of £1.9 million with a further grant reduction of £3.5 million expected over the period 2016/17 to 2019/20. The total grant reductions of £5.4 million are equivalent to a 62% cash reduction over a 9 year period. According to the Government's Core Spending Power Review, this will place us in the top 10 worse affected local authorities in the country.

The grant reductions have occurred at a time of increasing demand for our services, reducing income levels and inflationary pressures caused by the economic downturn, so we have had to significantly increase our delivery of efficiency savings in order to maintain services levels.

Reduction in government grant of £5.4 million between 2010/11 and 2019/20



What we expect to receive in 2019/20

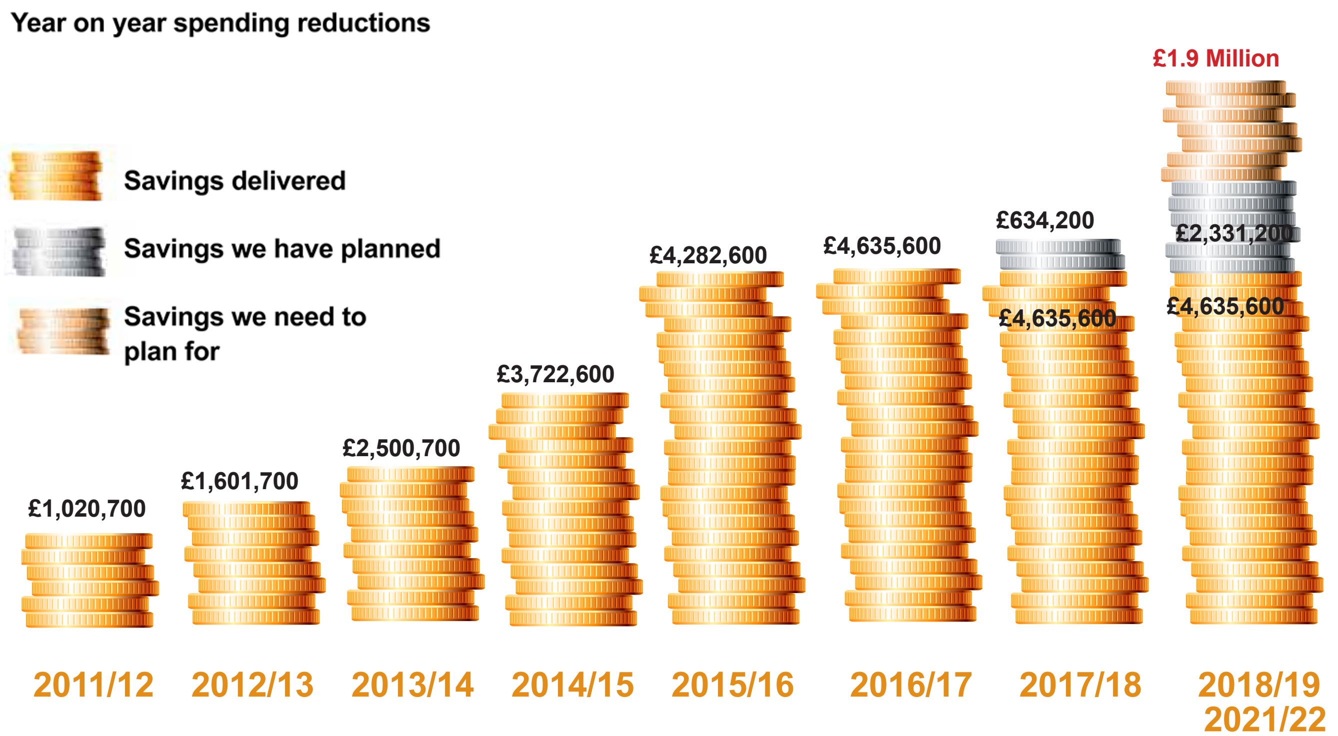
What we received in 2010/11

08 Financial Position

How we have made budget reductions and what further reductions we need to make

The Council has been successful in delivering £4.6 million of spending reductions since 2010/11. So far the majority of our spending reductions have been achieved through efficiency savings and new income generation with only a minor amount of service cuts being required. Since 2011/12 there have been: 3 senior management restructures saving over £400,000; numerous working practice reviews saving of over £1.8 million mainly in staffing costs; improved supplies purchasing contracts saving £600,000; new income generation of over £600,000 and improved asset utilisation of £300,000. We have had to make some cuts with: £500,000 removed from discretionary leisure activities and parish grants; £150,000 saved from the discontinuation of summer refuse collection service and £90,000 saved by reducing grass cutting frequencies.

We already have plans in place in the budget for a further £2.3 million reduction over the period 2017/18 to 2021/22. However, to balance the budget we still need to reduce our spending further so a target of £1.9 million has been set.



We will continue to work hard to develop robust plans during 2017/18 to reduce our spend further which means that further difficult decisions lie ahead. Working with a variety of partners, we will strive to deliver the best we can for our residents, although we recognise that a significant number of our public sector partners are also facing significant budget pressures and changing roles.

PEOPLE

Context

Whilst some parts of Gedling Borough are relatively prosperous, there are pockets of deprivation. Some areas of the borough fall within the 10% most deprived areas in England and child poverty stands at 30% in some wards. Adult obesity is higher than the national average and childhood obesity is increasing. There is also a higher than national average number of mothers smoking at the time of giving birth. We have an increasingly elderly population; predictions indicate there will be a 77% increase in the number of over 80 year olds by 2021. These factors present challenges in targeting appropriate support and we will continue to work closely with Job Centre Plus, NHS Clinical Commissioning Group and other partners.

Overall crime figures reduced from 2010/11 until 2014/15 when, in line with the national trend, they showed a slight increase. 2015/16 overall has seen a slight rise in crime across the borough and the Crime and Disorder partnership have refreshed their operational plans to address these increases.

Our strong working relationship with the Alzheimer's Society and Age UK will continue as we plan to support those affected by loneliness and dementia.

What we've done

New Floodlights for Newstead Young People

Thanks to support and joint work between the Council, local elected members, Newstead Parish Council and the local youth club, the Multi-Use Games Area in Newstead now has its own floodlighting. The lights enable local young people to use the facility during the darker winter months in a safely lit environment. It also provides an outdoor space for the Council's Monday Night Youth Sports Club run in Newstead. The Sports Club is funded by the Home Office as part of a national pilot and securing external funding has meant the re-allocation of local resources to provide the much needed floodlights. As of October 2016, 48 young people had participated in the Sports Club since it began at the end of 2015.

Gedling's International Women's Day Celebrations

The Council promoted International Women's Day in 2016 through a programme of activities to celebrate local women. The celebrations included local events run by local women and community groups, free sessions at leisure centres, information stands at the Civic Centre and a civic reception and recognition events at which local women were recognised for their contribution to the community through business, the public sector, campaigning, influencing and overcoming adversity.

Beacon Project Up and Running

The new Beacon Project was launched in Killisick with many local activities running from the site of the Beacon Baptist Church. Activities include the Beacon Bowling Club, now volunteer led, which was previously run by the Council at Arnold Hill Community Centre. Other activities include the Foodbank, commissioned health services, a craft group, after school club, work club, YMCA Dads and Kids Club amongst others. The Beacon has been supported by training delivered through the Council's Community Asset Transfer Partnership.

Gedling Adult Parkrun

Since its launch in June 2015, the adult parkrun at Gedling Country Park has been supported by 189 volunteers who have spent 1,213 hours making the weekly Saturday morning event happen. The volunteers have secured public access to a defibrillator for Gedling Country Park, which will be installed alongside the new visitor centre and park runners have arranged defibrillator and CPR training for the Friends of Gedling Country Park and park users.

DNA Health

We've created a self-referral exercise scheme across the leisure centres called DNA Health aimed at individuals who are physically inactive and have a health condition. The scheme provides opportunities to try different types of physical activity to help improve long term health, in a safe and supported environment led by qualified instructors. Over 120 people have been through the 12 week programme with several continuing to work towards further health and fitness goals by joining the mainstream DNA Health and Fitness Membership scheme.

Reduce anti-social behaviour, crime and the fear of crime

What do we want to achieve?

In recent years, crime and anti-social behaviour has fallen significantly but this has not been matched by people's perceptions. Fear of crime has actually risen. New crime priorities are emerging and new threats and risks need to be tackled so we can ensure the continued safety of those who live, work and visit the borough. Priorities include tackling serious and organised crime, the exploitation of the vulnerable, reducing domestic violence and focusing efforts in those areas where crime and anti-social behaviour are the most prevalent.

How will we do this?

Action	Lead Officer	Portfolio Holder
Deliver the Council's contribution to the activities and priorities of the South Nottinghamshire Community Safety Partnership	Service Manager Public Protection	Public Protection
Develop and implement an enforcement programme to discourage environmental crime	Service Manager Public Protection	Public Protection
Implement the taxi licensing improvement plan	Service Manager Public Protection	Public Protection
Provide a varied range of leisure activities for younger people	Service Manager Leisure Services	Housing, Health and Wellbeing
Identify and evaluate options for delivering CCTV in partnership with Nottinghamshire Police and other local authorities	Service Manager Public Protection	Public Protection
Continue to invest in new and existing CCTV in priority hotspots	Service Manager Public Protection	Public Protection

Performance measures and targets

These are the key things we will measure our performance against

Indicators	2017/18 target	Lead Officer	Portfolio Holder
Percentage of fly tipping incidents removed within 4 working days	98%	Service Manager Public Protection	Environment
Number of reported fly tipping incidents	Tracker	Service Manager Public Protection	Environment
Percentage of residents who feel safe when outside in their local area during the day	89%	Service Manager Public Protection	Public Protection
Percentage of residents who feel safe when outside in their local area after dark	62%	Service Manager Public Protection	Public Protection
Level of All Crime across Gedling Borough rate (per 1000 population)	Maintain 2016/17 performance	Service Manager Public Protection	Public Protection
Level of recorded anti-social behaviour across Gedling Borough (per 1000 population)	Maintain 2016/17 performance	Service Manager Public Protection	Public Protection

Reduce hardship and provide support to the most vulnerable

What do we want to achieve?

Many people who live in the borough have a relatively good standard of living and enjoy a healthy and active lifestyle. However some members of our community find themselves in situations of hardship through a variety of reasons, such as unemployment, ill health, low pay, homelessness and drug and alcohol abuse. Such circumstances can spoil a person's quality of life and restrict their ability to achieve their potential. What we're trying to achieve, therefore, is to alleviate poverty and hardship where it already exists and prevent it from happening in the first place.

How will we do this?

Action	Lead Officer	Portfolio Holder
Take the lead in promoting compassionate values and actions and support local organisations such as Arnold Foodbank and Sharewear	Chief Executive	Leader
Target actions to support the most deprived communities within the Borough	Service Manager Community Relations	Community Development
Continue to support the national refugee resettlement programme	Service Manager Revenues and Welfare Support	Housing, Health and Wellbeing
Review and improve temporary housing	Service Manager Economic Growth and Regeneration	Housing, Health and Wellbeing
Take the lead in developing a more integrated approach to family support, working with Nottinghamshire County Council and other partners	Service Manager Public Protection	Housing, Health and Wellbeing
Implement actions to support the Council's Armed Forces Community Covenant	Service Manager Community Relations	Community Development
Ensure arrangements are in place to support local residents with the transition to Universal Credit	Service Manager Revenues and Welfare Support	Housing, Health and Wellbeing
Develop and implement a range of prevention measures that can be proactively used to reduce the number of people presenting themselves to the council as homeless	Service Manager Revenues and Welfare Support	Housing, Health and Wellbeing

Performance measures and targets

These are the key things we will measure our performance against.

Indicators	2017/18 target	Lead Officer	Portfolio Holder
Percentage of households who considered themselves as homeless, who approached the Council, and for whom housing advice resolved their situation	13%	Service Manager Revenues and Welfare Support	Housing, Health and Wellbeing
Average time to process homeless applications	12 days	Service Manager Revenues and Welfare Support	Housing, Health and Wellbeing
Average length of time spent in temporary accommodation	8 weeks	Service Manager Revenues and Welfare Support	Housing, Health and Wellbeing
Average time to process new Housing Benefit claims	12 days	Service Manager Revenues and Welfare Support	Housing, Health and Wellbeing
Average time to process Housing Benefit change in circumstances	4 days	Service Manager Revenues and Welfare Support	Housing, Health and Wellbeing
Time taken to process Housing Benefit/Council Tax Benefit new claims and change events	6 days	Service Manager Revenues and Welfare Support	Housing, Health and Wellbeing

Improve health and wellbeing

What do we want to achieve?

We work with a range of partners to improve the health and wellbeing of residents. We know, from our work with public health colleagues and those from the Clinical Commissioning Group, that there are a range of health inequalities across the borough and that some of our areas have a higher concentration of these. These areas will be the focus of our work over the coming years along with tackling a range of specific health risks to improve health outcomes more generally. Specifically our plans include activity around reducing obesity and smoking levels, encouraging more local people to take part in exercise and promoting breast feeding to support early years childhood development. We will also develop new plans to deliver initiatives to tackle loneliness, dementia and mental health across the borough and will work with partners and community interest groups to achieve this.

How will we do this?

Action	Lead Officer	Portfolio Holder
Identify and implement practical initiatives to encourage cycling and walking	Service Manager Community Relations	Housing, Health and Wellbeing
Implement a range of activities to increase participation in sport and physical activity	Service Manager Leisure Services	Housing, Health and Wellbeing
Increase participation in organised outdoor activities in parks and open spaces	Service Manager Parks and Street Care	Housing, Health and Wellbeing
Provide and promote free swimming	Service Manager Leisure Services	Housing, Health and Wellbeing
Take action to tackle the harmful effects of smoking	Service Manager Public Protection	Housing, Health and Wellbeing
Develop and implement actions to address health inequalities across the borough	Service Manager Community Relations	Housing, Health and Wellbeing
Introduce and support a range of measures designed to tackle excessive weight and promote healthy lifestyles	Service Manager Community Relations	Housing, Health and Wellbeing
Work with partners to deliver activities to support those experiencing mental health illness, loneliness, isolation and dementia	Service Manager Community Relations	Housing, Health and Wellbeing
Implement Playing Pitch Strategy including the provision of new 3G facilities at Redhill and Carlton le Willows schools	Service Manager Community Relations	Housing, Health and Wellbeing

Performance measures and targets

These are the key things we will measure our performance against.

Indicators	2017/18 target	Lead Officer	Portfolio Holder
Number of visits to leisure centres	1% higher than 2016/17	Service Manager Leisure Services	Housing, Health and Wellbeing
Average number of DNA members (12 month rolling period)	3800	Service Manager Leisure Services	Housing, Health and Well-being

Promote and encourage pride, good citizenship and participation in the local area

What do we want to achieve?

We want the borough to be a place where people are proud to live and where they feel that they belong. We want to create opportunities for local people to be actively involved in the things that affect their lives and to build communities in which people prosper and look out for each other.

How will we do this?

Action	Lead Officer	Portfolio Holder
Deliver a programme of community events	Service Manager Community Relations	Community Development
Progress asset transfer or disposal of the Council's community centres	Service Manager Community Relations	Community Development
Promote and encourage employee and community volunteering and residents' involvement in local activities	Service Manager Community Relations	Community Development
Promote and encourage registration for and turnout at elections scheduled during 2017 -19	Service Manager Elections and Members' Services	Leader
Widen and increase attendance at the Bonington Theatre	Service Manager Leisure Services	Housing, Health and Wellbeing
Support further development of Gedling Youth Council and ensure young people are an integral part of the Council's decision making process	Service Manager Community Relations	Community Development
Build a positive relationship with our Parish Councils and rural communities	Service Manager Community Relations	Community Development
Develop the Gedling Older Peoples' Advisory Group with a view to introducing a Senior Council	Service Manager Community Relations	Housing, Health and Wellbeing
Bid for Heritage Lottery funding for a heritage centre and heritage trail at Gedling Country Park	Director of Health and Community Wellbeing	Community Development
Complete the Community Governance Review of Bestwood St Albans Parish	Service Manager Elections and Members' Services	Community Development

Performance measures and targets

These are the key things we will measure our performance against.

Indicators	2017/18 target	Lead Officer	Portfolio Holder
Response rate to Individual Electoral Registration household canvass	94%	Service Manager Elections and Members' Services	Leader
Number of attendances at Bonington Theatre productions	27,000	Service Manager Leisure Services	Housing, Health and Wellbeing
Number of theatre events/shows taking place at the Bonington Theatre	500	Service Manager Leisure Services	Housing, Health and Wellbeing
Number of cinema shows taking place at the Bonington Theatre	224	Service Manager Leisure Services	Housing, Health and Wellbeing
Percentage of residents who agree that their local area is a place where people get on well together	Baseline data to be collected	Service Manager Community Relations	Community Development

PLACE

Context

Gedling Borough is a mix of urban and rural areas with around 80% of our residents living in the Greater Nottingham suburbs of Arnold and Carlton. The remaining residents live in a number of villages including Burton Joyce, Calverton and Ravenshead. There are a number of major transport routes that run through the borough such as the A60 to Mansfield, the A612 towards Southwell and the A614 which is the main northern route from Nottingham towards the A1. However, some of our rural villages are relatively isolated and suffer from poor transport links. The main shopping areas are within Arnold, Netherfield, Mapperley and Carlton Square.

Within the borough, unemployment levels tend to be lower than the national average, however we have higher levels of youth unemployment and will focus on initiatives to help young people develop their skills and employability. Almost 5000 businesses operate in Gedling, including global brands such as The Wilkins Group, Hillarys Blinds, Xylem Water Solutions, Armitage Pet Products, Frank Key and Bunches together with many small and medium enterprises.

Residents have expressed high satisfaction levels with the quality of our parks and open spaces and a large majority (79%) say they are satisfied with their local area as a place to live.

In common with the rest of the County, there is an urgent need for more homes and we are working hard to not only accelerate the delivery of housing but also the infrastructure to support it.

What we've done

Green Flag Parks

Only a year after opening, Gedling Country Park is now officially one of the best parks in Britain alongside two other parks in Gedling awarded national Green Flag awards from Keep Britain Tidy. Keep Britain Tidy accredits parks and green spaces in Britain that operate to the highest possible standards, are beautifully maintained and have excellent facilities. Arnot Hill Park, Arnold retained the title for its tenth consecutive year and Burton Road Jubilee Park, Carlton won the award for its third consecutive year.

Playground at the Country Park

A new £200,000 children's play area has opened at Gedling Country Park. The play area incorporates the park's mining heritage with a rustic mining tower, mining train and 'old pit' grasslands ensuring the history of the park is remembered for years to come. The park includes a toddler area celebrating Gedling Colliery Station and lagoons, complete with swings, slides and wheelchair accessible roundabout. The junior area showcases the 'old pit' and Gedling Grasslands with a 7 metre rustic mining tower at its heart with slides, sculptures and granite 'coal effect' boulders and a teen area which celebrates the park's wild woodland habitat, features a zip wire and adventurous climbing area.

Jobs Fair

A successful annual Jobs Fair took place on Wednesday 21 September 2016 at Arnold Methodist Church, with 32 employers exhibiting at the event. 267 people visited the Jobs Fair to identify work opportunities.

Planning Permission for development of the Gedling Colliery site

Construction of the Gedling Access road is due to start in 2018 with completion set for 2020. Planning permission for the development of up to 1,050 dwellings, a local centre with retail units and health centre, and a new primary school on the Gedling Colliery site was granted in May 2016.

New affordable housing

The former Grove public house in Daybrook, developed in partnership with Nottingham Community Housing Association, has delivered 20 new affordable homes comprising one and two bed flats and a semi-detached property. In return for the council's contribution, Gedling residents receive first choice for the new homes which will be allocated through the council's housing lettings scheme. This development is part of a wider project to tackle some long standing empty sites across the borough which also includes the former play area on Dunstan Street in Netherfield and a derelict pub on Cavendish Road, Carlton.

Gedling Menu Employability Programme

Between 1 September 2015 and 22 July 2016 the Gedling Menu Employability programme resulted in over 1300 students receiving some form of employability support (CV development, mock interview, employability workshop) and having contact with at least one employer.

Create more jobs and better access to them

What do we want to achieve?

Our overall unemployment levels are lower than average nationally and regionally, but there are pockets of the borough where levels are higher, and unemployment amongst the borough's young people is higher than average. Our aim here is to work with employers and other partners to bring new jobs to the borough, and to make sure our residents, particularly amongst groups or areas where unemployment is higher than average, can get to those jobs. The nature of our borough and its relationship to the City of Nottingham is such that we will probably never be able to meet all employment needs locally, so we also want to ensure our residents can easily access work opportunities in the City and surrounding areas.

How will we do this?

Action	Lead Officer	Portfolio Holder
Maximise delivery of the allocated employment sites	Service Manager Economic Growth and Regeneration	Growth and Regeneration
Develop and implement a local programme of job fairs	Service Manager Economic Growth and Regeneration	Growth and Regeneration
Provide business support for small and medium businesses	Service Manager Economic Growth and Regeneration	Leader
Secure construction of the Gedling Access Road	Chief Executive	Growth and Regeneration
Progress Integrated Transport Plan for Gedling with a particular focus on improving access to employment	Service Manager Economic Growth and Regeneration	Growth and Regeneration

Performance measures and targets

These are the key things we will measure our performance against.

Indicators	2017/18 target	Lead Officer	Portfolio Holder
Percentage of working age people on Job Seekers' Allowance	In line with the national average	Service Manager Economic Growth and Regeneration	Growth and Regeneration
Percentage of young people (18-24 year olds) claiming Job Seeker's Allowance	No higher than 1% above national average	Service Manager Economic Growth and Regeneration	Growth and Regeneration
Support small and medium size enterprises to recruit their first apprentice	45	Service Manager Economic Growth and Regeneration	Growth and Regeneration

Ensure local people are well prepared and able to compete for jobs

What do we want to achieve?

The job market remains competitive and the skills and aptitudes required to compete for jobs successfully are constantly changing. Overall, our residents have relatively high levels of educational attainment but we want to make sure that potential is harnessed by helping people of all ages to be 'job ready', with a good balance of educational attainment and softer job skills. We want to see good quality training opportunities that are available to residents of all ages, including but not restricted to apprenticeships. We'll also work with employers to understand what they are looking for from their workforce and help them to ensure those needs are met.

How will we do this?

Action	Lead Officer	Portfolio Holder
Gedling Borough Council to continue to offer a minimum of 16 pre-employment work experience placements a year	Service Manager Organisational Development	Growth and Regeneration
Co-ordinate range of work experience placements for school children, as part of the National Curriculum	Service Manager Organisational Development	Growth and Regeneration
Implement a rolling programme of apprenticeships within Gedling Borough Council	Service Manager Organisational Development	Growth and Regeneration
Encourage and incentivise local businesses to offer work experience and apprenticeships	Service Manager Economic Growth and Regeneration	Growth and Regeneration
Continue to implement employment agreements and pre-employment arrangements to maximise job opportunities for our residents linked to new developments	Service Manager Economic Growth and Regeneration	Growth and Regeneration
Deliver the European funded ERASMUS + apprenticeship project	Service Manager Economic Growth and Regeneration	Leader
Identify and implement practical initiatives to support long term unemployed people back into work	Service Manager Economic Growth and Regeneration	Growth and Regeneration

Performance measures and targets

These are the key things we will measure our performance against.

Indicators	2017/18 target	Lead Officer	Portfolio Holder
Number of Apprenticeships hosted within Gedling Borough Council	12	Service Manager Organisational Development	Growth and Regeneration
Number of pre-apprenticeships (or similar) work experience placements created in Gedling Borough Council	16	Service Manager Organisational Development	Growth and Regeneration
Number of school-age work experience placements (council-wide) in partnership with YouNG (and Economic Development)	6	Service Manager Organisational Development	Growth and Regeneration
Number of jobs fairs held to support residents to get into work and apprenticeships and support employers with their recruitment needs	2	Service Manager Economic Growth and Regeneration	Growth and Regeneration
As part of supporting SME apprenticeships support 16-24 year old Gedling Borough residents to secure an apprenticeship	45	Service Manager Economic Growth and Regeneration	Growth and Regeneration
Number of employment agreements and pre-employment arrangements including pre-employment training, placements in education, apprenticeship starts and jobs created	29	Service Manager Economic Growth and Regeneration	Growth and Regeneration

Provide more homes

What do we want to achieve?

It is widely accepted that more homes are needed to meet housing demand, and the borough is no exception to this. Our role in housing is multi-faceted – from using our planning powers to ensure a strong supply of land ready for development; to working with partners in the public and private sector to facilitate development of more difficult and challenging sites. We can also use our powers to help bring empty homes back into use. We want to see an increase in the number of new homes built in the borough, of good design quality and supported by top class infrastructure and facilities. Our interest is in housing across all tenures, but we are particularly keen to increase and improve the offer of affordable housing in the borough to meet growing housing need.

How will we do this?

Action	Lead Officer	Portfolio Holder
Deliver allocated housing sites	Service Manager Economic Growth and Regeneration	Growth and Regeneration
Reduce the number of empty homes in the borough	Service Manager Public Protection	Growth and Regeneration
Secure adoption of Local Planning document	Service Manager Planning Policy	Growth and Regeneration
Secure the provision of more affordable housing including homes for rent in the social housing sector	Service Manager Economic Growth and Regeneration	Growth and Regeneration
Explore potential benefits of creating a Gedling Housing Development Company	Service Manager Economic Growth and Regeneration	Growth and Regeneration
Proactively promote the sale of council owned land for the purpose of creating new homes	Service Manager Property	Growth and Regeneration
Investigate the feasibility and funding opportunities for housing led regeneration at priority estates	Service Manager Economic Growth and Regeneration	Growth and Regeneration

Performance measures and targets

These are the key things we will measure our performance against.

Indicators	2017/18 target	Lead Officer	Portfolio Holder
Net additional homes provided	440	Service Manager Planning Policy	Growth and Regeneration
Number of affordable homes delivered	80	Service Manager Economic Growth and Regeneration	Growth and Regeneration
Percentage of Major planning applications processed within 13 weeks	90%	Service Manager Development Services	Growth and Regeneration
Percentage of minor planning applications processed within 8 weeks	75%	Service Manager Development Services	Service Manager Development Services
Percentage of other planning applications within 8 weeks	80%	Service Manager Development Services	Growth and Regeneration
Number of long term empty homes in the borough returned to use as a result of Gedling Borough Council intervention	12	Service Manager Public Protection	Growth and Regeneration

Provide an attractive and sustainable local environment that local people can enjoy and appreciate

What do we want to achieve?

In the residents' satisfaction survey carried out in September 2015, we were told that the quality and appearance of the environment was the fourth most important issue for 64% of our residents. The majority of our residents are satisfied with the cleanliness of the area, quality of parks and open spaces and bin/recycling service, but still want to see an improvement in the quality and range of shops and quality and appearance of parks and open spaces.

We want the borough of Gedling to be a place where people want to live, visit and do business. We recognise that first impressions are created by the borough's appearance and by the facilities available and that the condition of the local environment affects local residents' views of overall quality of life. We want to create a welcoming, attractive, clean and healthy environment with a range of facilities which the residents of the borough can enjoy and be proud of. We also want the borough to be the place where people choose to come to work and do business.

How will we do this?

Action	Lead Officer	Portfolio Holder
Encourage households and businesses to reduce, re-use and recycle more of their waste	Service Manager Waste Services	Environment
Implement Parks and Green Spaces Strategy	Service Manager Parks and Street Care	Environment
Develop a visitors' centre at Gedling Country Park	Director of Health and Community Wellbeing	Environment
Deliver improvements in the image and 'offer' of Arnold Town Centre including Arnold Market	Service Manager Economic Growth and Regeneration	Growth and Regeneration
Explore options and develop delivery plans for regeneration of Carlton Square area	Service Manager Economic Growth and Regeneration	Growth and Regeneration
Provide an additional waste collection over the Christmas period	Service Manager Waste Services	Environment
Provide a bulky waste amnesty	Service Manager Waste Services	Environment
Raise the profile of the 'Love Where You Live' campaign to educate residents and reduce incidents of environmental crime	Service Manager Parks and Street Care	Environment
Finalise business case and source funding for delivery of Gedling Mineral Line Cycleway and Walkway	Service Manager Economic Growth and Regeneration	Growth and Regeneration
Undertake review of street cleansing operations and invest/re-allocate resources as appropriate	Service Manager Parks and Street Care	Environment

Performance measures and targets

These are the key things we will measure our performance against.

Indicators	2017/18 target	Lead Officer	Portfolio Holder
Percentage of local residents who are satisfied with their local area as a place to live	82%	Service Manager Customer Services and Communications	Deputy Leader Resources and Reputation
Percentage of residents satisfied with parks and open spaces	74%	Service Manager Parks and Street Care	Environment
Number of garden waste customers	13,100	Service Manager Waste Services	Environment
Percentage of surveyed streets with unacceptable levels of litter	2%	Service Manager Parks and Street Care	Environment
Residual household waste per household	525kg	Service Manager Waste Services	Environment
Percentage of household waste sent for reuse, recycling and composting	40%	Service Manager Waste Services	Environment
Percentage of residents satisfied with the cleanliness of their local area	65%	Service Manager Parks and Street Care	Environment
Percentage of residents satisfied with the rubbish/recycling collection service	85%	Service Manager Waste Services	Environment

PERFORMANCE

Context

We are committed to being one of the best councils in the country and we want our customers to be satisfied, both when they contact us and when they use our services.

Over recent years we have reviewed how the Council is structured, identifying new ways of working not only internally but also with partners. We share the Civic Centre with Job Centre Plus and the Nottinghamshire North and East Clinical Commissioning Group, enabling an even closer working relationship to support individuals with the greatest need. Nottinghamshire's Police and Crime Commissioner and the MP for Gedling can be found on the Arnot Hill Park campus, strengthening our links even further.

In common with our public sector partners, the council continues to face significant challenges through reduced levels of funding and increased demand for services. In response we recognise that we need to work differently to be able to maintain levels of service. It is becoming more important for us to embrace digital technology, maximise income generation and ensure that our workforce is agile, skilled and flexible to cope with the challenges ahead.

We have maintained levels of service against a backdrop of reduced funding – in 2015 82% of our customers were satisfied with their bin collection/recycling services and the proportion of residents satisfied with the way we run things increased to 64%. During the summer of 2016 we asked residents to tell us what they thought of the Contacts magazine. 89% said it was good and easy to read.

We were finalists in the Best Performer in Street Cleansing category at the APSE performance network awards in 2016 and the Communications team were finalist in the 'Best Small Team' award at the national Comms2Point0 awards.

What we've done

Digital Council

We have approved a Digital Strategy and set up a Digital Programme Board to oversee the delivery of digital projects. In 2016 we have increased the number of services customers can access on line. Garden Waste has gone digital – customers can join and pay for the Garden waste Service, report changes in circumstance, report stolen and broken bins, uncollected bins, sign up to pay by direct debit, request pull outs and make enquiries online. Customers can apply and pay for pre-application advice service with Planning. In addition, all Council Services can be paid for online.

Customer Promise

A new Customer Promise putting customers at the centre of everything we do has been introduced. The promise sets out the standards of service that customers can expect from us and how customers can expect to be treated.

Stronger commercial and entrepreneurial culture

We continue to strive to be commercial in our approach, maintaining existing income streams and looking for new opportunities to generate income. We now provide face to face services for Gedling Homes; operate an Accredited Training Centre delivering courses to local district councils and local businesses; offer pre-application planning advice; have invested in a cinema at Bonington Theatre and run a successful tree cutting/garden maintenance service. This has brought additional income into the Council during 2016.

Complaints and compliments

We have been listening to feedback from our customers and actively using it to improve the services we provide. This has resulted in a reduction in complaints and an increase in the number of compliments received. In 2016 we received 30% fewer complaints between 1 April and 30 June than the same period in 2015. Between 1 July and 30 September 2016 we received almost 50% more compliments than complaints.

Improved turnaround of minor and other planning applications

The first half of 2016 saw a significant improvement in the turnaround times for processing minor and other planning applications with targets being exceeded in quarter 2 by around 15%.

Improve the customer experience of dealing with the Council

What do we want to achieve?

We will continue to maintain and, where possible, improve standards, working with other public and voluntary sector partners to ensure services are high quality, coordinated and cost effective. We aim to be compassionate and considerate by putting the customer at the centre of what we do and will increase digital access whilst maintaining our focus on those most vulnerable in society.

This will be done in line with our strong public sector values of openness and fairness, but we will continue to challenge existing ways of doing things, ensuring we make best use of our assets and embrace new ways of working to continue to transform services to meet the expectations of our community.

How will we do this?

Action	Lead Officer	Portfolio Holder
Refresh and update the council website	Service Manager Customer Services and Communications	Deputy Leader Resources and Reputation
Improve Civic Centre face to face reception facilities	Service Manager Customer Services and Communications	Deputy Leader Resources and Reputation
Embed the Customer Services Standards and Charter	Service Manager Customer Services and Communications	Deputy Leader Resources and Reputation
Undertake residents' satisfaction survey in 2017 and review approach to community engagement	Service Manager Customer Services and Communications	Deputy Leader Resources and Reputation
Put in place measures to encourage customers to access information and services online	Service Manager Customer Services and Communications	Deputy Leader Resources and Reputation
Launch customer contact point in Carlton/ the surrounding area	Service Manager Customer Services and Communications	Deputy Leader Resources and Reputation

Performance measures and targets

These are the key things we will measure our performance against.

Indicators	2017/18 target	Lead Officer	Portfolio Holder
Percentage of local residents who feel they are well informed about the Council and what we do	75%	Service Manager Customer Services and Communications	Deputy Leader Resources and Reputation
Percentage of residents who are satisfied with the Council	64%	Chief Executive	Leader
Percentage of calls to the contact centre answered (or call back made) - 12 month rolling total	90%	Service Manager Customer Services and Communications	Deputy Leader Resources and Reputation
Percentage of customers that are satisfied with overall customer service	85%	Service Manager Customer Services and Communications	Deputy Leader Resources and Reputation
Percentage of One Stop shop customers seen within 15 minutes	83%	Service Manager Customer Services and Communications	Deputy Leader Resources and Reputation

Give tax payers value for money

What do we want to achieve?

Taxpayers rightly expect us to be competent and to provide services to the highest customer standards and that we make best use of every pound that we spend. This is extremely important as we strive to reduce costs following the significant cuts in central government support. We already have a reputation for high performance and value for money, with recent surveys showing high levels of satisfaction in the way we do things and in the services we provide – but we will not rest on our laurels. We aim to be commercial in our approach, developing innovative ways to use our resources and retaining our focus on delivering value for money.

How will we do this?

Action	Lead Officer	Portfolio Holder
Explore and where appropriate implement new technology and digital tools to improve efficiency of services	Director of Organisational Development and Democratic Services	Deputy Leader Resources and Reputation
Ensure the development and approval of an updated Asset Management Strategy	Service Manager Property	Deputy Leader Resources and Reputation
Achieve planned efficiency/budget reduction targets	Deputy Chief Executive and Director of Finance	Deputy Leader Resources and Reputation
Improve the existing leisure offer and determine and implement the most financially efficient and effective model of operation for leisure services	Deputy Chief Executive and Director of Finance	Deputy Leader Resources and Reputation
Determine and implement the most financially efficient and effective model of operation for environmental services (depot), either in part or its entirety	Deputy Chief Executive and Director of Finance	Deputy Leader Resources and Reputation
Explore feasibility of expanding the in-house tree service, if financially viable.	Service Manager Parks and Street Care	Deputy Leader Resources and Reputation
Explore feasibility of implementing a new pet cremation and ashes burial service, if financially viable.	Service Manager Parks and Street Care	Deputy Leader Resources and Reputation
Implement co-location with Nottinghamshire Police at the Jubilee Depot, Arnold	Director of Health and Community Wellbeing	Deputy Leader Resources and Reputation
Implement a programme of service peer reviews (to be undertaken by varied teams drawn from across the council)	Service Manager Organisational Development	Deputy Leader Resources and Reputation
Embed new arrangements for the delivery of strategic procurement advice and contract management	Deputy Chief Executive and Director of Finance	Deputy Leader Resources and Reputation
Introduce a programme of activity to reduce duplicate or abortive work	Director of Organisational Development and Democratic Services	Deputy Leader Resources and Reputation

Performance measures and targets

These are the key things we will measure our performance against.

Indicators	2017/18 target	Lead Officer	Portfolio Holder
Percentage of Business Rates collected	98.9%	Service Manager Revenues & welfare Support	Deputy Leader Resources and Reputation
Percentage of Council Tax collected	98.5%	Service Manager Revenues & welfare Support	Deputy Leader Resources and Reputation
Percentage of residents who agree that the Council provides value for money	50%	Deputy Chief Executive and Director of Finance	Deputy Leader Resources and Reputation

Maintain a positive and productive working environment and strong staff morale

What do we want to achieve?

We recognise that our staff are key to the Council's success and without them we would be unable to deliver the objectives set out in this plan. It is important to us that our staff are happy, valued and motivated. Apart from the responsibilities that come with a job, the most important thing that influences staff happiness and motivation is the working environment. We're not just talking about safe and pleasant working conditions, but also about providing the right recognition and reward and creating the right culture. What we're trying to achieve therefore is to make sure this is a place where our staff are positive and confident, enjoy coming to work, want to do their best and want to make things happen.

How will we do this?

Action	Lead Officer	Portfolio Holder
Review current employee engagement and improve/modify where necessary	Service Manager Customer Services and Communications	Leader
Develop a range of activities to improve staff health and well-being	Service Manager Organisational Development	Leader
Develop and implement Gedling Elected Members Standard	Service Manager Elections and Members' Services	Community Development
Develop and implement plans to increase agile working	Director of Organisational Development and Democratic Services	Leader

Performance measures and targets

These are the key things we will measure our performance against.

Indicators	2017/18 target	Lead Officer	Portfolio Holder
Working days lost due to sickness absence (rolling 12 month total)	10 days	Service Manager Organisational Development	Leader
Percentage of staff who feel happy working for the Council	73%	Service Manager Organisational Development	Leader
Percentage of staff who feel well informed about what is happening	60%	Service Manager Customer Services and Communications	Leader

10 How we manage our performance

Council Performance

Performance against the Gedling Plan is monitored by Service Managers and reported to the Senior Leadership Team, Cabinet and the Overview and Scrutiny Committee every three months, to assess progress and ensure we remain on course to deliver against our key areas.

Serving People, Improving Lives

Individual Performance

Annual Personal Development Reviews capture individual staff members' contributions to the service plan and to the Gedling Plan.

Service Performance

Service plans capture the key tasks that will deliver the Gedling Plan along with details of all activities planned for each service area.

Performance against the service plan is monitored by the Service Manager and reported to the Director to assess progress and make sure the service is on target

We publish performance updates on www.gedling.gov.uk/aboutus/ If you follow us on Facebook or Twitter or sign up to our Keep Me Posted email alerts at www.gedling.gov.uk/keepmeposted we will let you know each time the reports are published.

gedlingborough @gedlingbc www.gedling.gov.uk

11 Contact Us

If you want to know more about our actions and indicators please contact the relevant Portfolio Holder or Lead Officer.

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Housing, Health and Wellbeing	Councillor Henry Wheeler	cllr.henry.wheeler@gedling.gov.uk
Community Development	Councillor Gary Gregory	cllr.gary.gregory@gedling.gov.uk
Environment	Councillor Peter Barnes	none

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Local Government Association
Provisional Local Government Finance Settlement 2017/18 – On the Day Briefing

15 December 2016

Introduction

The local government finance settlement is the annual determination of funding to local government. The briefing covers the consultation on the local government finance settlement for 2017/18 and indicative settlements for 2018/19 and 2019/20. The final 2017/18 settlement will be laid before the House of Commons, for its approval, in February 2017.

The full set of documents is available on the Department for Communities and Local Government's website.

The LGA has also circulated a media statement responding to today's announcement.

Key Messages

- No new money from central government has been included in the settlement. The Government has, however, created more flexibility by allowing the social care precept to rise by an additional 1 per cent in 2017/18 and 2018/19 (from 2 per cent to 3 per cent), on condition that the total increase to 2019/20 does not exceed 6 per cent. However, as the total allowable precept increase over the remaining years of the Spending Review remains the same, this flexibility does not address the £2.6 billion funding gap facing social care by the end of the decade.

- By bringing forward council tax raising powers, the Government has recognised the LGA's call for the urgent need to help councils tackle some of the immediate social care pressures they face. However, this shifts the burden of tackling a national crisis onto councils and their residents.

- The measures announced in today's settlement will help in part but fall well short of what is needed to fully protect the care services for elderly and vulnerable people today and in the future. In addition, increasing the precept raises different amounts of money for social care in different parts of the country unrelated to need and will add an extra financial burden on already struggling households.

- Councils, the NHS, charities and care providers have been clear both before and since the Autumn Statement about the need for an urgent injection of genuinely new additional Government funding to protect care services for elderly and disabled people. Given this unified call for action, it is hugely disappointing that today's settlement has failed to find any new money to tackle the growing crisis in social care.

Briefing

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- Social care should be treated as a national priority. There needs to be an urgent and fundamental review of social care and health before next year's spring Budget. Local government leaders must be part of that review. This is imperative to get a long-term, sustainable solution to the social care crisis that the most vulnerable people in our society deserve.

- Savings of £241 million from the reform of the New Homes Bonus have been allocated to social care authorities through a new Adult Social Care Support Grant. This is not new money but a redistribution of funding already promised to councils. This cannot be presented as a solution, given the scale of the funding crisis. This move will see money designed to incentivise new homes taken away from councils at a time when the Government has made boosting housebuilding a clear priority. This, as well as the introduction of a 0.4 per cent threshold, will be a source of concern to many authorities, particularly shire districts and those with lower housing growth.

- Councils still face challenging funding pressures of £5.8 billion by 2019/20. Further government funding cuts will result in local authorities up and down the country having to make significant reductions to the local services communities rely on.

- We are concerned that confirmation of the decision to cut the public health budget by £84 million could undermine the objectives we share to prevent illness, improve the public's health and to keep the pressure off adult social care and the NHS. The decision to transfer public health responsibilities to local government in 2013 was welcomed but many will now feel that they have been handed the responsibility without the appropriate resources.

- Almost all councils signed up to the offer on the four year settlement. This does provide more stability of funding and we welcome this. However, authorities have expressed concern about the 'negative Revenue Support Grant adjustment' in 2019/20. Some councils will also be concerned that core spending power figures for 2017/18 are lower than the figures included in the 2016/17 local government finance settlement due to changes in the New Homes Bonus. The late announcement of the settlement has not helped councils deal with this change.

- Business rates pilots in five areas will enable aspects of the further business rates retention system to be tested. At the same time discussions will continue between Government officials, the LGA and councils including reforming the way appeals are dealt with. We will continue to engage as the enabling legislation, the Local Growth and Jobs Bill, progresses through Parliament in 2017.

- We will continue to work with Government to help shape the details of today's announcements ensuring that the views of councils are heard and understood, and will continue to respond to all related consultations.

The Settlement in Detail

The Department for Communities and Local Government (DCLG) has announced the provisional Local Government Finance Settlement for 2017/18 and indicative settlements for 2018/19 and 2019/20.

We have provided a glossary of Local Government Finance terms which provides a brief explanation of some of the language used in this briefing. This can be found at Annex B.

Today's statement is broadly in line with the indicative figures for 2017/18 announced in the four year settlement last year with the following changes:

- A cut of £241 million in the amount for New Homes Bonus broadly in line with the consultation on reform of the Bonus with the money being put into a new Adult Social Care Support Grant, distributed in line with the Relative Needs Formula for social care. This will be paid in 2017/18 only.

- An increase in the social care precept of up to 3 per cent in 2017/18 and 2018/19 and up to 2 per cent in 2019/20. However the total increase in the precept over the three years when compared with 2016/17 will not be allowed to exceed 6 per cent.

- Five local authority areas are piloting further business rates retention. In addition the Greater London Authority will receive Transport for London capital funding through business rates rather than grant. This will have no financial effect on other authorities. Full details are expected to be included in the final Local Government Finance Settlement.

- Top-ups and tariffs for all councils have changed due to the business rates revaluation which comes into force in April 2017.

97 per cent of councils accepted the multi-year settlement offer and the Government has now written to those authorities. Barring exceptional circumstances, and subject to the normal statutory consultation process for the local government finance settlement, the Government expects to present the four year figures as already published to Parliament each year.

For those local authorities who have not accepted the multi-year offer and published an efficiency plan, the Government is only confirming funding allocations for 2017/18. The funding allocations for these authorities in 2018/19 and 2019/20 will be revisited in due course as part of the annual settlement process covering these years.

The closing date for responses to DCLG is Friday 13 January 2017. We expect the final settlement to be published in February 2017.

At the LGA's Annual Finance Conference on Thursday 5 January 2017 we will share details of further analysis of the settlement with councils. You can book your place and find out more information online.

Core Spending Power

Core Spending Power consists of:

- Revenue Support Grant;
- Retained business rates;
- Income from the New Homes Bonus;
- Income from the Improved Better Care Fund;
- Income from the Rural Services Delivery Grant;
- Income from the Transition Grant;
- Income from the 2017/18 Adult Social Care Support Grant;
- Income from council tax assuming that the tax base grows, councils increase council tax by the 2 per cent basic referendum limit, a 2 per cent social care precept in each year and additional flexibility for shire districts and police and crime commissioners.

The Government figures indicate that Core Spending Power in accordance with this definition will fall by an average 1.1 per cent in 2017/18 assuming the council tax flexibilities as set out above. The change over the whole Spending Review period is 0.4 per cent.

Detailed core spending power figures are included in Annex A.

There are no changes to the proposed distribution of Revenue Support Grant (RSG) in 2017/18. The Government will continue to pay a Transition Grant to those authorities which were affected by the change in methodology for distributing RSG implemented in 2016/17. It will also pay an additional £241 million to social care authorities in 2017/18, distributed in line with the Relative Needs Formula for adult social care.

According to the Government's figures there is still a 'negative RSG' for some authorities in 2019/20. This adjustment could be made through the top-up and tariff system.

New Homes Bonus

The provisional amount of £1.252 billion for the New Homes Bonus (NHB) has been included in Core Spending Power in 2017/18. This is a reduction of £241 million when compared to the indicative figures included in core spending power for 2017/18 published with the 2016/17 settlement in February 2016. The bonus will be funded through £93 million in specific grant with the rest in top-sliced funding, expected to be £1.159 billion.

The Government has confirmed the following changes to the New Homes Bonus following the consultation published at the time of the 2016/17 provisional settlement on 17 December 2015:

- Reducing the length of time that the bonus is paid from six years to five years in 2017/18. This will be followed by a further reduction to four years in

2018/19 and thereafter.

- The introduction of a 0.4 per cent baseline to threshold NHB payments. This will mean that local authorities will need to achieve growth of greater than 0.4 per cent before they receive any NHB funding. This is higher than the threshold consulted upon this year and the Government may change this threshold in future years if there is a significant increase in housing growth.

- The Government will not be introducing the proposed measures to withhold payments in 2017/18 for local authorities that have not submitted their local plan but the Government will revisit this from 2018/19. The Government intends to withhold payments for residential development that has been allowed on appeal but this will apply from 2018/19.

LGA view:

- The NHB makes up a considerable part of funding for some authorities particularly shire district authorities. The reduction is intended to deliver savings to fund increases to the Improved Better Care Fund. However, for many authorities this leads to a net reduction in resources not helped by the fact the changes have been announced so close to the start of the 2017/18 financial year.

- The introduction of a baseline could remove any incentive to grow in relatively low growth areas and penalises areas with limited opportunity to grow.

- We will respond to any consultation on further changes to the NHB when it is published but in many cases delays in adopting a local plan are beyond the control of the council so it is unfair to penalise authorities for failure to submit a local plan. We are further concerned that the proposal to remove payments from developments allowed on appeal will unfairly prejudice the planning process.

- Councils and the house building industry are united in their call for adequately resourced planning departments. Currently, year-on-year, taxpayers are subsidising approximately 30 per cent of the estimated cost of processing all planning applications in England because nationally set planning fees do not cover the full costs. Locally set planning fees would enable local authorities to deliver responsive council planning services that are crucial to growth and building the homes we need.

- We call on the Government to fully engage councils in the shaping of the Housing White Paper, which we hope to be published in January.

Business rates

A number of areas are piloting further business rates retention. These are Greater Manchester, Liverpool City Region, Cornwall Council, the Combined Authorities of the West of England and the West Midlands. Additionally the Transport for London capital grant will be paid to the Greater London Authority through retained business rates rather than grant. Adjustments will be made to the tariff and top-ups of these authorities. Full details are expected to be published at the time of the final settlement. It should be noted that as the pilots are currently being finalised the detailed figures for Revenue Support Grant and retained business rates given in the provisional settlement do not take account of the pilots. The pilots will not impact on non-pilot authorities.

All top-ups and tariffs have been recalculated in line with the draft list following the 2017 business rates revaluation. This is broadly in line with the proposals in the technical consultation document for the 2017/18 settlement with a couple of changes. Firstly including the value of section 31 grants to authorities which are paid to compensate for changes to the rating system in successive Autumn Statements, and secondly adjusting the calculation to take account of inflation only after the revaluation adjustment to tariff and top-ups has been made. The government has not made an adjustment for the effect on the rateable value of charities changing out of line from the general change in rateable value but will keep this under review and will consider further adjustments for the 2018-19 settlement.

The following table shows the change to the business rates multiplier:

2016/17 small business rates multiplier	48.4p
2016/17 multiplier used to recalculate top-ups and tariffs	43.6p
plus September 2016 RPI increase; 2.0 per cent	0.9p
plus Adjustment for appeals in the 2017 list	2.1p
equals 2017/18 small business rates multiplier	46.6p
2017/18 national business rates multiplier	47.9p

DCLG is consulting on 29 proposals for pools in 2017/18, the same number as in 2016/17.

The work programme to introduce further business rates retention by the end of the Parliament is continuing. The Government is expected to publish a further technical consultation in due course and the Secretary of State confirmed that they intend to introduce a Bill into Parliament early in 2017.

LGA view:

- The LGA and the sector have been engaging extensively in discussions with the Government on the implementation of further business rates retention and we look forward to this continuing.

- We welcome the fact that certain aspects of further retention can be tested through early adoption of further business rates retention in some areas and look forward to seeing the detail of this in the final settlement. At the same time it is important that this does not affect other authorities now or when full business rates retention is implemented.

- The Government has recalculated top-ups and tariffs for 2017/18 to ensure, as far as practicable, that there are no windfall gains or losses due to the 2017 revaluation. We welcome the fact that the Government will revisit the methodology in 2018/19 in the light of final figures. This will allow any concerns authorities have to be dealt with then.

- With the move to further business rates retention we are working with Government to find a better way to deal with business rates appeals. Separately, we call on the Government to provide resources to the Valuation Office Agency to ensure that all outstanding appeals from the 2010 rating list are dealt with by April 2018.

- We welcome that councils will continue to be fully compensated for the loss of income from the centrally imposed reliefs, such as rural rate relief and small business rate relief. However, this reduces the buoyancy of the tax base by impacting upon the amount of business rates income and the growth in business rates. This is one of the issues to discuss with the Government as we move to further business rates retention.

Council tax

The basic referendum principle for 2017/18 is proposed to be 2 per cent, with the exception of the lowest 10 Police and Crime Commissioners and all shire district authorities, for which a higher limit of either 2 per cent or £5 (on a Band D bill) applies.

Additionally, social care authorities will be able to increase their council tax by up to 3 per cent (over the existing basic referendum threshold of 2 per cent referred to above) in both 2017/18 and 2018/19 as long as increases do not exceed 6 per cent over the 3 year period. For example, councils could levy 3 per cent in 2017/18 and 2018/19 and 0 per cent in 2019/20, or 2 per cent in each year at their discretion. As with 2016/17 this adult social care precept will have to be separately itemised on council tax bills.

The Government states "councils will be required to publish a description of their plans, including changing levels of spend on adult social care and other services. This must be signed off by the Chief Finance Officer. Councils wishing to use the extra freedom to raise the precept by 3 per cent instead of 2 per cent in 2017/18 must also show how they plan to use this extra money to improve social care. The Government will write to adult social care authorities with further details on the conditions of the scheme in the near future."

The Government has announced that they will not be introducing referendum principles for parish and town councils, a proposal that they consulted on as part of the summer technical consultation on the 2017/18 settlement. They will keep the level of precepts set by town and parish councils under review and may introduce referendum principles in the future.

LGA view:

- More flexibility in the social care precept will go some way to providing more funding for social care authorities in 2017/18 and 2018/19 but it is not enough to close the national funding gap.

- The adult social care precept raises variable amounts of income in different areas due to differences in the tax base. In addition, the ability to collect council tax is unrelated to need.

- Councils should be free to use the social care precept without conditions imposed by the Government. If any assurance is required the Government should ensure the administrative burden of assurance on councils regarding the social care flexibility is kept to a minimum.

- A referendum on council tax increases is an unnecessary burden and real local accountability should be through the ballot box.

Adult social care

Social care authorities will be able to increase their council tax by up to 3 per cent (over the existing basic referendum threshold of 2 per cent referred to above) in both 2017/18 and 2018/19 as long as increases do not exceed 6 per cent over the 3 year period. For example, councils could levy 3 per cent in 2017/18 and 2018/19 and 0 per cent in 2019/20, or 2 per cent in each year at their discretion. As with 2016/17 this adult social care precept will have to be separately itemised on council tax bills.

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The Settlement also confirms additional funding for adult social care through a new 2017/18 adult social care support grant worth £241 million for 2017/18 only. This will be allocated using the adult social care relative needs formula. This money comes from a reduction in the New Homes Bonus (which is existing local government funding) compared to indicative figures published in February 2016.

The allocations of the improved Better Care Fund (iBCF) for the Spending Review period remain unchanged and councils will receive the first payment of £105 million in 2017/18 in line with indicative allocations published in February 2016.

The Government is using the iBCF grant as a method of equalising the relative needs for social care services and the impact of the social care council tax precept, based on an assumed precept increase of 2 per cent per year. This leads to some social care councils receiving no iBCF money in 2017/18.

The Government will soon publish an Integration and Better Care Fund Policy Framework to improve adult social care outcomes.

LGA view:

- The flexibility to raise more funding through the social care precept, and front load it, is some recognition by Government of the urgent need to tackle the immediate and significant pressures facing social care. However, as the total allowable precept increase over the remaining years of the Spending Review remains the same, this flexibility does not address the £2.6 billion funding gap facing social care by the end of the decade.

- Councils, the NHS, charities and care providers have been united about the need for an urgent injection of genuinely new additional government funding to protect services caring for elderly and disabled people. Our concerns set out in this briefing have also been echoed by partners today including NHS Clinical Commissioners, the Chair of the Communities and Local Government Select Committee, The King's Fund, the Chair of the Health Select Committee, NHS Confederation, NHS Providers, the Association of Directors of Adult Social Services, Age UK, and the Care and Support Alliance. Given the strength and unity of the care and health sector on this issue it is disappointing that the Government has failed to address this most pressing issue. It is now inevitable that services which support older and vulnerable people will remain at risk, and providers will face continued uncertainty and risks to their viability.

- The adult social care precept raises variable amounts of income in different areas due to differences in the tax base. In addition, the ability to collect council tax is unrelated to need.

- Councils should be free to use the social care precept without conditions imposed by the Government. If any assurance is required the Government should ensure the administrative burden of assurance on councils regarding the social care flexibility is kept to a minimum.

- The announcement of additional funding for social care from the New Homes Bonus is not new money and is instead a redistribution of funding already promised to councils. It is wrong to present this as a solution, given the scale of the funding crisis. This move will see money designed to incentivise new homes taken away from councils at a time when the Government has made boosting housebuilding a clear priority. This will be a source of concern to many authorities, particularly shire districts. Early analysis suggests some social care authorities might be worse off because of the switch.

- Social care should be treated as a national priority. There needs to be an urgent and fundamental review of social care and health before next year's spring Budget. Local government leaders, who are responsible for social care in their local community, must be part of that review. This is imperative to get a long-term, sustainable solution to the social care crisis that the most vulnerable people in our society deserve.

Public health

Alongside the local government finance settlement, the Department for Health published final allocations of the public health grant for 2017/18. The announcement confirms indicative allocations published in February 2016.

The grant will be worth £3.3 billion, a reduction of £84 million from 2016/17. This follows a £77 million reduction in 2016/17 and a £200 million in-year cut in 2015/16.

LGA view:

- We are concerned that confirmation of the decision to cut the public health budget by £84 million could undermine the objectives we share to prevent illness, improve the public's health and to keep the pressure off adult social care and the NHS. To take vital money away from the services which can be used to prevent illness, reduce the need for treatment later down the line, and would ease pressure on the NHS is extremely counterproductive.

- The decision to transfer public health responsibilities to local government in 2013 was welcomed but many will now feel that they have been handed the responsibility without the appropriate resources.

- It is crucial that councils are given a free hand in how best to find the savings in public health budgets and we seek the Government's reassurance on this point. Anything less will make the task of finding the reductions more difficult. Councils are best placed to decide how reduced resources should be used to meet our public health ambitions locally.

Schools Funding

Funding for schools is allocated through ringfenced resources, the Dedicated Schools Grant (DSG) and the Pupil Premium. Details of 2017/18 allocations for these grants are expected to be published by the Department for Education (DfE) shortly. Yesterday DfE published the second stage of its consultation on the national funding formula for schools, to be implemented from 2018/19.

DfE published an operational guide on schools revenue funding in November 2016. It sets out the approach to Education Services Grant (ESG) from 2017/18 to deliver the £600 million reduction in funding announced in Spending Review 2015. Funding for the retained duties element of ESG (£15 per pupil) will be transferred into DSG from 2017/18. The general funding rate element of ESG will be paid at a transitional rate between April 2017 and August 2017. From September 2017 onwards, the general funding element of ESG will no longer be paid. Instead, local authorities will receive a separate grant covering their statutory intervention functions, equivalent to £50 million for the whole year. Further details are expected to be announced shortly.

LGA view:

- The proposed reduction in ESG funding could have a serious negative effect on children's education. The Government has told councils that they can only expect to receive £50 million to carry out the exact same duties that cost up to £815 million annually.
- Yesterday we responded to the Government's consultation on a new funding formula.

Rural Services Funding

As announced in February 2016, the Rural Services Delivery Grant will be £65 million in 2017/18. This will be paid as an un-ringfenced section 31 grant and is in line with the arrangements announced in last year's settlement.

LGA view:

- Councils in rural areas will welcome this continued funding.

Funding for lead local flood authorities

Funding for lead local flood authorities within the settlement amounts to £31.7 million in total for 2017/18. In addition, the Government last year announced an additional new section 31 grant to ensure that the overall funding for lead local flood authorities increases in real terms in each year of the Settlement. This year's settlement provides clarity on the section 31 grant allocations up to 2019/20. The figure for 2017/18 is £3.7 million.

LGA view

- Lead local flood authorities will welcome the clarity on the allocations of the section 31 grant.

Fire Funding

The settlement announced a £103 million decrease in RSG funding available for fire and rescue services in 2017/18. RSG funding for fire and rescue services reduces year on year over the settlement period.

LGA view:

- The fire and rescue service has a track record of improving safety while making the service more efficient and effective through increasing collaboration within the service and with other parts of the public sector.

- However further reductions in funding for fire and rescue services in 2017/18 and beyond will continue to put pressure on the delivery of fire and rescue services, and their ability to respond to the full range of risks it faces and is expected to address. The reductions will have an impact on national and local resilience as well as operational capacity, and the ability of fire and rescue to respond to unpredictable events such as flooding.

- We need to ensure this important public service is adequately funded.

Police Funding

The Minister for Policing and Fire, Brandon Lewis MP, announced the police funding settlement in a written ministerial statement today. Direct resource funding for each Police and Crime Commissioner (PCC) will be protected at 'flat cash levels', compared to 2015/16, assuming PCCs take full advantage of the maximum council tax precept increase available in both 2016/17 and 2017/18 (i.e. the income available to PCCs is broadly the same in 2017/18 as in 2015/16). The PCCs in England with the lowest precept bills (10 PCCs) will be able to raise their precept by up to £5 per Band D household. All other PCCs in England will have a 2 per cent council tax referendum threshold.

The 2017/18 settlement continues the existing methodology of applying uniform percentage changes to core grant funding for each PCC. Allocations for individual policing bodies are published on the Home Office website.

Further Information

To help inform the LGA's response to the consultation settlement we will continue to analyse the settlement to develop a deeper understanding of the effect on councils. To further inform the LGA's response please send your responses and comments, on the settlement to lgfinance@local.gov.uk.

The LGA will share the results of some of this analysis with authorities, as well as focus on further business rates retention, at the LGA's Finance Conference on 5 January 2017. You can find out more about the event and book your place here.

For further information on the content of this briefing please contact Mike Heiser, Senior Adviser (Finance) (mike.heiser@local.gov.uk / 020 7664 3265); or Melanie Haslam, Public Affairs and Campaigns Adviser (melanie.haslam@local.gov.uk / 020 7664 3087).

Annex A: Core Spending Power

	2015/16	2016/17	2017/18	2018/19	2019/20
			£ million		
Settlement Funding Assessment	**21,249.938**	**18,601.462**	**16,632.428**	**15,598.773**	**14,584.285**
Improved Better Care Fund	**-**	**-**	**105.000**	**825.000**	**1,500.000**
Rural Services Delivery Grant	**15.500**	**80.500**	**65.000**	**50.000**	**65.000**
Transition Grant	**-**	**150.000**	**150.000**	**-**	**-**
Adult Social Care Support Grant	**-**	**-**	**241.072**	**-**	**-**
New Homes Bonus	**1,200.000**	**1,485.000**	**1,251.928**	**938.000**	**900.000**
Council Tax *of which:*	**22,035.883**	**23,247.252**	**24,623.217**	**26,082.066**	**27,629.011**
'Core' Council Tax, including tax base growth and maximum allowed increases from 2017/18 to 2019/20	*22,035.883*	*22,858.465*	*23,789.672*	*24,760.733*	*25,773.452*
Adult Social Care Precept	*-*	*381.834*	*814.163*	*1,289.588*	*1,811.529*
Additional flexibility for Shire Districts	*-*	*6.953*	*19.382*	*31.745*	*44.030*
Core Spending Power	**44,501.321**	**43,564.214**	**43,068.645**	**43,493.840**	**44,678.297**
Year-on-year Change (£ million)			*- 495.570*	*425.195*	*1,184.457*
Year-on-year Change (%)			*-1.1%*	*1.0%*	*2.7%*
Change over the SR period (£ million)					*177.0*
Change over the SR period (%)					*0.4%*

Annex B – Glossary of Local Government Finance Technical Terms

Baseline funding level	The business rates baseline for each authority determined at the start of the 50 per cent business rates retention scheme in 2013/14, uprated in line with the small business rates multiplier each year.
Better Care Fund (BCF)	A single pooled budget for health and social care services to work more closely together in local areas, based on a plan agreed between the NHS and local authorities.
Central Share	The percentage share of locally collected business rates paid to central government by billing authorities. In 2013/14 when business rates retention began this was set at 50 per cent. The central share is redistributed to local government through grants including the Revenue Support Grant.
Core Spending Power	The Government's measure of the core components of local government funding, comprising the Settlement Funding Assessment, assumed income from council tax (including the adult social care precept), New Homes Bonus, Rural Services Delivery Grant, improved Better Care Fund, the 2017-18 Adult Social Care Support Grant and Transition Grant.
Dedicated Schools Grant	The Dedicated Schools Grant is the principal source of funding for schools and related activities in England. It is a ringfenced grant paid to local authorities for maintained schools. School-level allocations are currently determined in consultation with the schools forum in each local authority area.
Education Services Grant	A grant paid for support services to schools, previously split between a per-pupil 'retained duties' element for services local authorities provide to all schools and a 'general funding' rate paid to schools and academies. From April 2017 the retained duties element will be included within the schools block of DSG and the general funding element will be paid at a transitional rate, before ceasing completely from September 2017.
Improved Better Care Fund (iBCF)	Additional funding for adult social care authorities from 2017/18 onwards.
Local Share	The percentage share of locally collected business rates retained by local government. This was set at 50 per cent at the implementation of business rates retention.
(Business Rate) Multiplier	The business rates multiplier when multiplied by the rateable value of a property determines a ratepayer's business rate bill. There are two multipliers – one for small businesses and one for larger businesses. These are set nationally. The small business multiplier is uprated annually by the retail prices index (although exceptionally a lesser increase may be imposed) and the other multiplier adjusted accordingly.
New Burdens Doctrine	The Cabinet agreed that all new burdens on local authorities must be properly assessed and fully funded by the relevant department.
New Homes Bonus (NHB)	A grant paid to reward local authorities for the number of homes built and brought back into use.
Pupil Premium	A grant allocated to schools based on the number of pupils who have been registered for free school meals at any point in the last six years ('Ever 6 FSM'). Schools also receive funding for children who are or have been in local authority care and for children of service personnel.

Revenue Support Grant	A grant paid to local authorities as part of the Settlement Funding assessment (see below) which can be used to fund revenue expenditure on any service.
Rural Services Delivery Grant	A grant paid to the top quartile of local authorities on the basis of the super-sparsity indicator, in recognition of possible additional costs for rural councils.
Safety Net	A mechanism to protect any authority which sees its business rates income drop, in any year, by more than 7.5 per cent below their baseline funding level.
Section 31 Grant	A grant paid to local councils under Section 31 of the Local Government Finance Act 2003, under such conditions as the minister may determine. This mechanism is used to compensate local authorities for the costs of additional business rates reliefs announced by Government.
Settlement Core Funding	Settlement Funding Assessment (Revenue Support Grant plus baseline funding) plus council tax at 2015/2016 levels.
Settlement Funding Assessment (SFA)	This is a local authority's share of the local government spending control total which will comprise its Revenue Support Grant for the year in question and its baseline funding level.
Small Business Rate Relief	From April 2017 businesses with a property with a rateable value of £12,000 and below will receive 100 per cent relief on business rates. Businesses with a property with a rateable value between £12,000 and £15,000 will receive tapered relief.
Social Care Precept	Local authorities with responsibility for adult social care have flexibility to raise additional council tax above the referendum threshold. Funding raised through this additional 'precept' must be used entirely for adult social care.
Top-Ups and Tariffs	The difference between an authority's business rates baseline (the amount expected to be collected through the local share of business rates) and its baseline funding level (the amount of SFA provided through the local share). Tariff authorities make a payment and top-up authorities receive a payment. Tariffs and top-ups are self-funding at the outset of the scheme and uprated in line with the small business rates multiplier each year. In 2017/18 they are being recalculated so that authorities do not have gains or losses solely due to business rates revaluation.
Transition Grant	A grant provided to some authorities to smooth the transition to the new methodology used to allocate Revenue Support Grant in 2016/17 and 2017/18.

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Portfolio Summary - Revenue Budget 2017/18

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Portfolio				
Community Development	1,449,348	1,511,700	1,556,700	45,000
Housing, Health & Well-being	2,074,087	2,236,500	2,365,800	129,300
Public Protection	1,452,141	1,569,500	1,649,200	79,700
Environment	4,337,493	4,424,100	4,765,400	341,300
Growth & Regeneration	692,848	1,022,300	985,800	(36,500)
Resources & Reputation	1,624,891	1,799,400	1,833,100	33,700
Net Portfolio Budget	**11,630,809**	**12,563,500**	**13,156,000**	**592,500**
Transfer to/from Earmarked Reserves	**616,099**	**59,800**	**(674,900)**	**(734,700)**
Net Council Budget	**12,246,908**	**12,623,300**	**12,481,100**	**(142,200)**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Consisting of				
Employee Expenses	12,507,503	13,273,400	13,675,700	402,300
Premises Related Expenses	1,676,031	1,837,400	1,686,900	(150,500)
Transport Related Expenses	564,529	601,200	580,200	(21,000)
Supplies & Services	5,322,196	4,167,100	4,696,900	529,800
Third Party Payments	484,448	418,800	445,100	26,300
Transfer Payments	27,154,209	26,146,000	25,362,700	(783,300)
Capital Interest	1,378,549	1,319,000	1,338,800	19,800
Revenue Income	(37,456,657)	(35,199,400)	(34,630,300)	569,100
Controllable	**11,630,809**	**12,563,500**	**13,156,000**	**592,500**
Consisting of				
Premises Related Recharges	136,576	136,500	144,000	7,500
Transport Related Recharges	1,417,263	1,504,700	1,611,500	106,800
Supplies & Services Related Recharges	299,899	321,400	337,200	15,800
Central Support and Service Admin	5,319,381	5,578,100	6,184,900	606,800
Internal Recharges	(7,173,119)	(7,540,700)	(8,277,600)	(736,900)
Recharges	**0**	**0**	**0**	**0**
Consisting of				
Capital Financing Charges	2,506,648	2,118,300	2,373,200	254,900
Capital Entries	(2,506,648)	(2,118,300)	(2,373,200)	(254,900)
Capital	**0**	**0**	**0**	**0**
Net Portfolio Revenue Budget	**11,630,809**	**12,563,500**	**13,156,000**	**592,500**
Consisting of				
Transfer to Reserves	1,293,299	360,600	227,200	(133,400)
Transfer from Reserves	(677,200)	(300,800)	(902,100)	(601,300)
Transfer to/from Earmarked Reserves	**616,099**	**59,800**	**(674,900)**	**(734,700)**
Net Council Budget	**12,246,908**	**12,623,300**	**12,481,100**	**(142,200)**

Community Development

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Division				
Democratic Mgt & Representation	657,120	724,700	706,300	(18,400)
Localities	212,565	147,900	159,400	11,500
Community Grants	241,981	259,600	274,200	14,600
Disabled Grants	4,300	3,900	3,500	(400)
The Arts & Tourism	38,350	45,200	51,200	6,000
Sports Development	(15,991)	(4,300)	3,300	7,600
Community Centres	193,298	222,800	220,600	(2,200)
Events & Play	117,726	111,900	138,200	26,300
Total Community Development Portfolio Budget	**1,449,348**	**1,511,700**	**1,556,700**	**45,000**
Transfer to/from Earmarked Reserves	**(61,470)**	**0**	**0**	**0**
TOTAL	**1,387,878**	**1,511,700**	**1,556,700**	**45,000**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Consisting of				
Employee Expenses	479,975	551,500	540,900	(10,600)
Premises Related Expenses	78,024	74,400	62,800	(11,600)
Transport Related Expenses	8,270	8,100	7,900	(200)
Supplies & Services	701,296	629,200	601,000	(28,200)
Revenue Income	(244,891)	(221,400)	(197,200)	24,200
Controllable	**1,022,674**	**1,041,800**	**1,015,400**	**(26,400)**
Consisting of				
Premises Related Recharges	11,549	11,700	13,600	1,900
Supplies & Services Related Recharges	7,431	8,200	8,900	700
Central Support and Service Admin	353,976	395,300	466,200	70,900
Recharges	**372,956**	**415,200**	**488,700**	**73,500**
Consisting of				
Capital Financing Charges	53,719	54,700	52,600	(2,100)
Capital	**53,719**	**54,700**	**52,600**	**(2,100)**
Total Community Development Portfolio Budget	**1,449,348**	**1,511,700**	**1,556,700**	**45,000**
Consisting of				
Transfer to Reserves	3,675	0	0	0
Transfer from Reserves	(65,145)	0	0	0
Transfer to/from Earmarked Reserves	**(61,470)**	**0**	**0**	**0**
TOTAL	**1,387,878**	**1,511,700**	**1,556,700**	**45,000**

R140 **Democratic Mgt & Representation**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	111,703	122,400	112,200	(10,200)
Transport Related Expenses	6,338	5,500	5,500	0
Supplies & Services	304,928	330,300	322,800	(7,500)
Revenue Income	(3,117)	(4,600)	(4,700)	(100)
Controllable	**419,851**	**453,600**	**435,800**	**(17,800)**
Supplies & Services Related Recharges	1,602	1,900	1,000	(900)
Central Support and Service Admin	235,666	269,200	269,500	300
Recharges	**237,269**	**271,100**	**270,500**	**(600)**
Democratic Mgt & Representation	**657,120**	**724,700**	**706,300**	**(18,400)**

R210 **Localities**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	77,409	78,200	85,200	7,000
Premises Related Expenses	9,923	9,900	9,900	0
Transport Related Expenses	852	1,000	1,000	0
Supplies & Services	104,555	30,300	30,300	0
Revenue Income	(8,418)	0	0	0
Controllable	**184,321**	**119,400**	**126,400**	**7,000**
Supplies & Services Related Recharges	1,210	1,400	1,600	200
Central Support and Service Admin	27,034	27,100	31,400	4,300
Recharges	**28,244**	**28,500**	**33,000**	**4,500**
Localities	**212,565**	**147,900**	**159,400**	**11,500**

R420 **Community Grants**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	44,228	76,200	79,300	3,100
Transport Related Expenses	1	0	0	0
Supplies & Services	186,170	172,300	155,100	(17,200)
Controllable	**230,399**	**248,500**	**234,400**	**(14,100)**
Supplies & Services Related Recharges	596	600	1,300	700
Central Support and Service Admin	10,986	10,500	38,500	28,000
Recharges	**11,581**	**11,100**	**39,800**	**28,700**
Community Grants	**241,981**	**259,600**	**274,200**	**14,600**

R430 **Disabled Grants**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Premises Related Expenses	1,185	1,300	1,300	0
Supplies & Services	404	1,300	1,300	0
Revenue Income	(124)	0	0	0
Controllable	**1,465**	**2,600**	**2,600**	**0**
Premises Related Recharges	136	100	100	0
Central Support and Service Admin	1,960	500	100	(400)
Recharges	**2,095**	**600**	**200**	**(400)**
Capital Financing Charges	740	700	700	0
Capital	**740**	**700**	**700**	**0**
Disabled Grants	**4,300**	**3,900**	**3,500**	**(400)**

R765 **The Arts & Tourism**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	23,964	28,200	29,500	1,300
Transport Related Expenses	132	100	100	0
Supplies & Services	7,524	9,500	9,500	0
Revenue Income	(1,196)	0	0	0
Controllable	**30,424**	**37,800**	**39,100**	**1,300**
Supplies & Services Related Recharges	439	500	600	100
Central Support and Service Admin	7,487	6,900	11,500	4,600
Recharges	**7,926**	**7,400**	**12,100**	**4,700**
The Arts & Tourism	**38,350**	**45,200**	**51,200**	**6,000**

R770 **Sports Development**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	30,383	42,000	45,900	3,900
Premises Related Expenses	622	1,700	700	(1,000)
Transport Related Expenses	404	1,000	1,000	0
Supplies & Services	14,952	10,600	10,600	0
Revenue Income	(67,908)	(66,100)	(66,100)	0
Controllable	**(21,547)**	**(10,800)**	**(7,900)**	**2,900**
Supplies & Services Related Recharges	557	600	800	200
Central Support and Service Admin	4,999	5,900	10,400	4,500
Recharges	**5,555**	**6,500**	**11,200**	**4,700**
Sports Development	**(15,991)**	**(4,300)**	**3,300**	**7,600**

R775 **Community Centres**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	158,310	167,100	146,200	(20,900)
Premises Related Expenses	66,294	61,500	50,900	(10,600)
Transport Related Expenses	460	500	300	(200)
Supplies & Services	19,900	10,400	8,400	(2,000)
Revenue Income	(146,454)	(132,400)	(108,100)	24,300
Controllable	**98,510**	**107,100**	**97,700**	**(9,400)**
Premises Related Recharges	11,414	11,600	13,500	1,900
Supplies & Services Related Recharges	2,325	2,600	2,700	100
Central Support and Service Admin	28,070	47,500	54,800	7,300
Recharges	**41,809**	**61,700**	**71,000**	**9,300**
Capital Financing Charges	52,979	54,000	51,900	(2,100)
Capital	**52,979**	**54,000**	**51,900**	**(2,100)**
Community Centres	**193,298**	**222,800**	**220,600**	**(2,200)**

R780 **Events & Play**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	33,978	37,400	42,600	5,200
Transport Related Expenses	82	0	0	0
Supplies & Services	62,863	64,500	63,000	(1,500)
Revenue Income	(17,673)	(18,300)	(18,300)	0
Controllable	**79,250**	**83,600**	**87,300**	**3,700**
Supplies & Services Related Recharges	702	600	900	300
Central Support and Service Admin	37,774	27,700	50,000	22,300
Recharges	**38,476**	**28,300**	**50,900**	**22,600**
Events & Play	**117,726**	**111,900**	**138,200**	**26,300**

Housing, Health & Well-being

	Actual 2015/16	Original Budget 2016/17	Original Budget 2017/18	Variance to Original Budget 2016/17
	£	£	£	£
Division				
Housing Needs	374,084	372,500	327,900	(44,600)
Calverton Leisure Centre	174,652	237,700	256,100	18,400
Carlton Forum Leisure Centre	154,188	130,000	213,600	83,600
Redhill Leisure Centre	146,059	107,600	158,100	50,500
Arnold Theatre	91,539	52,500	82,100	29,600
Arnold Leisure Centre	428,519	481,300	472,100	(9,200)
Richard Herrod Centre	335,880	349,200	363,200	14,000
Health & Exercise	31,902	3,600	5,900	2,300
Council Tax Benefits	(43,472)	(39,000)	(15,000)	24,000
Rent Allowances	(81,484)	(116,800)	(152,800)	(36,000)
Housing Benefit Administration	463,505	659,600	655,100	(4,500)
Rent Rebates	(1,286)	(1,700)	(500)	1,200
Total Housing, Health & Well-being Portfolio Budget	**2,074,087**	**2,236,500**	**2,365,800**	**129,300**
Transfer to/from Earmarked Reserves	**79,159**	**120,600**	**18,000**	**(102,600)**
TOTAL	**2,153,246**	**2,357,100**	**2,383,800**	**26,700**

	Actual 2015/16	Original Budget 2016/17	Original Budget 2017/18	Variance to Original Budget 2016/17
	£	£	£	£
Consisting of				
Employee Expenses	3,082,937	3,116,800	3,142,900	26,100
Premises Related Expenses	756,208	812,600	787,300	(25,300)
Transport Related Expenses	3,529	6,100	6,100	0
Supplies & Services	921,198	702,400	685,000	(17,400)
Transfer Payments	27,154,209	26,146,000	25,362,700	(783,300)
Capital Interest	240	0	0	0
Revenue Income	(31,077,720)	(29,895,200)	(29,133,800)	761,400
Controllable	**840,600**	**888,700**	**850,200**	**(38,500)**
Consisting of				
Premises Related Recharges	43,743	42,700	41,400	(1,300)
Supplies & Services Related Recharges	44,970	50,600	49,800	(800)
Central Support and Service Admin	967,875	1,051,300	1,195,400	144,100
Recharges	**1,056,589**	**1,144,600**	**1,286,600**	**142,000**
Consisting of				
Capital Financing Charges	176,898	203,200	229,000	25,800
Capital	**176,898**	**203,200**	**229,000**	**25,800**
Total Housing, Health & Well-being Portfolio Budget	**2,074,087**	**2,236,500**	**2,365,800**	**129,300**
Consisting of				
Transfer to Reserves	268,132	120,600	18,000	(102,600)
Transfer from Reserves	(188,973)	0	0	0
Transfer to/from Earmarked Reserves	**79,159**	**120,600**	**18,000**	**(102,600)**
TOTAL	**2,153,246**	**2,357,100**	**2,383,800**	**26,700**

R630 **Housing Needs**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	261,410	259,300	198,100	(61,200)
Premises Related Expenses	21,024	20,900	20,900	0
Transport Related Expenses	634	1,000	1,000	0
Supplies & Services	68,081	59,600	53,600	(6,000)
Revenue Income	(88,575)	(76,600)	(78,100)	(1,500)
Controllable	**262,575**	**264,200**	**195,500**	**(68,700)**
Premises Related Recharges	886	800	1,400	600
Supplies & Services Related Recharges	3,572	4,100	4,600	500
Central Support and Service Admin	97,420	96,300	117,500	21,200
Recharges	**101,877**	**101,200**	**123,500**	**22,300**
Capital Financing Charges	9,632	7,100	8,900	1,800
Capital	**9,632**	**7,100**	**8,900**	**1,800**
Housing Needs	**374,084**	**372,500**	**327,900**	**(44,600)**

R725 **Calverton Leisure Centre**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	305,351	320,500	365,100	44,600
Premises Related Expenses	108,519	121,000	109,000	(12,000)
Transport Related Expenses	147	1,100	1,100	0
Supplies & Services	84,542	35,900	73,300	37,400
Capital Interest	23	0	0	0
Revenue Income	(386,025)	(320,000)	(379,000)	(59,000)
Controllable	**112,557**	**158,500**	**169,500**	**11,000**
Premises Related Recharges	4,601	4,400	4,200	(200)
Supplies & Services Related Recharges	4,727	5,400	5,100	(300)
Central Support and Service Admin	49,576	63,000	70,900	7,900
Recharges	**58,904**	**72,800**	**80,200**	**7,400**
Capital Financing Charges	3,191	6,400	6,400	0
Capital	**3,191**	**6,400**	**6,400**	**0**
Calverton Leisure Centre	**174,652**	**237,700**	**256,100**	**18,400**

R730 **Carlton Forum Leisure Centre**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	747,804	753,500	756,000	2,500
Premises Related Expenses	216,390	238,800	234,300	(4,500)
Transport Related Expenses	534	1,000	1,000	0
Supplies & Services	242,321	152,500	192,800	40,300
Capital Interest	85	0	0	0
Revenue Income	(1,189,914)	(1,152,500)	(1,160,100)	(7,600)
Controllable	**17,220**	**(6,700)**	**24,000**	**30,700**
Premises Related Recharges	9,389	9,500	8,200	(1,300)
Supplies & Services Related Recharges	9,974	11,500	11,100	(400)
Central Support and Service Admin	113,545	108,400	154,700	46,300
Recharges	**132,908**	**129,400**	**174,000**	**44,600**
Capital Financing Charges	4,061	7,300	15,600	8,300
Capital	**4,061**	**7,300**	**15,600**	**8,300**
Carlton Forum Leisure Centre	**154,188**	**130,000**	**213,600**	**83,600**

R735 **Redhill Leisure Centre**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	363,102	370,900	388,900	18,000
Premises Related Expenses	83,677	113,100	106,400	(6,700)
Transport Related Expenses	59	700	700	0
Supplies & Services	98,018	67,900	82,000	14,100
Capital Interest	4	0	0	0
Revenue Income	(479,067)	(545,300)	(535,800)	9,500
Controllable	**65,793**	**7,300**	**42,200**	**34,900**
Premises Related Recharges	5,393	5,100	4,300	(800)
Supplies & Services Related Recharges	5,159	5,900	5,900	0
Central Support and Service Admin	65,877	72,800	90,700	17,900
Recharges	**76,430**	**83,800**	**100,900**	**17,100**
Capital Financing Charges	3,836	16,500	15,000	(1,500)
Capital	**3,836**	**16,500**	**15,000**	**(1,500)**
Redhill Leisure Centre	**146,059**	**107,600**	**158,100**	**50,500**

R740 **Arnold Theatre**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	67,185	77,600	82,600	5,000
Premises Related Expenses	23,554	4,000	4,000	0
Transport Related Expenses	218	200	200	0
Supplies & Services	25,278	31,400	31,400	0
Capital Interest	9	0	0	0
Revenue Income	(52,518)	(94,500)	(97,400)	(2,900)
Controllable	**63,725**	**18,700**	**20,800**	**2,100**
Supplies & Services Related Recharges	1,388	1,500	1,400	(100)
Central Support and Service Admin	26,426	20,900	48,900	28,000
Recharges	**27,814**	**22,400**	**50,300**	**27,900**
Capital Financing Charges	0	11,400	11,000	(400)
Capital	**0**	**11,400**	**11,000**	**(400)**
Arnold Theatre	**91,539**	**52,500**	**82,100**	**29,600**

R745 **Arnold Leisure Centre**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	435,241	428,700	462,100	33,400
Premises Related Expenses	187,254	176,500	181,800	5,300
Transport Related Expenses	55	400	400	0
Supplies & Services	49,212	48,600	49,500	900
Capital Interest	50	0	0	0
Revenue Income	(382,834)	(331,500)	(413,700)	(82,200)
Controllable	**288,978**	**322,700**	**280,100**	**(42,600)**
Premises Related Recharges	10,626	10,400	10,600	200
Supplies & Services Related Recharges	5,842	6,200	6,600	400
Central Support and Service Admin	69,076	76,600	91,800	15,200
Recharges	**85,544**	**93,200**	**109,000**	**15,800**
Capital Financing Charges	53,997	65,400	83,000	17,600
Capital	**53,997**	**65,400**	**83,000**	**17,600**
Arnold Leisure Centre	**428,519**	**481,300**	**472,100**	**(9,200)**

R750 **Richard Herrod Centre**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	311,026	325,400	330,500	5,100
Premises Related Expenses	115,789	138,300	130,900	(7,400)
Transport Related Expenses	534	900	900	0
Supplies & Services	66,731	62,300	67,200	4,900
Capital Interest	70	0	0	0
Revenue Income	(347,896)	(363,800)	(366,200)	(2,400)
Controllable	**146,254**	**163,100**	**163,300**	**200**
Premises Related Recharges	12,849	12,500	12,700	200
Supplies & Services Related Recharges	4,975	5,600	5,300	(300)
Central Support and Service Admin	69,622	78,900	92,800	13,900
Recharges	**87,445**	**97,000**	**110,800**	**13,800**
Capital Financing Charges	102,181	89,100	89,100	0
Capital	**102,181**	**89,100**	**89,100**	**0**
Richard Herrod Centre	**335,880**	**349,200**	**363,200**	**14,000**

R755 **Health & Exercise**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	41,571	12,200	14,300	2,100
Supplies & Services	2,030	0	0	0
Revenue Income	(17,101)	(8,600)	(11,600)	(3,000)
Controllable	**26,499**	**3,600**	**2,700**	**(900)**
Supplies & Services Related Recharges	191	0	0	0
Central Support and Service Admin	5,212	0	3,200	3,200
Recharges	**5,403**	**0**	**3,200**	**3,200**
Health & Exercise	**31,902**	**3,600**	**5,900**	**2,300**

R877 **Council Tax Benefits**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Transfer Payments	9,654	8,500	4,000	(4,500)
Revenue Income	(53,126)	(47,500)	(19,000)	28,500
Controllable	**(43,472)**	**(39,000)**	**(15,000)**	**24,000**
Council Tax Benefits	**(43,472)**	**(39,000)**	**(15,000)**	**24,000**

R880 **Rent Allowances**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Supplies & Services	205,068	200,000	101,000	(99,000)
Transfer Payments	27,075,454	26,068,700	25,293,700	(775,000)
Revenue Income	(27,362,006)	(26,385,500)	(25,547,500)	838,000
Controllable	**(81,484)**	**(116,800)**	**(152,800)**	**(36,000)**
Rent Allowances	**(81,484)**	**(116,800)**	**(152,800)**	**(36,000)**

R882 **Housing Benefit Administration**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	550,247	568,700	545,300	(23,400)
Transport Related Expenses	1,348	800	800	0
Supplies & Services	79,917	44,200	34,200	(10,000)
Revenue Income	(648,272)	(498,900)	(459,900)	39,000
Controllable	**(16,760)**	**114,800**	**120,400**	**5,600**
Supplies & Services Related Recharges	9,143	10,400	9,800	(600)
Central Support and Service Admin	471,122	534,400	524,900	(9,500)
Recharges	**480,265**	**544,800**	**534,700**	**(10,100)**
Housing Benefit Administration	**463,505**	**659,600**	**655,100**	**(4,500)**

R885 **Rent Rebates**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Transfer Payments	69,101	68,800	65,000	(3,800)
Revenue Income	(70,387)	(70,500)	(65,500)	5,000
Controllable	**(1,286)**	**(1,700)**	**(500)**	**1,200**
Rent Rebates	**(1,286)**	**(1,700)**	**(500)**	**1,200**

Public Protection

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Division				
Licencing & Hackney Carriages	119,516	171,900	259,700	87,800
Environmental Protection	291,659	285,800	292,800	7,000
Food, Health & Safety	243,785	248,200	290,600	42,400
Comm Protection & Dog Control	546,592	522,400	663,800	141,400
Renovation Grants	250,589	341,200	142,300	(198,900)
Total Public Protection Portfolio Budget	**1,452,141**	**1,569,500**	**1,649,200**	**79,700**
Transfer to/from Earmarked Reserves	**(42,972)**	**44,300**	**5,300**	**(39,000)**
TOTAL	**1,409,169**	**1,613,800**	**1,654,500**	**40,700**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Consisting of				
Employee Expenses	908,551	934,400	1,036,100	101,700
Transport Related Expenses	12,414	12,300	12,300	0
Supplies & Services	325,864	156,100	208,100	52,000
Third Party Payments	91,996	77,600	77,600	0
Capital Interest	0	0	0	0
Revenue Income	(771,942)	(633,900)	(648,800)	(14,900)
Controllable	**566,883**	**546,500**	**685,300**	**138,800**
Consisting of				
Transport Related Recharges	21,413	26,000	21,200	(4,800)
Supplies & Services Related Recharges	130,161	132,300	134,400	2,100
Central Support and Service Admin	617,866	629,200	802,800	173,600
Recharges	**769,440**	**787,500**	**958,400**	**170,900**
Consisting of				
Capital Financing Charges	583,290	699,500	825,500	126,000
Capital Entries	(467,472)	(464,000)	(820,000)	(356,000)
Capital	**115,818**	**235,500**	**5,500**	**(230,000)**
Total Public Protection Portfolio Budget	**1,452,141**	**1,569,500**	**1,649,200**	**79,700**
Consisting of				
Transfer to Reserves	27,979	44,300	44,300	0
Transfer from Reserves	(70,951)	0	(39,000)	(39,000)
Transfer to/from Earmarked Reserves	**(42,972)**	**44,300**	**5,300**	**(39,000)**
TOTAL	**1,409,169**	**1,613,800**	**1,654,500**	**40,700**

R100 **Licencing & Hackney Carriages**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	159,457	173,700	190,100	16,400
Transport Related Expenses	160	200	200	0
Supplies & Services	32,364	48,400	65,400	17,000
Revenue Income	(562,130)	(588,700)	(603,400)	(14,700)
Controllable	**(370,149)**	**(366,400)**	**(347,700)**	**18,700**
Supplies & Services Related Recharges	119,782	120,700	120,700	0
Central Support and Service Admin	367,863	417,600	486,700	69,100
Recharges	**487,645**	**538,300**	**607,400**	**69,100**
Capital Financing Charges	2,020	0	0	0
Capital	**2,020**	**0**	**0**	**0**
Licencing & Hackney Carriages	**119,516**	**171,900**	**259,700**	**87,800**

R200 **Environmental Protection**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	197,081	183,400	193,500	10,100
Transport Related Expenses	1,567	2,100	2,100	0
Supplies & Services	22,402	25,600	25,600	0
Third Party Payments	0	2,000	2,000	0
Revenue Income	(14,538)	(17,000)	(17,000)	0
Controllable	**206,513**	**196,100**	**206,200**	**10,100**
Transport Related Recharges	8,197	11,600	7,000	(4,600)
Supplies & Services Related Recharges	2,851	3,100	2,900	(200)
Central Support and Service Admin	74,098	75,000	76,700	1,700
Recharges	**85,146**	**89,700**	**86,600**	**(3,100)**
Environmental Protection	**291,659**	**285,800**	**292,800**	**7,000**

R205 **Food, Health & Safety**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	186,954	196,300	226,000	29,700
Transport Related Expenses	4,583	4,700	4,700	0
Supplies & Services	8,454	8,700	8,700	0
Revenue Income	(4,350)	(5,300)	(5,500)	(200)
Controllable	**195,642**	**204,400**	**233,900**	**29,500**
Supplies & Services Related Recharges	2,584	2,900	3,500	600
Central Support and Service Admin	45,559	40,900	53,200	12,300
Recharges	**48,143**	**43,800**	**56,700**	**12,900**
Food, Health & Safety	**243,785**	**248,200**	**290,600**	**42,400**

R215 **Comm Protection & Dog Control**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	283,585	300,600	328,000	27,400
Transport Related Expenses	2,427	1,800	1,800	0
Supplies & Services	248,018	56,200	85,700	29,500
Third Party Payments	62,896	75,600	75,600	0
Capital Interest	0	0	0	0
Revenue Income	(171,104)	(11,200)	(11,200)	0
Controllable	**425,823**	**423,000**	**479,900**	**56,900**
Transport Related Recharges	13,216	14,400	14,200	(200)
Supplies & Services Related Recharges	3,799	4,300	4,800	500
Central Support and Service Admin	99,802	70,200	159,400	89,200
Recharges	**116,817**	**88,900**	**178,400**	**89,500**
Capital Financing Charges	3,952	10,500	5,500	(5,000)
Capital	**3,952**	**10,500**	**5,500**	**(5,000)**
Comm Protection & Dog Control	**546,592**	**522,400**	**663,800**	**141,400**

R600 **Renovation Grants**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	81,474	80,400	98,500	18,100
Transport Related Expenses	3,676	3,500	3,500	0
Supplies & Services	14,624	17,200	22,700	5,500
Third Party Payments	29,100	0	0	0
Revenue Income	(19,821)	(11,700)	(11,700)	0
Controllable	**109,054**	**89,400**	**113,000**	**23,600**
Supplies & Services Related Recharges	1,146	1,300	2,500	1,200
Central Support and Service Admin	30,544	25,500	26,800	1,300
Recharges	**31,689**	**26,800**	**29,300**	**2,500**
Capital Financing Charges	577,318	689,000	820,000	131,000
Capital Entries	(467,472)	(464,000)	(820,000)	(356,000)
Capital	**109,846**	**225,000**	**0**	**(225,000)**
Renovation Grants	**250,589**	**341,200**	**142,300**	**(198,900)**

Environment

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Division				
Sustainability	6,994	0	0	0
Waste Management	1,977,892	2,052,100	2,232,500	180,400
Trade Waste	(106,069)	(102,800)	(114,200)	(11,400)
Street Care	873,414	822,700	891,500	68,800
Public Conveniences	23,600	24,800	23,800	(1,000)
Building Services	(4,000)	(0)	(0)	(0)
Car Parks	91,637	138,000	90,400	(47,600)
Fleet Management	0	7,500	(0)	(7,500)
Parks	1,572,615	1,606,700	1,717,400	110,700
Parks - External Works	9,862	(24,700)	(6,200)	18,500
Cemeteries	(108,453)	(100,200)	(69,800)	30,400
Total Environment Portfolio Budget	**4,337,493**	**4,424,100**	**4,765,400**	**341,300**
Transfer to/from Earmarked Reserves				
Environment	40,710	2,500	(30,300)	(32,800)
Total Reserves	**40,710**	**2,500**	**(30,300)**	**(32,800)**
TOTAL	**4,378,203**	**4,426,600**	**4,735,100**	**308,500**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Consisting of				
Employee Expenses	3,278,576	3,312,900	3,582,000	269,100
Premises Related Expenses	340,917	415,100	338,900	(76,200)
Transport Related Expenses	516,587	544,900	524,200	(20,700)
Supplies & Services	754,892	636,900	783,000	146,100
Third Party Payments	298,646	273,800	277,800	4,000
Capital Interest	0	0	0	0
Revenue Income	(2,392,965)	(2,332,400)	(2,509,400)	(177,000)
Controllable	**2,796,654**	**2,851,200**	**2,996,500**	**145,300**
Consisting of				
Premises Related Recharges	24,935	26,300	28,300	2,000
Transport Related Recharges	1,387,213	1,474,900	1,580,100	105,200
Supplies & Services Related Recharges	46,061	51,600	52,900	1,300
Central Support and Service Admin	720,203	757,600	871,100	113,500
Internal Recharges	(1,640,409)	(1,713,200)	(1,842,300)	(129,100)
Recharges	**538,004**	**597,200**	**690,100**	**92,900**
Consisting of				
Capital Financing Charges	1,167,146	975,700	1,078,800	103,100
Capital Entries	(164,310)	0	0	0
Capital	**1,002,836**	**975,700**	**1,078,800**	**103,100**
Total Environment	**4,337,493**	**4,424,100**	**4,765,400**	**341,300**
Consisting of				
Transfer to Reserves	80,710	55,000	63,000	8,000
Transfer from Reserves	(40,000)	(52,500)	(93,300)	(40,800)
Reserves	**40,710**	**2,500**	**(30,300)**	**(32,800)**
Transfer to/from Earmarked Reserves	**40,710**	**2,500**	**(30,300)**	**(32,800)**
TOTAL	**4,378,203**	**4,426,600**	**4,735,100**	**308,500**

R117 **Sustainability**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	6,410	0	0	0
Transport Related Expenses	30	0	0	0
Controllable	**6,439**	**0**	**0**	**0**
Supplies & Services Related Recharges	555	0	0	0
Recharges	**555**	**0**	**0**	**0**
Sustainability	**6,994**	**0**	**0**	**0**

R500 **Waste Management**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	1,388,631	1,441,600	1,533,500	91,900
Transport Related Expenses	316	400	400	0
Supplies & Services	117,081	91,700	91,700	0
Third Party Payments	14,150	12,700	12,700	0
Revenue Income	(679,476)	(691,400)	(755,700)	(64,300)
Controllable	**840,702**	**855,000**	**882,600**	**27,600**
Premises Related Recharges	0	300	0	(300)
Transport Related Recharges	795,887	854,600	953,100	98,500
Supplies & Services Related Recharges	19,040	21,600	22,900	1,300
Central Support and Service Admin	309,733	308,000	368,000	60,000
Recharges	**1,124,660**	**1,184,500**	**1,344,000**	**159,500**
Capital Financing Charges	12,530	12,600	5,900	(6,700)
Capital	**12,530**	**12,600**	**5,900**	**(6,700)**
Waste Management	**1,977,892**	**2,052,100**	**2,232,500**	**180,400**

R503 **Trade Waste**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	68,204	71,300	77,100	5,800
Transport Related Expenses	17	0	0	0
Supplies & Services	283,110	285,100	333,500	48,400
Revenue Income	(509,040)	(529,800)	(578,100)	(48,300)
Controllable	**(157,709)**	**(173,400)**	**(167,500)**	**5,900**
Transport Related Recharges	58,971	65,600	53,800	(11,800)
Supplies & Services Related Recharges	1,067	1,300	1,200	(100)
Central Support and Service Admin	30,976	39,200	33,800	(5,400)
Internal Recharges	(39,374)	(35,500)	(35,500)	0
Recharges	**51,640**	**70,600**	**53,300**	**(17,300)**
Trade Waste	**(106,069)**	**(102,800)**	**(114,200)**	**(11,400)**

R505 **Street Care**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	505,476	473,500	519,700	46,200
Premises Related Expenses	13,243	16,600	16,600	0
Transport Related Expenses	758	2,000	2,000	0
Supplies & Services	90,058	56,700	56,700	0
Third Party Payments	2,103	2,200	2,200	0
Revenue Income	(17,527)	(13,500)	(13,500)	0
Controllable	**594,111**	**537,500**	**583,700**	**46,200**
Transport Related Recharges	219,674	226,600	251,100	24,500
Supplies & Services Related Recharges	6,716	7,800	7,500	(300)
Central Support and Service Admin	52,305	47,800	46,700	(1,100)
Recharges	**278,696**	**282,200**	**305,300**	**23,100**
Capital Financing Charges	607	3,000	2,500	(500)
Capital	**607**	**3,000**	**2,500**	**(500)**
Street Care	**873,414**	**822,700**	**891,500**	**68,800**

R510 **Public Conveniences**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Premises Related Expenses	11,532	13,400	13,700	300
Supplies & Services	4	600	0	(600)
Controllable	**11,536**	**14,000**	**13,700**	**(300)**
Premises Related Recharges	841	900	600	(300)
Central Support and Service Admin	8,353	7,300	6,600	(700)
Recharges	**9,194**	**8,200**	**7,200**	**(1,000)**
Capital Financing Charges	2,870	2,600	2,900	300
Capital	**2,870**	**2,600**	**2,900**	**300**
Public Conveniences	**23,600**	**24,800**	**23,800**	**(1,000)**

R515 **Technical Services**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	10,469	0	0	0
Transport Related Expenses	219	0	0	0
Controllable	**10,688**	**0**	**0**	**0**
Supplies & Services Related Recharges	186	0	0	0
Internal Recharges	(10,873)	0	0	0
Recharges	**(10,688)**	**0**	**0**	**0**
Technical Services	**0**	**0**	**0**	**0**

R520 **Building Services**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	110,970	112,900	121,100	8,200
Transport Related Expenses	482	200	200	0
Supplies & Services	3,259	5,400	5,400	0
Revenue Income	(19,000)	(15,000)	0	15,000
Controllable	**95,711**	**103,500**	**126,700**	**23,200**
Supplies & Services Related Recharges	1,543	1,800	2,000	200
Central Support and Service Admin	9,855	8,800	11,900	3,100
Internal Recharges	(114,240)	(117,200)	(143,700)	(26,500)
Recharges	**(102,842)**	**(106,600)**	**(129,800)**	**(23,200)**
Capital Financing Charges	3,131	3,100	3,100	0
Capital	**3,131**	**3,100**	**3,100**	**0**
Building Services	**(4,000)**	**(0)**	**0**	**0**

R540 **Car Parks**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	28,164	22,300	21,300	(1,000)
Premises Related Expenses	115,873	153,900	113,000	(40,900)
Transport Related Expenses	692	0	700	700
Supplies & Services	17,936	6,400	8,900	2,500
Third Party Payments	225,845	229,900	229,900	0
Revenue Income	(331,092)	(319,200)	(326,900)	(7,700)
Controllable	**57,418**	**93,300**	**46,900**	**(46,400)**
Premises Related Recharges	3,854	4,500	4,500	0
Supplies & Services Related Recharges	396	400	300	(100)
Central Support and Service Admin	24,583	27,000	33,100	6,100
Recharges	**28,833**	**31,900**	**37,900**	**6,000**
Capital Financing Charges	5,386	12,800	5,600	(7,200)
Capital	**5,386**	**12,800**	**5,600**	**(7,200)**
Car Parks	**91,637**	**138,000**	**90,400**	**(47,600)**

R555 **Fleet Management**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	269,059	285,900	313,600	27,700
Transport Related Expenses	511,819	539,700	518,300	(21,400)
Supplies & Services	49,936	48,300	48,300	0
Third Party Payments	65	0	0	0
Revenue Income	(32,156)	(42,500)	(49,800)	(7,300)
Controllable	**798,723**	**831,400**	**830,400**	**(1,000)**
Premises Related Recharges	2,201	2,300	2,400	100
Transport Related Recharges	78,944	82,800	86,200	3,400
Supplies & Services Related Recharges	3,797	4,300	4,700	400
Central Support and Service Admin	90,298	81,300	83,900	2,600
Internal Recharges	(1,455,709)	(1,539,900)	(1,643,300)	(103,400)
Recharges	**(1,280,469)**	**(1,369,200)**	**(1,466,100)**	**(96,900)**
Capital Financing Charges	481,746	545,300	635,700	90,400
Capital	**481,746**	**545,300**	**635,700**	**90,400**
Fleet Management	**0**	**7,500**	**0**	**(7,500)**

R715 **Parks**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	507,468	565,000	597,300	32,300
Premises Related Expenses	176,984	210,100	174,500	(35,600)
Transport Related Expenses	953	600	600	0
Supplies & Services	191,618	138,400	198,500	60,100
Third Party Payments	52,607	25,000	25,000	0
Capital Interest	0	0	0	0
Revenue Income	(163,706)	(100,000)	(100,900)	(900)
Controllable	**765,923**	**839,100**	**895,000**	**55,900**
Premises Related Recharges	7,276	7,600	9,700	2,100
Transport Related Recharges	162,469	171,800	164,900	(6,900)
Supplies & Services Related Recharges	6,272	7,100	10,100	3,000
Central Support and Service Admin	141,780	189,900	219,100	29,200
Internal Recharges	(277)	0	0	0
Recharges	**317,520**	**376,400**	**403,800**	**27,400**
Capital Financing Charges	653,482	391,200	418,600	27,400
Capital Entries	(164,310)	0	0	0
Capital	**489,172**	**391,200**	**418,600**	**27,400**
Parks	**1,572,615**	**1,606,700**	**1,717,400**	**110,700**

R717 **Parks - External Works**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	200,267	150,400	193,800	43,400
Transport Related Expenses	300	800	800	0
Supplies & Services	0	0	35,700	35,700
Third Party Payments	0	0	4,000	4,000
Revenue Income	(222,220)	(208,400)	(259,600)	(51,200)
Controllable	**(21,652)**	**(57,200)**	**(25,300)**	**31,900**
Transport Related Recharges	34,859	36,000	22,300	(13,700)
Supplies & Services Related Recharges	2,717	3,100	1,000	(2,100)
Central Support and Service Admin	13,873	14,000	15,600	1,600
Internal Recharges	(19,935)	(20,600)	(19,800)	800
Recharges	**31,515**	**32,500**	**19,100**	**(13,400)**
Parks - External Works	**9,862**	**(24,700)**	**(6,200)**	**18,500**

R720 **Cemeteries**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	183,460	190,000	204,600	14,600
Premises Related Expenses	23,285	21,100	21,100	0
Transport Related Expenses	1,002	1,200	1,200	0
Supplies & Services	1,889	4,300	4,300	0
Third Party Payments	3,876	4,000	4,000	0
Revenue Income	(418,749)	(412,600)	(424,900)	(12,300)
Controllable	**(205,236)**	**(192,000)**	**(189,700)**	**2,300**
Premises Related Recharges	10,762	10,700	11,100	400
Transport Related Recharges	36,408	37,500	48,700	11,200
Supplies & Services Related Recharges	3,773	4,200	3,200	(1,000)
Central Support and Service Admin	38,446	34,300	52,400	18,100
Recharges	**89,389**	**86,700**	**115,400**	**28,700**
Capital Financing Charges	7,394	5,100	4,500	(600)
Capital	**7,394**	**5,100**	**4,500**	**(600)**
Cemeteries	**(108,453)**	**(100,200)**	**(69,800)**	**30,400**

Growth & Regeneration

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Division				
Development Service Support	0	0	0	0
Development Management	281,681	418,800	289,800	(129,000)
Planning Policy	365,093	334,600	310,700	(23,900)
Building Control Account	79,510	62,000	57,100	(4,900)
Building Control Fee Earning Account	(51,040)	14,200	100	(14,100)
Land Charges	(135,799)	(68,100)	(64,300)	3,800
Economic Development	229,888	178,000	242,000	64,000
Housing Strategy	(76,486)	82,800	150,400	67,600
Total Growth & Regeneration Portfolio Budget	**692,848**	**1,022,300**	**985,800**	**(36,500)**
Transfer to/from Earmarked Reserves	**398,058**	**(88,000)**	**(70,600)**	**17,400**
TOTAL	**1,090,906**	**934,300**	**915,200**	**(19,100)**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Consisting of				
Employee Expenses	974,303	1,104,400	1,257,400	153,000
Premises Related Expenses	388	0	0	0
Transport Related Expenses	14,624	17,300	16,300	(1,000)
Supplies & Services	248,050	214,100	314,800	100,700
Third Party Payments	42,043	0	8,000	8,000
Revenue Income	(1,016,233)	(700,100)	(996,700)	(296,600)
Controllable	**263,175**	**635,700**	**599,800**	**(35,900)**
Consisting of				
Premises Related Recharges	477	0	0	0
Supplies & Services Related Recharges	17,346	20,100	24,100	4,000
Central Support and Service Admin	519,414	516,000	525,700	9,700
Internal Recharges	(108,563)	(150,500)	(164,800)	(14,300)
Recharges	**428,673**	**385,600**	**385,000**	**(600)**
Consisting of				
Capital Financing Charges	11,860	1,000	1,000	0
Capital Entries	(10,860)	0	0	0
Capital	**1,000**	**1,000**	**1,000**	**0**
Total Growth & Regeneration Portfolio Budget	**692,848**	**1,022,300**	**985,800**	**(36,500)**
Consisting of				
Transfer to Reserves	565,000	0	0	0
Transfer from Reserves	(166,942)	(88,000)	(70,600)	17,400
Transfer to/from Earmarked Reserves	**398,058**	**(88,000)**	**(70,600)**	**17,400**
TOTAL	**1,090,906**	**934,300**	**915,200**	**(19,100)**

R105 **Development Service Support**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	77,027	110,800	127,100	16,300
Supplies & Services	4,688	7,100	4,800	(2,300)
Controllable	**81,715**	**117,900**	**131,900**	**14,000**
Supplies & Services Related Recharges	922	1,100	2,100	1,000
Central Support and Service Admin	25,925	31,500	30,800	(700)
Internal Recharges	(108,563)	(150,500)	(164,800)	(14,300)
Recharges	**(81,715)**	**(117,900)**	**(131,900)**	**(14,000)**
Development Service Support	**0**	**0**	**0**	**(0)**

R110 **Development Management**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	357,890	333,800	391,300	57,500
Transport Related Expenses	2,458	5,000	4,000	(1,000)
Supplies & Services	53,068	124,800	92,800	(32,000)
Revenue Income	(409,350)	(350,900)	(485,700)	(134,800)
Controllable	**4,065**	**112,700**	**2,400**	**(110,300)**
Supplies & Services Related Recharges	6,139	7,400	8,400	1,000
Central Support and Service Admin	271,477	298,700	279,000	(19,700)
Recharges	**277,616**	**306,100**	**287,400**	**(18,700)**
Development Management	**281,681**	**418,800**	**289,800**	**(129,000)**

R115 **Planning Policy**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	243,912	256,300	227,000	(29,300)
Transport Related Expenses	530	700	700	0
Supplies & Services	42,725	8,800	12,900	4,100
Third Party Payments	0	0	8,000	8,000
Revenue Income	0	(10,600)	(600)	10,000
Controllable	**287,167**	**255,200**	**248,000**	**(7,200)**
Supplies & Services Related Recharges	3,638	4,100	4,300	200
Central Support and Service Admin	73,288	74,300	57,400	(16,900)
Recharges	**76,926**	**78,400**	**61,700**	**(16,700)**
Capital Financing Charges	1,000	1,000	1,000	0
Capital	**1,000**	**1,000**	**1,000**	**0**
Planning Policy	**365,093**	**334,600**	**310,700**	**(23,900)**

R120 **Building Control Account**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	55,196	45,600	41,500	(4,100)
Transport Related Expenses	3,371	3,100	3,000	(100)
Supplies & Services	4,028	2,800	2,200	(600)
Revenue Income	(3,217)	0	0	0
Controllable	**59,378**	**51,500**	**46,700**	**(4,800)**
Supplies & Services Related Recharges	919	600	0	(600)
Central Support and Service Admin	19,213	9,900	10,400	500
Recharges	**20,132**	**10,500**	**10,400**	**(100)**
Building Control Account	**79,510**	**62,000**	**57,100**	**(4,900)**

R121 **Building Control Fee Earning Account**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	70,146	129,300	120,600	(8,700)
Transport Related Expenses	6,100	6,800	6,500	(300)
Supplies & Services	2,923	5,400	4,000	(1,400)
Revenue Income	(168,153)	(165,700)	(175,700)	(10,000)
Controllable	**(88,984)**	**(24,200)**	**(44,600)**	**(20,400)**
Supplies & Services Related Recharges	1,204	1,800	2,800	1,000
Central Support and Service Admin	36,740	36,600	41,900	5,300
Recharges	**37,944**	**38,400**	**44,700**	**6,300**
Building Control Fee Earning Account	**(51,040)**	**14,200**	**100**	**(14,100)**

R172 **Land Charges**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	16,372	18,500	0	(18,500)
Transport Related Expenses	15	0	0	0
Supplies & Services	35,451	20,200	28,100	7,900
Revenue Income	(220,950)	(131,400)	(140,900)	(9,500)
Controllable	**(169,112)**	**(92,700)**	**(112,800)**	**(20,100)**
Supplies & Services Related Recharges	2,440	2,600	2,200	(400)
Central Support and Service Admin	30,873	22,000	46,300	24,300
Recharges	**33,313**	**24,600**	**48,500**	**23,900**
Land Charges	**(135,799)**	**(68,100)**	**(64,300)**	**3,800**

R175 **Economic Development**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	81,121	134,000	206,500	72,500
Transport Related Expenses	1,686	1,100	1,500	400
Supplies & Services	105,088	43,900	168,900	125,000
Third Party Payments	42,043	0	0	0
Revenue Income	(49,950)	(25,800)	(178,100)	(152,300)
Controllable	**179,989**	**153,200**	**198,800**	**45,600**
Supplies & Services Related Recharges	1,096	1,300	3,000	1,700
Central Support and Service Admin	48,804	23,500	40,200	16,700
Recharges	**49,899**	**24,800**	**43,200**	**18,400**
Economic Development	**229,888**	**178,000**	**242,000**	**64,000**

R640 **Housing Strategy**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	72,639	76,100	143,400	67,300
Premises Related Expenses	388	0	0	0
Transport Related Expenses	464	600	600	0
Supplies & Services	79	1,100	1,100	0
Revenue Income	(164,613)	(15,700)	(15,700)	0
Controllable	**(91,043)**	**62,100**	**129,400**	**67,300**
Premises Related Recharges	477	0	0	0
Supplies & Services Related Recharges	987	1,200	1,300	100
Central Support and Service Admin	13,094	19,500	19,700	200
Recharges	**14,557**	**20,700**	**21,000**	**300**
Capital Financing Charges	10,860	0	0	0
Capital Entries	(10,860)	0	0	0
Capital	**0**	**0**	**0**	**0**
Housing Strategy	**(76,486)**	**82,800**	**150,400**	**67,600**

Resources & Reputation

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Division				
Organisational Development	(7,700)	0	(0)	(0)
Audit, Risk Management, Health & Safety	3,000	4,000	0	(4,000)
Corporate Management	1,207,580	1,044,500	1,023,200	(21,300)
Emergency Planning	10,421	11,100	9,700	(1,400)
Legal Services	(26,303)	0	0	0
Central Print Room	(12,500)	(12,500)	(0)	12,500
Postages	(1,100)	(1,100)	0	1,100
Registration Of Electors	140,094	128,800	163,400	34,600
Elections	115,830	56,400	3,000	(53,400)
Estates & Valuation	21,100	0	0	0
Public Land & Buildings	(12,768)	(7,400)	6,200	13,600
Information Technology	1,000	52,800	0	(52,800)
Procurement	1,500	0	0	0
Communications & Publicity	0	0	0	0
Business Units	(31,376)	(22,500)	(11,500)	11,000
Public Offices	(7,507)	(6,700)	(6,000)	700
Corporate Administration	0	0	0	(0)
Financial Services	0	(0)	0	0
Customer Services	12,500	24,300	0	(24,300)
Insurance Premiums	10,394	0	0	0
Revenues-Local Taxation	355,642	425,200	475,500	50,300
Central Provisions Account	19,175	463,000	296,000	(167,000)
Non Distributed Costs	130,018	130,000	124,200	(5,800)
Corporate Income & Expenditure	(640,428)	150,800	282,000	131,200
Movement in Reserves (MiRs)	336,319	(641,300)	(532,600)	108,700
Total Resources & Reputation Portfolio Budget	**1,624,891**	**1,799,400**	**1,833,100**	**33,700**
Transfer to/from Earmarked Reserves				
Resources & Reputation	202,614	(19,600)	(597,300)	(577,700)
Total Reserves	**202,614**	**(19,600)**	**(597,300)**	**(577,700)**
TOTAL	**1,827,505**	**1,779,800**	**1,235,800**	**(544,000)**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Consisting of				
Employee Expenses	3,783,160	4,253,400	4,116,400	(137,000)
Premises Related Expenses	500,494	535,300	497,900	(37,400)
Transport Related Expenses	9,104	12,500	13,400	900
Supplies & Services	2,370,897	1,828,400	2,105,000	276,600
Third Party Payments	51,764	67,400	81,700	14,300
Capital Interest	1,378,309	1,319,000	1,338,800	19,800
Revenue Income	(1,952,906)	(1,416,400)	(1,144,400)	272,000
Controllable	**6,140,823**	**6,599,600**	**7,008,800**	**409,200**
Consisting of				
Premises Related Recharges	55,873	55,800	60,700	4,900
Transport Related Recharges	8,637	3,800	10,200	6,400
Supplies & Services Related Recharges	53,929	58,600	67,100	8,500
Central Support and Service Admin	2,140,047	2,228,700	2,323,700	95,000
Internal Recharges	(5,424,147)	(5,677,000)	(6,270,500)	(593,500)
Recharges	**(3,165,662)**	**(3,330,100)**	**(3,808,800)**	**(478,700)**
Consisting of				
Capital Financing Charges	513,736	184,200	186,300	2,100
Capital Entries	(1,864,006)	(1,654,300)	(1,553,200)	101,100
Capital	**(1,350,271)**	**(1,470,100)**	**(1,366,900)**	**103,200**
Total Resources & Reputation	**1,624,891**	**1,799,400**	**1,833,100**	**33,700**
Consisting of				
Transfer to Reserves	347,803	140,700	101,900	(38,800)
Transfer from Reserves	(145,189)	(160,300)	(699,200)	(538,900)
Reserves	**202,614**	**(19,600)**	**(597,300)**	**(577,700)**
Transfer to/from Earmarked Reserves	**202,614**	**(19,600)**	**(597,300)**	**(577,700)**
TOTAL	**1,827,505**	**1,779,800**	**1,235,800**	**(544,000)**

R130 **Organisational Development**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	255,011	247,300	280,900	33,600
Transport Related Expenses	368	800	700	(100)
Supplies & Services	43,363	26,900	19,500	(7,400)
Third Party Payments	11,467	21,500	21,500	0
Revenue Income	(14,180)	(13,300)	(18,900)	(5,600)
Controllable	**296,029**	**283,200**	**303,700**	**20,500**
Premises Related Recharges	1	0	0	0
Supplies & Services Related Recharges	3,242	3,700	4,300	600
Central Support and Service Admin	44,157	54,100	94,300	40,200
Internal Recharges	(351,128)	(341,000)	(402,300)	(61,300)
Recharges	**(303,729)**	**(283,200)**	**(303,700)**	**(20,500)**
Organisational Development	**(7,700)**	**0**	**0**	**0**

R135 **Audit, Risk Management, Health & Safety**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	173,031	177,700	76,100	(101,600)
Transport Related Expenses	519	700	700	0
Supplies & Services	40,832	41,600	76,600	35,000
Revenue Income	(1,755)	0	0	0
Controllable	**212,627**	**220,000**	**153,400**	**(66,600)**
Supplies & Services Related Recharges	2,307	2,600	3,100	500
Central Support and Service Admin	29,274	30,900	43,100	12,200
Internal Recharges	(241,208)	(249,500)	(199,600)	49,900
Recharges	**(209,627)**	**(216,000)**	**(153,400)**	**62,600**
Capital Financing Charges	66,224	0	0	0
Capital Entries	(66,224)	0	0	0
Capital	**0**	**0**	**0**	**0**
Audit, Risk Management, Health & Safet	**3,000**	**4,000**	**0**	**(4,000)**

R145 **Corporate Management**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	712,857	509,800	549,000	39,200
Transport Related Expenses	2,658	2,500	3,700	1,200
Supplies & Services	171,511	174,900	171,400	(3,500)
Revenue Income	(274)	0	0	0
Controllable	**886,753**	**687,200**	**724,100**	**36,900**
Supplies & Services Related Recharges	7,264	8,200	9,000	800
Central Support and Service Admin	856,402	915,500	799,000	(116,500)
Internal Recharges	(542,838)	(566,400)	(508,900)	57,500
Recharges	**320,827**	**357,300**	**299,100**	**(58,200)**
Corporate Management	**1,207,580**	**1,044,500**	**1,023,200**	**(21,300)**

R150 **Emergency Planning**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Supplies & Services	240	500	500	0
Third Party Payments	6,800	9,200	9,200	0
Controllable	**7,040**	**9,700**	**9,700**	**0**
Central Support and Service Admin	3,382	1,400	0	(1,400)
Recharges	**3,382**	**1,400**	**0**	**(1,400)**
Emergency Planning	**10,421**	**11,100**	**9,700**	**(1,400)**

R160 **Legal Services**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	262,488	229,100	294,400	65,300
Transport Related Expenses	444	900	900	0
Supplies & Services	60,681	48,100	39,300	(8,800)
Revenue Income	(44,537)	(10,100)	(10,500)	(400)
Controllable	**279,076**	**268,000**	**324,100**	**56,100**
Premises Related Recharges	216	0	0	0
Supplies & Services Related Recharges	3,931	4,500	4,700	200
Central Support and Service Admin	86,833	118,600	55,500	(63,100)
Internal Recharges	(396,359)	(391,100)	(384,300)	6,800
Recharges	**(305,379)**	**(268,000)**	**(324,100)**	**(56,100)**
Legal Services	**(26,303)**	**0**	**0**	**0**

R165 **Central Print Room**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	5,144	5,300	5,700	400
Transport Related Expenses	12	100	100	0
Supplies & Services	28,413	33,600	33,600	0
Revenue Income	(70)	0	0	0
Controllable	**33,499**	**39,000**	**39,400**	**400**
Supplies & Services Related Recharges	73	100	100	0
Central Support and Service Admin	5,853	6,900	7,700	800
Internal Recharges	(51,925)	(58,500)	(47,200)	11,300
Recharges	**(45,999)**	**(51,500)**	**(39,400)**	**12,100**
Central Print Room	**(12,500)**	**(12,500)**	**0**	**12,500**

R170 **Postages**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Supplies & Services	55,604	66,300	60,300	(6,000)
Revenue Income	(1,922)	(100)	(100)	0
Controllable	**53,682**	**66,200**	**60,200**	**(6,000)**
Central Support and Service Admin	588	300	0	(300)
Internal Recharges	(55,369)	(67,600)	(60,200)	7,400
Recharges	**(54,782)**	**(67,300)**	**(60,200)**	**7,100**
Postages	**(1,100)**	**(1,100)**	**0**	**1,100**

R177 **Registration Of Electors**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	84,271	71,400	85,000	13,600
Premises Related Expenses	3,995	0	0	0
Transport Related Expenses	89	300	300	0
Supplies & Services	62,215	25,800	23,800	(2,000)
Revenue Income	(38,260)	(1,900)	(1,900)	0
Controllable	**112,311**	**95,600**	**107,200**	**11,600**
Supplies & Services Related Recharges	1,281	1,500	400	(1,100)
Central Support and Service Admin	26,502	31,700	55,800	24,100
Recharges	**27,783**	**33,200**	**56,200**	**23,000**
Registration Of Electors	**140,094**	**128,800**	**163,400**	**34,600**

R180 **Elections**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	98,943	59,800	0	(59,800)
Premises Related Expenses	11,725	10,200	0	(10,200)
Transport Related Expenses	0	200	(0)	(200)
Supplies & Services	77,998	93,200	0	(93,200)
Revenue Income	(101,334)	(163,400)	0	163,400
Controllable	**87,332**	**0**	**0**	**0**
Supplies & Services Related Recharges	3,686	1,400	1,400	0
Central Support and Service Admin	23,223	53,400	0	(53,400)
Recharges	**26,909**	**54,800**	**1,400**	**(53,400)**
Capital Financing Charges	1,589	1,600	1,600	0
Capital	**1,589**	**1,600**	**1,600**	**0**
Elections	**115,830**	**56,400**	**3,000**	**(53,400)**

R182 **Estates & Valuation**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	64,759	69,600	86,000	16,400
Transport Related Expenses	421	500	500	0
Supplies & Services	42,183	17,700	37,700	20,000
Revenue Income	(3,250)	0	0	0
Controllable	**104,113**	**87,800**	**124,200**	**36,400**
Supplies & Services Related Recharges	997	1,200	1,300	100
Central Support and Service Admin	65,806	27,600	47,400	19,800
Internal Recharges	(149,816)	(116,600)	(172,900)	(56,300)
Recharges	**(83,013)**	**(87,800)**	**(124,200)**	**(36,400)**
Estates & Valuation	**21,100**	**0**	**0**	**0**

R185 **Public Land & Buildings**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Premises Related Expenses	12,522	10,100	11,800	1,700
Supplies & Services	925	1,000	2,000	1,000
Revenue Income	(126,276)	(121,500)	(151,600)	(30,100)
Controllable	**(112,830)**	**(110,400)**	**(137,800)**	**(27,400)**
Premises Related Recharges	4,330	4,300	5,200	900
Central Support and Service Admin	91,405	94,400	133,300	38,900
Recharges	**95,735**	**98,700**	**138,500**	**39,800**
Capital Financing Charges	4,327	4,300	5,500	1,200
Capital	**4,327**	**4,300**	**5,500**	**1,200**
Public Land & Buildings	**(12,768)**	**(7,400)**	**6,200**	**13,600**

R300 **Information Technology**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	260,297	305,900	409,400	103,500
Transport Related Expenses	1,282	800	800	0
Supplies & Services	584,796	605,900	743,000	137,100
Revenue Income	(29,259)	(12,600)	(12,600)	0
Controllable	**817,117**	**900,000**	**1,140,600**	**240,600**
Premises Related Recharges	5,185	5,400	5,700	300
Supplies & Services Related Recharges	3,631	4,100	5,000	900
Central Support and Service Admin	37,971	35,700	91,600	55,900
Internal Recharges	(890,701)	(903,500)	(1,244,700)	(341,200)
Recharges	**(843,914)**	**(858,300)**	**(1,142,400)**	**(284,100)**
Capital Financing Charges	27,797	11,100	1,800	(9,300)
Capital	**27,797**	**11,100**	**1,800**	**(9,300)**
Information Technology	**1,000**	**52,800**	**(0)**	**(52,800)**

R305 **Procurement**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Supplies & Services	1,500	0	0	0
Third Party Payments	20,947	20,700	36,000	15,300
Controllable	**22,447**	**20,700**	**36,000**	**15,300**
Central Support and Service Admin	694	1,200	5,700	4,500
Internal Recharges	(21,641)	(21,900)	(41,700)	(19,800)
Recharges	**(20,947)**	**(20,700)**	**(36,000)**	**(15,300)**
Procurement	**1,500**	**0**	**0**	**0**

R340 **Communications & Publicity**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	149,307	147,000	155,700	8,700
Transport Related Expenses	622	300	300	0
Supplies & Services	52,165	56,400	62,900	6,500
Revenue Income	(1,860)	(4,000)	(4,000)	0
Controllable	**200,234**	**199,700**	**214,900**	**15,200**
Premises Related Recharges	3	0	0	0
Supplies & Services Related Recharges	2,138	2,400	2,600	200
Central Support and Service Admin	45,230	26,300	75,100	48,800
Internal Recharges	(247,605)	(228,400)	(292,600)	(64,200)
Recharges	**(200,234)**	**(199,700)**	**(214,900)**	**(15,200)**
Communications & Publicity	**0**	**0**	**0**	**0**

R410 **Business Units**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Premises Related Expenses	102,041	106,200	106,200	0
Supplies & Services	0	1,000	1,000	0
Revenue Income	(200,642)	(202,500)	(203,300)	(800)
Controllable	**(98,601)**	**(95,300)**	**(96,100)**	**(800)**
Premises Related Recharges	5,848	6,500	5,000	(1,500)
Central Support and Service Admin	39,783	44,500	58,900	14,400
Recharges	**45,631**	**51,000**	**63,900**	**12,900**
Capital Financing Charges	21,594	21,800	20,700	(1,100)
Capital	**21,594**	**21,800**	**20,700**	**(1,100)**
Business Units	**(31,376)**	**(22,500)**	**(11,500)**	**11,000**

R560 **Public Offices**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	117,004	127,800	126,400	(1,400)
Premises Related Expenses	353,914	382,300	343,400	(38,900)
Supplies & Services	62,431	65,900	64,100	(1,800)
Third Party Payments	0	1,000	0	(1,000)
Revenue Income	(223,297)	(240,900)	(226,500)	14,400
Controllable	**310,053**	**336,100**	**307,400**	**(28,700)**
Premises Related Recharges	40,290	39,600	44,800	5,200
Supplies & Services Related Recharges	2,052	2,300	2,500	200
Central Support and Service Admin	124,608	93,200	116,600	23,400
Internal Recharges	(604,714)	(612,700)	(612,800)	(100)
Recharges	**(437,765)**	**(477,600)**	**(448,900)**	**28,700**
Capital Financing Charges	120,205	134,800	135,500	700
Capital	**120,205**	**134,800**	**135,500**	**700**
Public Offices	**(7,507)**	**(6,700)**	**(6,000)**	**700**

R800 **Corporate Administration**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	71,999	67,500	58,800	(8,700)
Supplies & Services	1,434	1,400	1,400	0
Controllable	**73,433**	**68,900**	**60,200**	**(8,700)**
Supplies & Services Related Recharges	1,310	1,500	1,100	(400)
Central Support and Service Admin	22,192	21,400	19,000	(2,400)
Internal Recharges	(96,935)	(91,800)	(80,300)	11,500
Recharges	**(73,433)**	**(68,900)**	**(60,200)**	**8,700**
Corporate Administration	**0**	**0**	**0**	**0**

R805 **Financial Services**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	489,454	570,100	621,300	51,200
Transport Related Expenses	70	100	100	0
Supplies & Services	48,222	13,300	12,300	(1,000)
Revenue Income	(40,462)	(44,200)	(44,700)	(500)
Controllable	**497,285**	**539,300**	**589,000**	**49,700**
Supplies & Services Related Recharges	7,754	9,000	10,300	1,300
Central Support and Service Admin	140,079	155,700	138,800	(16,900)
Internal Recharges	(645,119)	(714,600)	(759,300)	(44,700)
Recharges	**(497,285)**	**(549,900)**	**(610,200)**	**(60,300)**
Capital Financing Charges	0	10,600	21,200	10,600
Capital	**0**	**10,600**	**21,200**	**10,600**
Financial Services	**0**	**0**	**0**	**(0)**

R820 **Customer Services**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	585,999	717,200	768,500	51,300
Transport Related Expenses	2,045	4,400	4,400	0
Supplies & Services	11,365	17,500	17,500	0
Third Party Payments	12,550	15,000	15,000	0
Revenue Income	(14,000)	(14,000)	(14,000)	0
Controllable	**597,959**	**740,100**	**791,400**	**51,300**
Supplies & Services Related Recharges	8,600	9,800	13,300	3,500
Central Support and Service Admin	147,385	166,100	186,900	20,800
Internal Recharges	(741,444)	(891,700)	(991,600)	(99,900)
Recharges	**(585,459)**	**(715,800)**	**(791,400)**	**(75,600)**
Customer Services	**12,500**	**24,300**	**0**	**(24,300)**

R825 **Insurance Premiums**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Supplies & Services	350,591	366,600	394,100	27,500
Revenue Income	(4,192)	0	0	0
Controllable	**346,400**	**366,600**	**394,100**	**27,500**
Internal Recharges	(336,005)	(366,600)	(394,100)	(27,500)
Recharges	**(336,005)**	**(366,600)**	**(394,100)**	**(27,500)**
Insurance Premiums	**10,394**	**0**	**0**	**0**

R835 **Revenues-Local Taxation**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	322,578	403,400	445,000	41,600
Transport Related Expenses	574	900	900	0
Supplies & Services	119,336	132,300	98,000	(34,300)
Revenue Income	(398,487)	(416,200)	(403,600)	12,600
Controllable	**44,001**	**120,400**	**140,300**	**19,900**
Transport Related Recharges	8,637	3,800	10,200	6,400
Supplies & Services Related Recharges	5,663	6,300	8,000	1,700
Central Support and Service Admin	348,680	349,800	395,000	45,200
Internal Recharges	(51,339)	(55,100)	(78,000)	(22,900)
Recharges	**311,641**	**304,800**	**335,200**	**30,400**
Revenues-Local Taxation	**355,642**	**425,200**	**475,500**	**50,300**

R872 **Central Provisions Account**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	0	414,500	30,000	(384,500)
Premises Related Expenses	0	10,000	20,000	10,000
Supplies & Services	19,175	38,500	246,000	207,500
Controllable	**19,175**	**463,000**	**296,000**	**(167,000)**
Central Provisions Account	**19,175**	**463,000**	**296,000**	**(167,000)**

R875 **Non Distributed Costs**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Employee Expenses	130,018	130,000	124,200	(5,800)
Controllable	**130,018**	**130,000**	**124,200**	**(5,800)**
Non Distributed Costs	**130,018**	**130,000**	**124,200**	**(5,800)**

R890 **Corporate Income & Expenditure**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Premises Related Expenses	16,298	16,500	16,500	0
Supplies & Services	(49,859)	0	0	0
Capital Interest	373,982	306,000	318,200	12,200
Revenue Income	(708,850)	(171,700)	(52,700)	119,000
Controllable	**(368,428)**	**150,800**	**282,000**	**131,200**
Capital Entries	(272,000)	0	0	0
Capital	**(272,000)**	**0**	**0**	**0**
Corporate Income & Expenditure	**(640,428)**	**150,800**	**282,000**	**131,200**

R891 **Movement in Reserves (MiRs)**

	Actual 2015/16 £	Original Budget 2016/17 £	Original Budget 2017/18 £	Variance to Original Budget 2016/17 £
Supplies & Services	585,775	0	0	0
Capital Interest	1,004,327	1,013,000	1,020,600	7,600
Controllable	**1,590,102**	**1,013,000**	**1,020,600**	**7,600**
Capital Financing Charges	272,000	0	0	0
Capital Entries	(1,525,783)	(1,654,300)	(1,553,200)	101,100
Capital	**(1,253,783)**	**(1,654,300)**	**(1,553,200)**	**101,100**
Movement in Reserves (MiRs)	**336,319**	**(641,300)**	**(532,600)**	**108,700**

Community Development Portfolio
Revenue Budget Summary 2017/18

Major Variances in Net Controllable Expenditure

Major variances within Employee Expenses are mainly due to the increase in staffing costs as a result of the pay line review, incremental changes, pay award and the increase in the Superannuation rate. Other major variances are detailed below:

Democratic Mgt & Representation

Variance due to a reduction in staffing hours and a change in the salary splits and a reduction in members allowances.

Localities

No major variances.

Community Grants

Variance due to removal of RCAN grant and reduction in parish grant.

Disabled Grants

No major variances

The Arts & Tourism

No major variances.

Sports Development

No major variances.

Community Centres

Variance mainly due to the removal of Arnold Hill CC budgets following the asset transfer and also changes to the management of community centres, disestablishing one post.

Events & Play

No major variances.

Housing, Health & Well-being Portfolio
Revenue Budget Summary 2017/18

Major Variances in Net Controllable Expenditure

Major variances within Employee Expenses are mainly due to the increase in staffing costs as a result of the pay line review, incremental changes, pay award and the increase in the Superannuation rate. Other major variances are detailed below.

Housing Needs
Variance due to savings from Housing Staffing restructure and the transfer of the Notts Sanctuary Scheme to Public Protection.

Leisure Services General
Variance due to staff re-structure over Leisure Services as a whole and re-alignment of the management structure.

Calverton Leisure Centre
Variance mainly due to increased income as a result of the capital bid for Soft Play area, 3% inflation across discretionary income streams and introduction of adult swim lessons, partly offset by an increase in the cost of PPL & PRS licences. Savings due to reduction in charges for fuel, oil and electricity.

Carlton Forum Leisure Centre
Variance mainly due to increased income as a result of the capital bid for the new Health Suite, the introduction of the Cycling Simulator, 3% inflation across discretionary income streams and introduction of adult swim lessons and the removal of the gym maintenance budget due to the new gym being installed, partly offset by an increase in the cost of PPL & PRS licences.

Redhill Leisure Centre
Variance mainly due to increased income as a result of the introduction of the Cycling Simulator and 3% inflation across discretionary income streams. There has also been a reduction in electricity charges and savings from bringing the direct debit scheme in house. This is partly offset by an increase in the cost of PPL & PRS licences.

Arnold Theatre
No major variance.

Arnold Leisure Centre
Variance mainly due to increased income as a result of the revision of the VAT liability on swimming lessons, 3% inflation across discretionary income streams and introduction of adult swim lessons, partly offset by an increase in the cost of PPL & PRS licences and reduced efficiencies from the boiler replacement due to a change in the scheme.

Richard Herrod
Variance mainly due to an increase in income from the 3% inflation across discretionary income streams, partly offset by fewer daytime bar users and an increase in the cost of PPL & PRS licences.

Health & Exercise
No major variances

Council Tax Benefits
The run-off of the CTB scheme, which was abolished in April 2013, has slowed as was anticipated, and it is expected that this will continue.

Rent Allowances
Caseload is expected to fall in 2017/18 due to the transfer of claimants to Universal Credit. The majority of benefit expenditure is subsidised by central government at a rate of 100% however in some cases this is reduced, creating a cost to the General Fund. Volatility around levels of overpayments remains high, and a reduction in the contribution to the bad debt provision has been made in the light of the ongoing review of the outstanding aged debt position.

Housing Benefit Administration
Variance due to staffing restructure savings and a reduction in postage, partly offset by a reduction in the Admin Subsidy Grant.

Rent Rebates
No major variance.

Public Protection Portfolio
Revenue Budget 2017/18

Major Variances in Net Controllable Expenditure:

Major variances within Employee Expenses are mainly due to the increase in staffing costs as a result of the pay line review, incremental changes, pay award and the increase in the Superannuation rate. Other major variances are detailed below.

Licencing & Hackney Carriages
Variance due to increased income from a pricing increase, partly offset by the increase in costs of additional licence plates.

Environmental Protection
Variance due to a change in salary splits.

Food, Health & Safety
Variance due to a change in salary splits.

Comm Protection & Dog Control
Variance due to deletion of 13hr Community Safety Post, partly offset by the transfer of the Notts Sanctuary Scheme from Housing Needs.

Renovation Grants

Variance due to Revenue Development Bid for 1 year to fund an Empty Homes officer post, partly offset by a change in salary splits and the removal of the Handy Persons Scheme which is now funded from the Disabled Facilities Grant in capital.

Environment Portfolio
Revenue Budget Summary 2017/18

Major Variances in Net Controllable Expenditure

Major variances within Employee Expenses are mainly due to the increase in staffing costs as a result of the pay line review, incremental changes, pay award and the increase in the Superannuation rate. Other major variances are detailed below.

Waste Management

Variance due to an increase in income from garden waste due to additional customers, bulky waste due to pricing alterations and additional recycling credit income and the delivery of the expansion round efficiencies.

Trade Waste

Variance due to additional income from an increase in customers and an increase in pricing, mainly offset by additional costs of disposal and the one off purchase of additional bins.

Street Care

No major variances.

Public Conveniences

No major variances.

Building Services

Variance due to the removal of the Calverton Community Hall project income budget, as works are now complete.

Car Parks

Variance due to the removal of the repairs budget as no resurfacing work is planned in 2017/18 and an increase in income from long stay parking permits.

Fleet Management

Variance mainly due reduced fuel costs and increased income from the sale of vehicle scrappage.

Parks
Variance due to the removal of the one-off Gedling Country Park grounds maintenance budget and the expiration of the Groundwork and Netherfield Lagoons maintenance grants, partly offset by the additional cost of running the Gedling Country Park Visitor Centre and increased Agency costs due to unachieved efficiencies in grass cutting and growth in Gedling Country Park.

Parks - External Works
Variance due to the net effect of being awarded the Bestwood Country Park maintenance contract from Notts County Council and increased income from tree works, partly offset by the loss of the Gedling Homes contract.

Cemeteries
Variance mainly due to income inflation increases.

Growth & Regeneration Portfolio
Revenue Budget Summary 2017/18

Major Variances in Net Controllable Expenditure

Major variances within Employee Expenses are mainly due to the increase in staffing costs as a result of the pay line review, incremental changes, pay award and the increase in the Superannuation rate. Other major variances are detailed below.

Development Service Support
Variance mainly due to planning restructure.

Development Management
Variance due to additional major planning applications income, the increase in CIL income, the budget reduction proposal to work in partnership on the CIL post, and the reduction in consultancy, partly offset by staff restructures and the transfer of the CIL Officer from Planning Policy.

Planning Policy
Variance mainly due to various staffing restructures and the transfer of the CIL officer and CIL income to Development Management.

Building Control Account
Variance mainly due to staffing restructures.

Building Control Fee Earning Account
Variance mainly due to staffing restructures, partly offset by an increase in Inspection income.

Land Charges
Variance mainly due to staffing restructures.

Economic Development
Variance mainly due to staffing restructures which have been partly offset by the removal of the consultancy budget.

Housing Strategy
Variance due to Housing Restructure.

Disabled Grant
No major variances.

Resources & Reputation Portfolio
Revenue Budget 2017/18

Major Variances in Net Controllable Expenditure:

Major variances within Employee Expenses are mainly due to the increase in staffing costs as a result of the pay line review, incremental changes, pay award and the increase in the Superannuation rate. Other major variances are detailed below.

Organisational Development
Variance due to an increase in training income and the transfer of workplace health budget to Health and Safety.

Audit, Risk Management, Health & Safety
Variance due to salary savings following a departmental restructure, partly offset by additional external audit fees and the transfer of the annual Health Fair budget from Personnel.

Corporate Management
Variance mainly due an officer joining the Superannuation scheme.

Emergency Planning
No major variances.

Legal Services
Variance due to staffing restructure, partly offset by savings in books and publications.

Central Print Room
No major variances.

Postages
Variance due to reduced volumes and price.

Registration of Electors
No major variances.

Elections
Variance due to the removal of the 2016/17 election budgets.

Estates & Valuation
Variance on salaries due to the creation of the Property Service Manager post offset by the deletion of the Estates Surveyor post. There is also the additional cost of the 'Strategic Intervention Fund' Development Bid.

Public Land & Buildings
Variance mainly due to the transfer of telecoms mast income from other departments to a centralised location.

Information Technology
Variance due to retirement costs, an increase in the IT replacement fund and additional software licences arising from the digital agenda.

Procurement
Variance due to an increase in the payment to Other Local Authorities as a result of the redesigned procurement service.

Communications & Publicity
Variance due to an increase in consultancy costs for the development of the new website.

Business Units
No major variances.

Public Offices

Variance due to salary savings following a departmental restructure. Reductions on NNDR, water charges, window cleaning and the removal of the Carlton Hub budgets, have been offset by the transfer of telecom mast income to Public Land & Buildings and a fall in rentals income.

Corporate Administration
Variance due to the transfer of a vacant post to legal services.

Financial Services
No major variances.

Customer Services
Variance due to savings in staffing..

Insurance Premiums
Variance due to an increase in Insurance Premiums.

Revenues - Local Taxation

Variance mainly due to an estimated reduction in Summons income, partly offset by savings in staffing and savings on Legal & Professional fees, Debt Collection charges and the software licence fee transfer over to Information Technology.

Central Provisions Account
Variance due to the removal of the pay line review budget now allocated to services, partly offset by an increase in the transformation fund and budget reduction risk reserve, auto enrolment and increased routine maintenance budget.

Non Distributed Costs
No major variance.

Corporate Income & Expenditure
Variance mainly due to a reduction in investment interest and additional borrowing interest as a result of lower bank interest rates and the completion of the LAMS scheme.

Movement In Reserves (MIRS)
Variance mainly due to an increase in MRP costs and capital depreciation.

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Appendix 4

Major Inflation Indices - Medium Term Financial Plan

	2017/18	2018/19	2019/20	2020/21	2021/22
Council Tax (Excluding Taxbase Changes)	£5 (3.27%) £181,500	£5 (3.16%) £181,500	£5 (3.07%) £181,500	£5 (2.97%) £181,500	£5 (2.89%) £181,500
Pay Award	1.00% £122,000	1.00% £123,700	1.00% £125,500	1.0% £127,200	1.0% £128,600
Superannuation 2.8% increase in Contribution Rate	£262,000	0	0	0	0
	%	%	%	%	%
Premises Expenses:					
Gas	0	2.5	2.5	2.5	2.5
Electricity	0	2.5	2.5	2.5	2.5
Water	2	2	2	2	2
NNDR	2	2	2	2	2
General Supplies & Services	0	0	0	0	0
Discretionary Income	3	3	3	3	3
Vacancy Provision	-£90,000	-£90,000	-£90,000	-£90,000	-£90,000

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Budget Reduction Proposals 2017/18 to 2021/22 - Summarised by Type

Summary 2017 to 2022	Efficiency and Effectiveness £	Contract Management £	Income Generation £	Total £
Community Development	132,400	0	2,500	**134,900**
Health, Housing and Wellbeing	214,500	0	111,400	**325,900**
Public Protection	16,000	0	71,900	**87,900**
Environment	97,500	8,000	290,000	**395,500**
Growth and Regeneration	43,400	5,000	50,000	**98,400**
Resources and Reputation	489,700	48,300	113,600	**651,600**
Total	**993,500**	**61,300**	**639,400**	**1,694,200**

Analysed by Year

A) 2017/18	Efficiency and Effectiveness £	Contract Management £	Income Generation £	Total
Community Development	28,800			**28,800**
Health, Housing and Wellbeing	120,900		56,400	**177,300**
Public Protection	16,000		32,400	**48,400**
Environment			61,000	**61,000**
Growth and Regeneration	26,000	5,000	10,000	**41,000**
Resources and Reputation	160,800	8,300	6,600	**175,700**
Total	**352,500**	**13,300**	**166,400**	**532,200**

B) 2018/19	Efficiency and Effectiveness £	Contract Management £	Income Generation £	Total
Community Development	9,400			**9,400**
Health, Housing and Wellbeing	93,600		20,000	**113,600**
Public Protection				**0**
Environment			70,800	**70,800**
Growth and Regeneration	17,400		10,000	**27,400**
Resources and Reputation	114,600	40,000	14,000	**168,600**
Total	**235,000**	**40,000**	**114,800**	**389,800**

C) 2019/20 to 2021/22	Efficiency and Effectiveness £	Contract Management £	Income Generation £	Total
Community Development	94,200		2,500	**96,700**
Health, Housing and Wellbeing			35,000	**35,000**
Public Protection			39,500	**39,500**
Environment	97,500	8,000	158,200	**263,700**
Growth and Regeneration			30,000	**30,000**
Resources and Reputation	214,300		93,000	**307,300**
Total	**406,000**	**8,000**	**358,200**	**772,200**

Grand Total	**993,500**	**61,300**	**639,400**	**1,694,200**

Community Development Portfolio

Service Area	Description	Efficiency Type: Efficiency and Effectiveness £	Efficiency Type: Contract Management £	Efficiency Type: Income Generation £	Inclusion in 2017/18 Budgets and MTFP: 2017/18 £	Inclusion in 2017/18 Budgets and MTFP: 2018/19 £	Inclusion in 2017/18 Budgets and MTFP: 2019/20 - 21/22 £	Inclusion in 2017/18 Budgets and MTFP: Total £
Localities	Alternate delivery models maximising grant and third party contributions and working with enabled community organisations.	9,200				200	9,000	**9,200**
Events and Play Options	Reducing current subsidy levels by working with third party organisers and community led organisations.	80,000			1,500	6,000	72,500	**80,000**
Arts and Tourism	Reduce project budgets and maximising external funding and grants.	5,000				1,700	3,300	**7,000**
	Minor staffing changes	2,000			2,000			
Sports Development	Remove premises budget and replace with external funding and community organisation support.	1,700			1,000	700		**8,100**
	Reduce changing lifestyles budget	4,600				500	4,100	
	Remove Coaching budget as no longer required.	1,800			1,800			
Community Grants	Reduce training budget and removal of the RCAN grant.	11,000			10,000		1,000	**11,000**
Democratic Mgt and Rep	Switch to electronic versions of newspapers	300				300		**19,600**
	Offer appeals clerking service to schools			2,500			2,500	
	Review working practices and reduce staffing.	16,800			12,500		4,300	
TOTAL		**132,400**	**0**	**2,500**	**28,800**	**9,400**	**96,700**	**134,900**

Housing Health & Wellbeing Portfolio

		Efficiency Type			Inclusion in 2017/18 Budgets and MTFP			
Service Area	**Description**	**Efficiency and Effectiveness £**	**Contract Management £**	**Income Generation £**	**2017/18 £**	**2018/19 £**	**2019/20 - 21/22 £**	**Total £**
Leisure	Re-alignment of Leisure centre opening hours at the weekends to reflect customer demand.	37,100				37,100		**295,400**
	Promotion of Leisure Centre offer to increase income through memberships and business growth.			78,900	23,900	20,000	35,000	
	Increase staff DNA membership by £2 per month.			3,000	3,000			
	Additional income due to review of VAT liability for swimming lessons.			29,500	29,500			
	Review and restructure of staffing across all Leisure Services.	111,900			55,400	56,500		
Housing Needs	Restructure of Housing Needs and review of working practices.	49,100			49,100			**50,500**
	Introduce in-house rents system.	1,400			1,400			
Housing Benefit Administration	Review of staff structure	15,000			15,000			**15,000**
TOTAL		**214,500**	**0**	**111,400**	**177,300**	**113,600**	**35,000**	**325,900**

Public Protection Portfolio

Service Area	Description	Efficiency Type: Efficiency and Effectiveness £	Efficiency Type: Contract Management £	Efficiency Type: Income Generation £	Inclusion in 2017/18 Budgets and MTFP: 2017/18 £	2018/19 £	2019/20 - 21/22 £	Total £
Licensing and Hackney Carriages	Increase in controllable Licence fees.			57,900	18,400		39,500	**57,900**
Food Health and Safety	Deletion of vacant post.	5,200			5,200			**5,200**
Community Protection and Dog Control	Deletion of vacant post.	10,800			10,800			**10,800**
Renovation Grants	Handy Person scheme to be funded from grant in the capital programme.			14,000	14,000			**14,000**
TOTAL		**16,000**	**0**	**71,900**	**48,400**	**0**	**39,500**	**87,900**

Environment Portfolio

		Efficiency Type			Inclusion in 2017/18 Budgets and MTFP			
Service Area	**Description**	**Efficiency and Effectiveness £**	**Contract Management £**	**Income Generation £**	**2017/18 £**	**2018/19 £**	**2019/20 - 21/22 £**	**Total £**
Parks and Street Care - Parks	New grounds maintenance contract.			35,000	35,000			**173,200**
	Income from Catering concession.			50,000	5,000	10,000	35,000	
	Income from sponsorships.			5,000	5,000			
	Income from Investment in Tree Services			83,200		50,800	32,400	
Street Care	Removal of non-contractual overtime.	55,000					55,000	**55,000**
Cemeteries	Income from Investment in Pet Cremation.			60,800			60,800	**60,800**
Waste Management	Review of pricing structure for bulky waste.			16,000	16,000			**49,500**
	Reduction of staffing.	33,500					33,500	
Fleet Management	Income from investment in MOT services.			40,000		10,000	30,000	**57,000**
	Review and rationalise overtime working.	9,000					9,000	
	Greater efficiency from cost effective procurement contracts.		8,000				8,000	
TOTAL		**97,500**	**8,000**	**290,000**	**61,000**	**70,800**	**263,700**	**395,500**

Growth and Regeneration Portfolio

Service Area	Description	Efficiency Type: Efficiency and Effectiveness £	Efficiency Type: Contract Management £	Efficiency Type: Income Generation £	Inclusion in 2017/18 Budgets and MTFP: 2017/18 £	2018/19 £	2019/20 - 21/22 £	Total £
Building Control and Development Management	Reduce supplies and services budget.	4,300			4,300			80,200
	Promotion of service and review of fees.			50,000	10,000	10,000	30,000	
	Review of Tree conservation contract.		5,000		5,000			
	Review of staffing and investigate working in partnership with other authorities.	20,900			10,000	10,900		
Planning Policy	Reduce contribution to shared monitoring tools.	3,000				3,000		3,000
Development Service Support	Reduce supplies and services budget	1,900			1,900			1,900
Economic Development	Remove consultancy budget.	9,800			9,800			13,300
	Cancellation of subscriptions.	3,500				3,500		
TOTAL		**43,400**	**5,000**	**50,000**	**41,000**	**27,400**	**30,000**	**98,400**

Resources and Reputation Portfolio

		Efficiency Type			Inclusion in 2017/18 Budgets and MTFP			
Service Area	**Description**	**Efficiency and Effectiveness £**	**Contract Management £**	**Income Generation £**	**2017/18 £**	**2018/19 £**	**2019/20 - 21/22 £**	**Total £**
Corporate Management	Management Re-structure	30,000			20,000	10,000	0	**30,000**
Public Offices	Reallocation of staff and leasing Income.			10,000		10,000	0	**30,000**
	Review of Carlton Hub provisions.	20,000			20,000		0	
Audit, Risk, Health & Safety	Review of working practices and restructure of staffing.	56,000			56,000		0	**56,000**
	Staff Savings in caretaking	5,300			5,300		0	
Estates and Valuations	Lease income from new property rentals.			50,000			50,000	**50,000**
Public Land and Buildings	Lease income from property rentals.			5,000			5,000	**5,000**
Business Units	Income from service charges to industrial units.			800	800		0	**800**
Insurance Premiums	Re-negotiation of insurance contract.		40,000			40,000	0	**40,000**
Revenues - Local Tax	Reduce staffing by removing vacant posts.	19,800			19,800		0	**136,900**
	Efficiencies from digitalisation and reduced staffing.	78,400			-7,200	31,500	54,100	
Financial Services	Review of service needs and reduce staffing budgets.	38,700			5,000	12,700	21,000	**44,700**
	Financed Debt	6,000			6,000		0	
Registration of Electors	Reduction in staffing budget for canvassing.	5,000				5,000	0	**7,000**
	Reduction in supplies and services budget.	2,000			2,000		0	
Organisational Development	Training income from Apprenticeship courses.			5,600	5,600		0	**29,700**
	Reduce subscriptions.	1,000			1,000		0	
	Reduce budgets for office expenditure.	10,700			3,400	5,000	2,300	
	Increased digitalisation of service to reduce staffing budgets.	12,400			-3,400	900	14,900	
Legal	Reduction in supplies and services budget.	500	8,300		8,800		0	**30,000**
	Implementation of case management and review of working practices to reduce staffing budget.	10,000				10,000	0	
	Introduction of new fees and charges.			11,200	200	1,000	10,000	
Customer Services - Postage, Print Room, Communications and Publicity.	Increase use of pre-paid mail.	5,000				5,000	0	**28,000**
	Review and re-organise staffing.	7,000					7,000	
	Reduction in printing costs and reduction in number of devices.	16,000			500	500	15,000	
Customer Services - Information Technology	Remove ICT provisions that are no longer required.	5,000			5,000		0	**35,000**
	Review of ICT working practices and reduce staffing.	30,000					30,000	
Customer Services	Staged review and re-organisation of staffing.	115,900			11,900	34,000	70,000	**161,900**
	New Customer service provision	15,000		18,000	15,000		18,000	
	New service offer to third parties.			13,000		3,000	10,000	
TOTAL		**489,700**	**48,300**	**113,600**	**175,700**	**168,600**	**307,300**	**651,600**

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Appendix 6

Movement on Earmarked Reserves

	Original Estimate 2016/17				Revised Estimate 2016/17				Original Estimate 2017/18			
	Opening Balance 01/04/16	Transfer to Reserve	Transfer from Reserve	Balance 31/03/17	Opening Balance 01/04/16	Transfer to Reserve	Transfer from Reserve	Balance 31/03/17	Opening Balance 01/04/17	Transfer to Reserve	Transfer from Reserve	Balance 31/03/18
Reserve	£	£	£	£	£	£	£	£	£	£	£	£
Leisure Strategy Reserve	**(500,000)**			**(500,000)**	**(500,000)**		358,500	**(141,500)**	**(141,500)**			**(141,500)**
Joint Use & Base Maintenance Reserve	**(152,500)**	(105,600)		**(258,100)**	**(152,500)**	(105,600)	120,000	**(138,100)**	**(138,100)**			**(138,100)**
Redhill Football Pitch Sinking Fund	**0**	(15,000)		**(15,000)**	**0**			**0**	**0**	(18,000)		**(18,000)**
Pub/Shop Radio Replacement Reserve	**(16,500)**	(3,500)		**(20,000)**	**(16,500)**	(3,500)		**(20,000)**	**(20,000)**	(3,500)		**(23,500)**
Shops & Garages Repairs Reserve	**(70,000)**	(10,000)		**(80,000)**	**(70,000)**	(10,000)		**(80,000)**	**(80,000)**	(10,000)		**(90,000)**
Community & Crime Reserves	**(11,900)**			**(11,900)**	**(11,900)**			**(11,900)**	**(11,900)**		11,900	**0**
IT Replacement Reserve	**(433,900)**	(91,900)	120,000	**(405,800)**	**(433,900)**	(91,900)	120,000	**(405,800)**	**(405,800)**	(91,900)	170,700	**(327,000)**
Disabled Adaptations Reserve	**(22,000)**			**(22,000)**	**(22,000)**			**(22,000)**	**(22,000)**			**(22,000)**
Risk Mgmt Reserve/Budget Redn Risk Reserve	**(340,900)**		4,000	**(336,900)**	**(340,900)**		27,300	**(313,600)**	**(313,600)**		104,000	**(209,600)**
S106 Revenue Reserve	**(95,300)**			**(95,300)**	**(95,300)**	(217,700)	17,300	**(295,700)**	**(295,700)**			**(295,700)**
Housing & Housing Benefits Reserve	**(473,500)**		15,000	**(458,500)**	**(473,500)**		42,200	**(431,300)**	**(431,300)**		15,000	**(416,300)**
Insurance Reserve	**(263,100)**			**(263,100)**	**(263,100)**		15,100	**(248,000)**	**(248,000)**			**(248,000)**
Efficiency & Innovation Reserve	**(126,300)**			**(126,300)**	**(126,300)**		7,100	**(119,200)**	**(119,200)**			**(119,200)**
Asset Management Reserve	**(208,600)**	(55,000)	45,000	**(218,600)**	**(208,600)**	(55,000)	102,000	**(161,600)**	**(161,600)**	(55,000)		**(216,600)**
Local Development Framework Reserve	**(148,900)**			**(148,900)**	**(148,900)**	(8,600)	49,000	**(108,500)**	**(108,500)**		8,600	**(99,900)**
Earmarked Grants Reserve	**(697,000)**	(16,400)	100,000	**(613,400)**	**(697,000)**	(51,000)	263,500	**(484,500)**	**(484,500)**	(8,000)	186,900	**(305,600)**
CCTV Reserve	**(241,500)**	(40,800)		**(282,300)**	**(241,500)**	(40,800)	5,300	**(277,000)**	**(277,000)**	(40,800)	50,000	**(267,800)**
LA Mortgage Scheme Reserve (LAMS)	**(88,200)**	(22,400)		**(110,600)**	**(88,200)**	(22,400)		**(110,600)**	**(110,600)**			**(110,600)**
Rural Broadband Reserve	**(30,700)**			**(30,700)**	**(30,700)**		30,700	**0**	**0**			**0**
Apprentice Reserve	**(61,300)**		16,800	**(44,500)**	**(61,300)**		18,400	**(42,900)**	**(42,900)**		16,800	**(26,100)**
Land Charges	**(25,000)**			**(25,000)**	**(25,000)**			**(25,000)**	**(25,000)**			**(25,000)**
NNDR Pool Reserve	**(98,700)**			**(98,700)**	**(98,700)**			**(98,700)**	**(98,700)**		98,700	**0**
Transformation Fund Reserve	**(256,600)**			**(256,600)**	**(256,600)**	(20,300)	137,400	**(139,500)**	**(139,500)**		139,500	**0**
Economic Development Fund Reserve	**(548,200)**			**(548,200)**	**(548,200)**		120,000	**(428,200)**	**(428,200)**		100,000	**(328,200)**
Total Reserves	**(4,910,600)**	**(360,600)**	**300,800**	**(4,970,400)**	**(4,910,600)**	**(626,800)**	**1,433,800**	**(4,103,600)**	**(4,103,600)**	**(227,200)**	**902,100**	**(3,428,700)**

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APPENDIX 7

COUNCIL TAX COLLECTION FUND ESTIMATE 2017/18

	£000	£000
Taxpayer Accounts Due	(77,052)	
LESS		
Council Tax Support	7,010	
Disabled Relief	74	
Exemptions	1,049	
Discounts	6,296	
Disregard	322	
Annexe Discount	3	
Council Tax Receivable		**(62,298)**
Payment of Previous Year Surpluses		987
Precepts Paid		61,871
Anticipated Write-Offs	72	
Increase in bad debt provision	117	
		189
Deficit in the year		**749**
Deficit B/Fwd		751
(Surplus) / Deficit declared 15th January 2017		**1,500**

Allocation of Council Tax Deficit	£000
Gedling Borough Council	148
Nottinghamshire County Council	1,130
Nottinghamshire Police and Crime Commissioner	157
Combined Fire Authority	65
TOTAL	**1,500**

Summary:	£000
Opening Deficit 1/4/16	751
Previously declared (distributed 16/17)	987
Cumulative deficit 31/3/17	1,738
In year surplus 2016/17	(238)
Est Deficit 31/3/17	**1,500**

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