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Gedling Borough Council

Civic Centre,
Arnot Hill Park,
Arnold,
Nottinghamshire,
NG5 6LU

Agenda

Cabinet

Date:	**Thursday 14 February 2019**
Time:	**12.30 pm**
Place:	**Chappell Room**

For any further information please contact:

Alec Dubberley

Service Manager Democratic Services

0115 901 3906

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Cabinet

Membership

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

AGENDA

To move that in accordance with the provisions of the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000, the public be excluded from the remainder of the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

11 Carlton Square - Confidential Matters 217 - 218

Report of the Service Manager Economic Growth and Regeneration.

MINUTES
CABINET

Thursday 31 January 2019

Councillor John Clarke (Chair)

Councillor Michael Payne	Councillor Gary Gregory
Councillor Peter Barnes	Councillor Jenny Hollingsworth
Councillor David Ellis	Councillor Henry Wheeler

Observers: Councillor Chris Barnfather

Officers in Attendance: K Bradford, M Avery, H Barrington, A Dubberley, J Gray, M Hill and D Wakelin

76 APOLOGIES FOR ABSENCE.

None received.

77 TO APPROVE, AS A CORRECT RECORD, THE MINUTES OF THE MEETING HELD ON 10 JANUARY 2019.

RESOLVED:

That the minutes of the above meeting, having been circulated, be approved as a correct record.

78 DECLARATION OF INTERESTS.

Councillors Clarke and Payne declared a non-pecuniary interest in Item six as members of Nottinghamshire County Council as land in the ownership of the County Council was the subject of the development brief.

Councillor Clarke declared a non-pecuniary interest in agenda item six, on behalf of all councillors due, to land in the development brief being in the ownership of the council.

Councillor Ellis declared a non-pecuniary interest in item six as a governor Arnold View Primary School.

79 RESULTS OF THE CONSULTATION ON LOCAL GOVERNMENT REORGANISATION IN NOTTINGHAMSHIRE

The Director of Organisational Development and Democratic Services presented a report, which was circulated in advance of the meeting, presenting the results of the recently conducted survey carried out Nottinghamshire Local Government reorganisation.

RESOLVED to:

1) Note the responses received in connection with the consultation exercise conducted on the local government structure in Nottinghamshire;

2) Inform The Leader of Nottinghamshire County Council, the local Members of Parliament and the Secretary of State of the results of the consultation exercise;

3) Circulate a copy of the summary of responses received to all Gedling Borough Councillors; and

4) Include a summary of responses in the Spring edition of the Council's
Contacts magazine.

80 REVIEW OF THE COMMUNITY INFRASTRUCTURE LEVY (CIL)

The Service Manager Development Services introduced a report, which had been circulated prior to the meeting, introducing the commencement of a Review of the Community Infrastructure Levy.

RESOLVED:

To support the review of the Community Infrastructure Levy in accordance with the Inspector's recommendation.

81 DEVELOPMENT BRIEF FOR THREE SITES TO THE NORTH EAST OF ARNOLD

The Service Manager Planning Policy introduced a report, which had been circulated prior to the meeting, setting out a design brief for development across three sites in Arnold.

RESOLVED:

To approve the development brief for three sites to the north east of Arnold (H2: Brookfields Garden Centre, H7: Howbeck Road/Mapperley Plains and H8: Killisick Lane) as a supplementary planning document.

82 NON-DESIGNATED HERITAGE ASSETS SELECTION CRITERIA

The Service Manager Planning Policy introduced a report, which had been circulated prior to the meeting, seeking approval for the process for identifying Non-Designated Heritage Assets in the Borough, including specific selection criteria.

RESOLVED to:

1) Approve the document 'Non-Designated Heritage Assets: Selection Criteria' attached as Appendix A to the report which establishes the selection criteria for identifying a local list of non-designated heritage assets in Gedling Borough;

2) Authorise the Service Manager Planning Policy to publicise the document and undertake an on-going public call for asset nominations;

3) Authorise the Service Manager Planning Policy to approve the outcome of assessments made against the selection criteria and to update and publish the local list of non-designated heritage assets as appropriate;

4) Authorise the Service Manager Planning Policy to update the document 'Non-Designated Heritage Assets: Selection Criteria' to make minor presentational/ typographical/ factual corrections if required; and

5) Authorise the Chief Executive to determine any appeals made against the outcome of the assessment to include/ not include an asset on the local list.

83 PRUDENTIAL CODE INDICATOR MONITORING 2018/19 AND QUARTERLY TREASURY ACTIVITY REPORT

The Deputy Chief Executive and Director of Finance introduced a report, which had been circulated prior to the meeting, informing Members of the performance monitoring of the 2018/19 Prudential Code Indicators, and to advise Members of the quarterly treasury activity as required by the Treasury Management Strategy.

RESOLVED:

To note the report, together with the Treasury Activity Report 2018/19 for Quarter 3, at Appendix 1 to the report, and the Prudential and Treasury Indicator Monitoring 2018/19 for Quarter 3, at Appendix 2 to the report.

84 QUARTERLY BUDGET MONITORING, PERFORMANCE DIGEST & VIREMENT REPORT

The Deputy Chief Executive and Director of Finance introduced a report providing details of the likely year end financial position as at the end of quarter 3 of the 2018/19 financial year. The Director of Organisational Development and Democratic Services provided some details of performance during the same period.

RESOLVED to:

1) Note the progress against Improvement Actions and Performance Indicators in the 2018/19 Gedling Plan;

2) Agree the amendments to the performance indicator targets set out in paragraph 2.1.7 of the report;

3) Approve the General Fund Revenue Budget virements included in Appendix 1 to the report;

4) Note the use of reserves and funds during quarter three as detailed in Appendix 2 to the report; and

5) Approve the changes to the capital programme included in paragraph 2.2.3 of the report.

85 BREXIT AND ITS POTENTIAL IMPACT ON GEDLING BOROUGH COUNCIL

The Deputy Chief Executive introduced a report, which had been circulate prior to the meeting, exploring the potential impacts of Brexit on the services provided by the Council following the UK's decision to withdraw from the European Union.

RESOLVED to:

1) Note the report;

2) Support the lobbying of central government as regards to potential changes in legislation, which may improve the council's aspirations in its community leadership role; and

3) Instruct officers as a matter of urgency, to review all of the Council's contractual relationships and supply chains to ensure that service operations will remain effective post Brexit.

86 FORWARD PLAN

Consideration was given to a report of the Service Manager, Democratic Services, which had been circulated prior to the meeting, detailing the Executive's draft Forward Plan for the next four month period.

RESOLVED:

To note the report.

87 ANY OTHER ITEMS THE CHAIR CONSIDERS URGENT.

None.

The meeting finished at 1.55 pm

Signed by Chair:
Date:

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Gedling Borough Council

Report to Cabinet

Subject: Prudential and Treasury Indicators and Treasury Management Strategy Statement (TMSS) 2019/20

Date: 14 February 2019

Author: Deputy Chief Executive and Director of Finance

Wards Affected

All

Purpose

To present for Members' approval the Council's Prudential Code Indicators and Treasury Strategy for 2019/20, for referral to Full Council on 4 March 2019.

Key Decision

This **is** a key decision.

Recommendations:

Members are recommended to:

1. Approve the Prudential and Treasury Indicators and Treasury Management Strategy Statement 2019/20, which includes the key elements below, and refer it to Full Council on 4 March 2019 for approval as required by the Regulations:

a. The Minimum Revenue Provision (MRP) Policy Statement (2.2);
b. The Borrowing Strategy (2.3.4);
c. The Annual Investment Strategy (2.3.8);
d. Capital Affordability Prudential Indicators for 2019/20 to 2021/22 (Appendix 1);
e. Treasury Indicators including affordability limits to borrowing for 2019/20 to 2021/22 (Appendix 1).

2. Note the indicative Prudential and Treasury Indicators for 2022/23 and 2023/24 (Appendix 1).

Background

1.1 Introduction

1.1.1 CIPFA defines Treasury Management as "the management of the local authority's borrowing, 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."

"Investments" in the definition above include all the Council's financial assets (treasury investments) as well as other "non-financial assets" (non-treasury investments) held primarily for financial returns, for example commercial investment property portfolios and loans to third parties. Whilst commercial initiatives and loans to third parties will have an impact on the Treasury Management function, these activities are generally classed as "non-treasury activities" (as they usually arise from capital expenditure), and are separate from day to day Treasury Management activities.

However, all investments require appropriate risk management under the Treasury Management Code, and the key principle of the control of risk and optimisation of returns should be applied across all investment activities, including those that are more commercially based.

1.1.2 The Council is required to operate a "balanced budget", which broadly means that cash raised during the year will meet cash expenditure. 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 in low-risk counterparties and instruments 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.

The contribution made by the Treasury Management function is critical as the balance of debt and investment operations ensure liquidity, ie. the ability to meet spending commitments as they fall due. Treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits impacting the overall budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

1.2 Statutory reporting requirements

Revised reporting is required for 2019/20 due to the updates of the Ministry of Housing, Communities and Local Government (MHCLG) Investment Guidance, the MHCLG Minimum Revenue Provison (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes included the introduction of an explicit requirement to prepare a Capital Strategy to provide a longer-term focus to capital planning, and to meet the greater reporting requirements for any commercial activity undertaken under the Localism Act 2011. The Council's Capital Strategy is being reported separately, but its pupose and content is summarised below for completeness.

1.2.1 Capital Strategy

The revised CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a Capital Strategy report which will provide the following:

- A high level long-term overview of how capital expenditure, capital financing and Treasury Management activities contribute to the provision of services;
- An overview of how the associated risk is managed;
- The implications for future sustainability.

The aim of the Capital Strategy report is to ensure that all elected Members, ie. Full Council fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.

The Capital Strategy is reported separately from the TMSS, with non-treasury investments reported through the Capital Strategy to ensure the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset. The Capital Strategy will show:

- The corporate governance arrangements for these types of activities;
- Any service objectives relating to the investments;
- The expected income, costs and resulting contribution;
- The debt related to the activity and the associated interest costs;
- The payback period (MRP policy);
- For non-loan type investments, the cost against the current market value;
- The risks associated with each activity.

Where a physical asset is being bought, details of market research, any advisers used (and their monitoring), ongoing costs and investment requirements, together with any credit information, will be disclosed - including the ability to sell the asset and realise the investment cash.

Borrowing purely for commercial purposes, ie. the generation of a return, is not permitted, however if a commercial investment is at least in part for an economic or social reason, borrowing is permitted. Where the Council plans to borrow to fund non-treasury investments, there should be an explanation in the Capital Strategy of why borrowing is required and whether the MHCLG Investment Guidance and CIPFA Prudential Code have been adhered to.

If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the Capital Strategy.

To demonstrate the proportionality between treasury (financial) and non-treasury (non-financial) operations, high level comparisons are shown throughout this report.

1.2.2 Treasury Management Reporting

As a minimum, the Treasury Management Code requires that the full Council receives and approves three main reports each year, which incorporate a variety of policies, estimates and actuals.

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

This first, and most important report is forward-looking and 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).

b) Mid-year Treasury Management Report:

This is primarily a progress report and updates Members on 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 progress reports to Members, and this exceeds the minimum requirement.

c) Annual Treasury Report:

This is a backward looking review and provides details of a selection of actual prudential and treasury indicators, and actual treasury operations compared to the estimates within the strategy.

1.2.3 Scrutiny

All Treasury Management reports must be adequately scrutinised before being recommended to Council, and 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 must also be consulted. Any comments received will be taken into account before referral to Council.

1.3 Treasury management strategy for 2019/20

The treasury management strategy for 2019/20 covers two main areas:

Capital issues including:
- The Council's capital expenditure plans, and the prudential indicators;
- The minimum revenue provision (MRP) policy.

Treasury management issues including:
- 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, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

1.4 Training

The CIPFA Code requires the responsible officer to ensure that Members with responsibility for Treasury Management receive adequate training. This especially applies to Members responsible for the scrutiny of Treasury Management, ie. Cabinet, and the Chief Financial Officer will arrange training for Members as required. The Council's Treasury Management advisers, Link Asset Services (LAS), will provide more detailed training sessions for Members as appropriate.

The training needs of officers involved with Treasury Management are reviewed periodically.

1.5 Treasury Management consultants

The Council uses LAS as its Treasury Management advisers.

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. All decisions will be undertaken with regard to all the available information, including but not solely that from the treasury advisers.

The Council 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 appointment and the methods by which value will be assessed are properly agreed and documented, and subjected to regular review.

In 2019/20, the scope of the Council's investments is anticipated to widen to include both conventional treasury investments (the placing of residual cash from Council functions), and more commercial type investments, such as investment properties. Commercial investment requires additional specialist advice and the Council will obtain this whenever it is necessary.

Proposal

2.1 The Capital Affordability and Prudential Indicators 2019/20 to 2021/22

The Council's capital expenditure plans are the key driver of treasury management activity.

The output of the Council's capital expenditure plans is reflected in prudential indicators, which are designed to assist Members to overview and confirm such plans. The indicators the three years 2019/20 to 2021/22 are attached at Appendix 1 and these must be referred to Full Council for approval in accordance with the regulations.

Indicative indicators for 2022/23 and 2023/24 are also included in Appendix 1, to reflect the 5-year period of the Medium Term Financial Plan. The purpose of this is to ensure that longer term forecasts for capital expenditure and borrowing are fully considered and demonstrated to be prudent and affordable. The inclusion of these indicators aligns with the Capital Programme and Capital Investment Strategy elsewhere on this agenda.

2.1.1 Capital expenditure

The indicator includes a summary of the proposed capital expenditure plans for 2019/20 to 2021/22, including both those agreed previously and those forming part of this budget cycle.

The Capital Programme includes both "service-related" expenditure and "non-financial" commercial property investment, the management of which is not part of the Treasury Management function.

Capital Expenditure:	2019/20 Estimate £000s	2020/21 Estimate £000s	2021/22 Estimate £000s
Service Investment	6,444	1,692	2,518
Commercial Investment (Property)	2,500	2,500	0
Total Capital Expenditure	**8,944**	**4,192**	**2,518**

The table below analyses the capital expenditure plans by portfolio. Commercial investment property is included in Resources and Reputation.

Portfolio Capital Expenditure:	2019/20 Estimate £000s	2020/21 Estimate £000s	2021/22 Estimate £000s
Housing, Health & Wellbeing	420	0	0
Public Protection	900	900	900
Environment	1,284	372	1,198
Growth & Regeneration	3,140	0	0
Resources & Reputation	3,200	2,750	250
Equipment Replacement	0	70	70
Development Bids	0	100	100
Total Capital Expenditure	**8,944**	**4,192**	**2,518**

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 net financing need (ie the borrowing need).

Financing of Capital Expenditure:	2019/20 Est Estimate £000s	2020/21 Estimate £000s	2021/22 Estimate £000s
Capital Exp (above):	**8,944**	**4,192**	**2,518**
Financed by:			
Capital receipts	611	611	611
Capital grants & contributions	2,483	900	900
Direct Revenue Financing	519	20	20
Net Borrowing Need	**5,331**	**2,661**	**987**

Commercial investment will be fully financed by borrowing, and the borrowing need shown above is split between service related investment and commercial investment as follows:

Borrowing for:	2019/20 Estimate £000s	2020/21 Estimate £000s	2021/22 Estimate £000s
Service Investment	2,831	161	987
Commercial Investment (Property)	2,500	2,500	0
Total Borrowing Need	**5,331**	**2,661**	**987**

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

The CFR represents 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, and so charges the economic consumption of capital assets as they are used.

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.

Capital Financing Requirement (CFR)	**2019/20 Estimate £000s**	**% of total**	**2020/21 Estimate £000s**	**% of total**	**2021/22 Estimate £000s**	**% of total**
Closing CFR:						
Service activity	13,140	84	12,592	72	12,868	73
Commercial activity	2,500	16	4,958	28	4,872	27
Total	**15,640**	**100**	**17,550**	**100**	**17,740**	**100**
Movement in CFR within the year	**+4,690**		**+1,910**		**+190**	
Represented by:						
Net financing need - Service activity	+2,831		+161		+987	
MRP-Service activity	-641		-709		-711	
Net financing need - Commercial activity	+2,500		+2,500		0	
MRP-Commercial activity	0		-42		-86	
Movement in CFR within the year	**+4,690**		**+1,910**		**+190**	

With the introduction of commercial activity to the Council's capital programme, with its associated borrowing requirement, the predominantly private-sector based concept of "gearing" provides an opportunity to compare the total underlying borrowing need to the Council's total fixed assets. The gearing ratio can provide an early indication where debt levels are rising relative to the long term assets held.

The Council's treasury advisers, Link Asset Services, have analysed the balance sheets of over 200 authorities and established that average gearing is around 35% for councils similar in size to Gedling. The table below demonstrates that, on the basis of current assumptions, Gedling sits very close to this average.

Gearing:	**2019/20 Estimate £000s**	**2020/21 Estimate £000s**	**2021/22 Estimate £000s**
Estimated Long Term Assets: (Property, Plant, Equipment and Commercial Investment Property	44,711	48,003	49,621
Closing CFR	15,640	17,550	17,740
Gearing Ratio	**35%**	**37%**	**36%**

A key aspect of the regulatory and professional guidance is that Members are made fully aware of the size and scope of any commercial activity in relation to the Council's overall position.

The capital expenditure figures shown at 2.1.1, together with the analysis of the borrowing need and the gearing ratio shown at 2.1.2, demonstrate the scope of this commercial activity. The Chief Financial Officer considers that this activity is proportionate for Gedling in terms of the Council's overall capital investment and borrowing need.

2.1.3 Other Capital Affordability Prudential Indicators

Sections 2.1.1 and 2.1.2 above cover the Prudential Indicators for overall "capital" and "control of borrowing", but within the Prudential framework additional indicators are required to further assess the affordability of the Council's capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances and are detailed below. A summary of the indicators can be found at Appendix 1.

- **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.

Financing costs represent the element of the Council's budget to which it is committed even before providing any services, because they reflect the current costs of previous and planned capital financing decisions. Furthermore, if the net revenue stream falls as funding sources decline and cuts are made to expenditure, financing costs may be fixed, increasing the ratio of financing costs to the net revenue stream. If for example the ratio of financing costs to the net revenue stream is 8%, that leaves 92% with which to provide all the Council's other services. If the percentage rises to 10%, only 90 % is available for services.

Estimates of financing costs include current commitments and the proposals included in the Gedling Plan report elsewhere on this agenda. As detailed in the Capital Programme report elsewhere on this agenda, a contribution of

£20,000 from the IT revenue budget in each of the next three financial years has been included.

Financing costs and the net revenue stream:	2019/20 Estimate £000s	2020/21 Estimate £000s	2021/22 Estimate £000s
Net revenue stream	11,676	10,872	10,907
Financing costs (net) – Services	1,337	904	929
Ratio to net revenue stream	**11.45%**	**8.32%**	**8.52%**
Financing costs (net) – Commercial Property	36	114	231
Ratio to net revenue stream	**0.31%**	**1.05%**	**2.12%**
Total ratio of financing costs to the net revenue stream	**11.76%**	**9.37%**	**10.64%**

- **Ratio of commercial income to net revenue stream** - another useful measure of the proportionality of commercial activity is the ratio of commercial income to the Council's net revenue stream. This demonstrates the extent to which the loss of commercial income would impact on the Council. This does not take into account any potential loss on capital value, which may not be recoverable if an asset is sold for a lower price. MRP will have been set aside to repay debt, therefore mitigating the risk of losses.

Commercial property income and the net revenue stream:	2019/20 Estimate £000s	2020/21 Estimate £000s	2021/22 Estimate £000s
Net revenue stream	11,676	10,872	10,907
Commercial Property investment income	71	164	331
Ratio of commercial property income to the net revenue stream	**0.61%**	**1.51%**	**3.03%**

- **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. Please see 2.2.1 below.

  The 2019/20 Capital Programme and Capital Investment Strategy report provides full details of the proposed capital programme, including non-treasury investments, ie. Commercial property investment. All the capital prudential indicators can be found at Appendix 1, and 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.

Maximum Gross Debt:	2019/20 Estimate £000s	2020/21 Estimate £000s	2021/22 Estimate £000s
Opening CFR (ie. closing CFR in preceding year)	10,950	15,640	17,550
Additions (only) in-year + following 2 years	6,790	2,100	281
Maximum Gross Debt	**17,740**	**17,740**	**17,831**
Estimated GBC debt at 31 March	10,312	13,812	13,812
Under/(over) borrowing	**7,428**	**3,928**	**4,019**

Within the estimated total debt figures above, the debt relating to commercial activities and non-financial investment is £2.5m at 31 March 2020 (24.2%) and £5m at 31 March 2021 and 31 March 2022 (36.2%).

2.2 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 so wishes (VRP).

MHCLG 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 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 guidance seeks to ensure that local authorities make borrowing and investment decisions in a way that is commensurate with their statutory responsibilities, and their best value duty. The Council is obliged to have regard to the MHCLG guidance, but it is not prescriptive.

The Council is recommended to approve the following Statement for 2019/20:

MRP Statement 2019/20

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. From 1 April 2019 an annuity approach will be adopted in making this calculation. This allows for a slightly lower MRP charge in the early years and represents a change to the previous use of an equal instalment approach. This is considered prudent because it better reflects the time value of money, whereby £100 paid ten years hence represents less of a burden than paying £100 today.

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. A change introduced by the revised MHCLG guidance provides that any charge made over and above the statutory MRP, ie. voluntary revenue provision (VRP) or "overpayment", can be reclaimed in later years if deemed necessary or prudent, providing the cumulative overpayment made to date is disclosed in this policy statement. In view of the economic climate and significant budgetary pressures, the Council will not provide for an additional voluntary contribution to MRP in 2019/20, and neither has it done so in previous years.

f. Based on the above policy, the net MRP charge for 2019/20 has been calculated as £641,500 as detailed below, and this sum has been included in the Council's 2019/20 budget proposals. The exact amount of MRP will be subject to change should capital financing decisions alter during the year.

Minimum Revenue Provision (MRP)	**2019/20 £000s**
CFR Method - up to 31 March 2008	221
Asset Life Method (annuity approach) - from 1 April 2008	420
Total MRP	**641**

2.3 Treasury Strategy 2019/20 - Borrowing and Investment

The capital expenditure plans set out above provide details of the Council's service activity, and its commercial investment. 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 indicators, the current and projected debt positions and the annual investment strategy.

2.3.1 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 total capital borrowing need, ie. the Capital Financing Requirement (CFR), highlighting any expected over or under borrowing.

Projected Gross Debt compared to CFR	**2019/20 Estimate £000s**	**2020/21 Estimate £000s**	**2021/22 Estimate £000s**
Estimated Debt 1 April	7,812	10,312	13,812
Estimated change in debt	2,500	3,500	0
Other long term liabilities	0	0	0
Estimated Gross Debt 31 March	**10,312**	**13,812**	**13,812**
Estimated Closing CFR	15,640	17,550	17,740
Under/Internal / (Over) borrowing	**5,328**	**3,738**	**3,928**
Internal borrowing as % of estimated closing CFR	**34%**	**21%**	**22%**

Under-borrowing represents the extent of the Council's "internal borrowing" position, ie. the use of reserves and balances that are being used as a short-term alternative to taking external debt. This represents the Council's exposure to interest rate movements (whilst internal balances are used, PWLB rates may rise) and the element of borrowing that is being undertaken at variable rates (ie. rates equivalent to lost investment income).

Balance sheet reviews undertaken by Link Asset Services have established that the average level of internal borrowing is around 20%, however authorities with a relatively low CFR (like Gedling) may be able to successfully run a higher internal borrowing position. The table above shows Gedling's ratio is estimated to be 36% in 2019/20, but that in a climate where interest rates are likely to rise, action is already being taken to reduce the Council's level to nearer the average, to lessen risk.

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 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 closing CFR in the preceding year plus the estimates of any **additional** CFR for 2019/20 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, or for speculative purposes.

The Chief Financial Officer can report that the Council has complied with this prudential indicator during the current year, 2018/19, and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in the budget report.

2.3.2 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 is a key prudential indicator and 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.

2.3.3 Prospects for Interest Rates

The Council has appointed Link Asset Services (LAS) as its treasury adviser and part of their service is to assist the Council to formulate a view on interest rates. The following table and commentary gives the LAS central view as at 7 January 2019 and further information on interest rates can be found at Appendix 2.

Link Asset Services Interest Rate View	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
3 Month LIBID	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%
6 Month LIBID	1.00%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%
12 Month LIBID	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%
5yr PWLB Rate	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
10yr PWLB Rate	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
25yr PWLB Rate	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%

The flow of generally positive economic statistics after the quarter ended 30 June meant that it came as no surprise that the MPC came to a decision on 2 August to make the first increase in Bank Rate above 0.5% since the financial crash, from 0.5% to 0.75%. Growth has been healthy since that meeting, but is expected to weaken during the last quarter of 2018. At their November meeting, the MPC left Bank Rate unchanged, but expressed concern at the fiscal stimulus in the Chancellor's Budget, which could increase inflationary pressures. However, it is unlikely that the MPC will increase Bank Rate in February 2019, ahead of the 29 March deadline for Brexit. The next increase in Bank Rate is therefore forecast to be in May 2019, followed by increases in February and November 2020, before reaching 2.0% in February 2022.

The overall long run trend is for gilt yields, and consequently PWLB rates, to rise gently. However, over the last 25 years, there has been a period of falling bond yields as inflation fell and then stabilised at lower levels than before. Central banks have also implemented substantial quantitative easing with purchases of government and other debt after the financial crash of 2008. Conversely, quantitative easing has also caused a rise in equity values as investors searched for higher returns and purchased riskier assets. In 2016, this trend started to reverse with a sharp rise in bond yields after the US Presidential election in November 2016, and yields then rose further as a result of the increase in the US government deficit, aimed at stimulating even stronger economic growth. This policy change also created concerns around a significant rise in inflationary pressures in an economy which was already running at very low levels of unemployment. The Federal Reserve (Fed) has continued its robust responses to combat its perception of rising inflationary pressures by repeatedly increasing the range for its benchmark Fed Funds Rate, to reach 2.25–2.50% in December 2018. It has also continued its policy of not fully reinvesting proceeds from bonds that it holds as a result of quantitative easing when they mature. US bond yields have now fallen back on fears that the Fed is being too aggressive in raising rates, and is in danger of causing a recession. Equity prices too have been extremely volatile.

Gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments. In broad terms:

- Investment returns are likely to remain low during 2019/20 but to be on a gently rising trend over the next few years.

- Borrowing rates have been volatile in 2018/19 having been on a rising trend during the first half of the year, then backtracking until early January. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years, however this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt;

- There will remain a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new long-term borrowing that causes a temporary increase in cash balances as this position will almost certainly, incur a revenue cost.

2.3.4 Borrowing Strategy 2019/20

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 2019/20 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 borrowing 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 rate of increase in central rates in the UK and US, an increase in world economic activity or a sudden rise in inflation risk, 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 are projected to be in the next few years.

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

2.3.5 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 unlawful. 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.

2.3.6 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.

2.3.7 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 its advisers, LAS.

2.3.8 Annual Investment Strategy 2019/20

a. Investment Policy – management of risk

The MHCLG and CIPFA have extended the meaning of "investments" to include both financial and non-financial investments. The TMSS report deals solely with financial investments managed by the Treasury Management team. Non-financial investments, especially the purchase of income-yielding assets such as commercial property, are managed by the Property Services team and are covered in the Capital Strategy elsewhere on this agenda.

The Council's investment policy has regard to:

- MHCLG's Guidance on Local Government Investments ("the guidance");
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code");
- CIPFA Treasury Management Guidance Notes 2018.

The Council's investment priorities will be security first, portfolio liquidity second, and then yield (return).

The MHCLG and CIPFA guidance place a high priority on the management of risk. The Council has adopted a prudent approach to managing risk and defines its risk appetite by the following means:

i. Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus the avoidance of concentration risk. The Council utilises the LAS Creditworthiness Methodology, whereby banks' ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications. The Council has clearly stipulated its creditworthiness policy at 2.2.8 (b) below.

ii. Ratings will not be the sole determinant of the quality of an institution, as it is important to continually assess and monitor the financial sector in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets, and the Council will engage with its treasury advisers to maintain a monitor on market pricing.

iii. Other information sources will include the financial press, share prices 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.

iv. The Council has defined the types of financial investment instruments that are authorised for use and these are classified as either "specified" or "non-specified" (see Appendix 3):

- **Specified Investments** are those with a high level of credit quality, subject to a maturity limit of one year, and not defined as capital expenditure. Only minimal reference is given to specified investments in the Annual Investment Strategy, and they will generally be used for cash-flow management.

- **Non-specified investments** are all those not meeting the criteria for specified investments above, ie. those with less high credit quality, for periods in excess of one year, or are more complex instruments, eg. property funds, which require greater consideration by Members and officers before being authorised for use. If used, non-specified investments will tend 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 only after consultation with the Council's treasury advisers.

v. Investment counterparty limits for 2019/20 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 would be minimised both in monetary size and in duration of deposit.

vi. The Council will set a limit on the amount of its investments which are invested for longer than one year (365 days).

vii. Investments will only be placed with counterparties from countries with a minimum sovereign rating.

viii. The Council has engaged external consultants (see para 1.5) to provide expert advice on how to optimise the appropriate balance of security, liquidity and yield – given the risk appetite of the Council in the context of the expected level of cash balances and the need for liquidity throughout the year.

ix. All investments will be in sterling.

x. As a result of the change in accounting standards for 2018/19 under IFRS9, under which movements in the value of investments are charged immediately to the revenue accounts, the Council will closely consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested, and resultant changes at the end of the year to the General Fund. In November 2018, MHCLG concluded its consultation on a temporary override to allow English authorities time to adjust their portfolio of pooled investments. A statutory override was duly announced, delaying the implementation of IFRS9 for 5 years commencing 1 April 2018. The Council currently has an investment of £1m in the CCLA property fund which will be subject to the statutory override.

xi. The Council will pursue value for money in Treasury Management and will monitor the yield from investment income against appropriate benchmarks for investment performance.

b. Creditworthiness policy

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

i. Security of capital – the categories of investment instruments to be used (specified and non-specified) are set out at Appendix 3;
ii. Liquidity of capital – regular cashflow monitoring determines the optimum period for which funds may be prudently committed at any particular time, and the creditworthiness methodology below determines the maximum time for which funds may be prudently committed with individual counterparties;
iii. Return on investment

Counterparty selection:

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 LAS 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 which give early warnings of likely changes in credit ratings;
- Sovereign ratings to select counterparties from only the most creditworthy countries.

The LAS 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 LAS and the Council are as follows:

- Yellow 5 years (UK government debt or its equivalent)
- Dark pink 5 years for Ultra Short Dated Bond Funds (credit score 1.25)
- Light pink 5 years for Ultra Short Dated Bond Funds (credit score 1.50)
- 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 LAS creditworthiness service uses a wider array of information than just “primary” ratings. Furthermore, by using a risk weighted scoring system it does not place undue reliance on one agency’s rating. All credit ratings are monitored weekly and the Council is also alerted to interim changes via its use of the LAS creditworthiness online service. If a downgrade deems counterparties no longer acceptable, their use for new investments will be withdrawn immediately.

Ratings under the LAS 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.

Ringfencing:

Ringfencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail deposits from investment banking. In general, ringfenced banks will focus on lower risk day to day core transactions, whilst more complex and riskier activities will be the domain of a separate non-ringfenced bank. Whilst the structure of banks included in this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the newly formed entities under the LAS creditworthiness methodology.

Property Funds:

Property Funds are not credit-rated, due to their diverse portfolios and structures. There are inherent risks associated with Property Fund investment in that the capital value is not guaranteed, and past dividend performance is not a guarantee of future returns. Investments should therefore be made with a time horizon of at least five years, to accommodate potential reductions in property values in the short to medium term. Evidence from recent years suggests that over time, property has been a positive long-term investment, however the market is undeniably cyclical, and investing for less than five years, may pose a significant risk.

The timing of property fund investments represents some degree of risk both in terms of the dividend and the capital sum. The key unknown is the future performance relative to the risk. If investment is done at or near the bottom of a cycle, significant benefits might accrue from subsequent upturn, with rising dividends and increasing capital value. Conversely, should the cycle turn downwards for a significant proportion of the investment period, dividends might be lower than would be acceptable given the additional risks taken, and the capital sum returned might be **less** than that originally invested.

Property is not a liquid asset and it can take time to realise an investment. Whilst Property Funds must hold a proportion of their assets as cash, in practice there may be a delay whilst assets are sold to realise the cash with which to make a redemption payment. Investment in Property Funds should be from core cash that is not likely to be required for at least five years, and even then not on demand.

Country limits:

The Council will use approved **UK** counterparties subject to their individual credit ratings under the LAS methodology (see above). 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 **each** 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 amendment 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.

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.

Bank Rate is forecast to increase steadily but slowly over the next few years, to reach 2% by Q1 of 2022. Bank Rate forecasts for financial year ends (31

March) are:

- 2018/19 0.75% (current year)
- 2019/20 1.25%
- 2020/21 1.50%
- 2021/22 2.00%

LAS have suggested the following budgeted investment earnings rates for investments up to 100 days for the next three years:

- 2018/19 0.75% (current year)
- 2019/20 1.00%
- 2020/21 1.50%
- 2021/22 1.75%

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 365 days).

For its cashflow generated balances, the Council will seek to utilise its money market funds, notice accounts and short dated deposits in order to benefit from the compounding of interest.

The overall balance of risk to economic growth in the UK is currently judged by LAS to be neutral. The balance of risk to increases in Bank Rate and short-term PWLB rates is also thought to be even, and is dependent on the strength of GDP growth, how slowly inflation pressures subside, and how quickly and positively the Brexit negotiations move forward.

An Investment treasury indicator and limit must be set for the total principal funds invested for periods in excess of one year (365 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. As at 22 January 2019 the Council's total non-specified investment is £1,000,000 - represented by the investment in the CCLA property fund.

The treasury indicator and limit for new non-specified investments to be made in each of 2019/20, 2020/21 and 2021/22 is £3m, as detailed at Appendix 1 (treasury indicators) but this is subject to an overall limit of £5m for the total non-specified investments held by the Council at any one time (see Appendix 3). An overall individual counterparty limit of £3m also applies.

In accordance with the revised Treasury Management Code, a statement in the TMSS stating how interest rate exposure is managed and monitored is required, and this is set out below:

The Council has a general preference for fixed rate borrowing in order to minimise uncertainty and ensure stability in the charge to revenue, however it is *acknowledged that in certain circumstances, some variable rate borrowing may be prudent, for example if interest rates are expected to fall. The Council's investments are generally for cashflow purposes and accordingly a mix of fixed and variable rates will be used to maximise flexibility and liquidity. Interest rate exposure will be managed and monitored on a daily basis by the Chief Financial Officer.*

d. Investment risk benchmarking

The Council will use the average 7-day and 3-month LIBID rates to benchmark its equated investment rate.

LIBID is the interest rate at which London banks are willing to borrow from each other in the inter-bank market. It is the average of rates which five major London banks are willing to bid for a £10 million deposit for a given period. The rate at which the London banks are BORROWING from each other in turn affects the rate at which they will borrow from other parties, eg. local authorities like Gedling, which are LENDING money.

e. 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.

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.

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.

f. 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.

g. 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.

h. Policy on the use of external service providers

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

2.3.9 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;

Audit Committee is responsible for:

- Reviewing the Treasury Management policy and procedures, and making recommendations to the responsible body through the Internal Audit process.

2.3.10 The role of the section 151 officer

The Deputy Chief Executive and Director of Finance (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;
- Approving the selection of external service providers and agreeing terms of appointment.

Implicit in the December 2017 changes to the Prudential and Treasury Management Codes was a major extension of the function of the S151 role, especially in respect of non-financial investments (which Cipfa has defined as being part of treasury management). The S151 officer role is also now responsible for:

- Preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management over a significant time-frame;
- Ensuring that the capital strategy is prudent, sustainable and affordable in the long term, and provides value for money;
- Ensuring that due diligence has been carried out on all treasury and non-financial investments, and is in accordance with the risk appetite of the authority;
- Ensuring that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing;
- Ensuring the proportionality of all investments so that the authority does not undertake a level of investment which exposes it to an excessive level of risk compared to its financial resources;
- Ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities;
- Provision to Members of a schedule of all non-financial investments including material investments in subsidiaries, joint ventures, loans and financial guarantees;
- Ensuring that Members are adequately informed and understand the risk exposure taken on by the authority;
- Ensuring that the authority has adequate expertise, either in-house or externally provided, to carry out any non-financial investments;
- The creation of Treasury Management Practices which specifically deal with how non-financial investments will be carried out and managed.

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 2019/20 to 2021/22 for approval, and Indicative Indicators for 2022/23 and 2023/24;
2. Interest rate forecasts;
3. Specified and non-specified investments;
4. Approved countries for investment.

Background Papers

None identified.

Reasons for Recommendations

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

For more information, please contact:

Alison Ball, Financial Services Manager, on 0115 901 3980

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Prudential Indicators 2019/20 to 2021/22 for approval, and Indicative Indicators for 2022/23 and 2023/24

Appendix 1

	Indicators for approval			Indicative Indicators	
	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Prudential Indicators - Capital Affordability					
a) Capital Expenditure	£ 8,943,500	£ 4,192,000	£ 2,518,000	£ 1,786,000	£ 2,498,000
b) Capital Financing Requirement (CFR)	£ 15,639,600	£ 17,550,400	£ 17,739,600	£ 17,126,200	£ 17,218,100
c) Gearing Ratio (CFR to long term assets)	35%	37%	36%	34%	33%
d) Ratio of Financing Costs to Net Revenue Stream					
Service activity	11.45%	8.32%	8.52%	9.30%	8.88%
Commercial activity	0.31%	1.05%	2.12%	2.12%	2.06%
Total	11.76%	9.37%	10.64%	11.42%	10.94%
e) Ratio of Commercial Income to Net Revenue Stream	0.61%	1.51%	3.03%	3.04%	2.93%
f) Maximum Gross Debt	£ 17,739,600	£ 17,739,600	£ 17,831,500	£ 17,831,500	£ 17,831,500
g) Ratio of Internal borrowing to CFR	34%	21%	22%	19%	20%
Treasury Indicators -					
Affordability Limits to Borrowing					
a) Operational Boundary for External Debt:					
Borrowing	£ 18,700,000	£ 18,700,000	£ 18,800,000	£ 18,800,000	£ 18,800,000
Other Long Term Liabilities	£ 1,500,000	£ 1,500,000	£ 1,500,000	£ 1,500,000	£ 1,500,000
Total Operational Boundary	**£ 20,200,000**	**£ 20,200,000**	**£ 20,300,000**	**£ 20,300,000**	**£ 20,300,000**
b) Authorised Limit for External Debt:					
Borrowing	£ 19,700,000	£ 19,700,000	£ 19,800,000	£ 19,800,000	£ 19,800,000
Other Long Term Liabilities	£ 1,500,000	£ 1,500,000	£ 1,500,000	£ 1,500,000	£ 1,500,000
Total Authorised Limit	**£ 21,200,000**	**£ 21,200,000**	**£ 21,300,000**	**£ 21,300,000**	**£ 21,300,000**
Prudent Limits on Borrowing Activity					
c) Investment treasury indicator and limit: Maximum NEW principal sum to be invested in-year for periods OVER 365 days (ie. non-specified investments). This is subject to a limit of £3m per counterparty (specified plus non-specified) AND to the TOTAL non-specified limit of £5m (all counterparties and all investment types).	£ 3,000,000	£ 3,000,000	£ 3,000,000	£ 3,000,000	£ 3,000,000
d) Upper limits for the maturity structure of total o/s Borrowing (fixed/variable) during 2019/20: (Lower limit 0% in all cases)					
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%				

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INTEREST RATE FORECASTS TO MARCH 2022 (as at 7 January 2019)

Link Asset Services Interest Rate View	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
3 Month LIBID	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%
6 Month LIBID	1.00%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%
12 Month LIBID	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%
5yr PWLB Rate	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
10yr PWLB Rate	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
25yr PWLB Rate	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%
Bank Rate													
Link Asset Services	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
Capital Economics	0.75%	1.00%	1.25%	1.50%	1.70%	1.75%	2.00%	2.00%	-	-	-	-	-
5yr PWLB Rate													
Link Asset Services	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
Capital Economics	2.03%	2.15%	2.40%	2.65%	2.70%	2.75%	2.80%	2.85%	-	-	-	-	-
10yr PWLB Rate													
Link Asset Services	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
Capital Economics	2.43%	2.55%	2.80%	3.05%	3.05%	3.05%	3.05%	3.05%	-	-	-	-	-
25yr PWLB Rate													
Link Asset Services	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
Capital Economics	2.96%	3.08%	3.33%	3.58%	3.53%	3.48%	3.43%	3.38%	-	-	-	-	-
50yr PWLB Rate													
Link Asset Services	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%
Capital Economics	2.78%	2.90%	3.15%	3.40%	3.40%	3.40%	3.40%	3.40%	-	-	-	-	-

APPENDIX 2

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LOCAL GOVERNMENT INVESTMENTS (England) page1

SPECIFIED INVESTMENTS 2019/20

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	365 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	365 days
Term deposits with credit-rated deposit takers (banks and building societies), including callable deposits, with maturities up to 1 year (365 days)	No	Yes	Adopt LAS creditworthiness methodology to assess usage, and duration of investments	NO	In-house	365 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 LAS creditworthiness methodology to assess usage, and duration of investments	NO	To be used in-house after consultation/advice from Link Asset Services (LAS)	365 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 LAS	365 days

SPECIFIED INVESTMENTS 2019/20 (CONTINUED)

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
Money Market Funds (MMFs) Collective investment schemes as defined in SI 2004 No 534 From early 2019 there will be 3 structural options for MMFs, CNAV (Constant Net Asset Value) LVNAV (Low Volatility Net Asset Value) and VNAV (Variable Net Asset Value) *These funds do not have any maturity date*	No	Yes	AAA	NO	In-house with advice from LAS New rules strengthen the requirements for portfolio diversification and transparency for all MMFs. Advice will be taken from LAS but the assumption is that only CNAV and LVNAV funds will be used	*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	365 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 LAS	365 days

SPECIFIED INVESTMENTS 2019/20 (CONTINUED)

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
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 LAS	365 days

NON-SPECIFIED INVESTMENTS 2019/20

The limit for the Council's TOTAL "Non-Specified Investments" is £5m. The maximum non-specified investment per counterparty is £3m, but this is also subject to a TOTAL maximum investment limit per counterparty of £3m.

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 LAS 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 LAS creditworthiness methodology to assess usage, and duration of investments	NO	To be used in-house after consultation/ advice from LAS	£3m	3 years

NON-SPECIFIED INVESTMENTS 2019/20 (Continued)

The limit for the Council's TOTAL "Non-Specified Investments" is £5m. The maximum non-specified investment per counterparty is £3m, but this is also subject to a TOTAL maximum investment limit per counterparty of £3m.

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
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 LAS creditworthiness methodology to assess usage, and duration of investments	NO	To be used in-house after consultation/ advice from LAS	£3m	3 years in aggregate
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 LAS	£3m	Maturity limit 5 years

NON-SPECIFIED INVESTMENTS 2019/20 (Continued)

The limit for the Council's TOTAL "Non-Specified Investments" is £5m. The maximum non-specified investment per counterparty is £3m, but this is also subject to a TOTAL maximum investment limit per counterparty of £3m.

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
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 LAS	£3m	5 years
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 LAS	£3m	5 years

NON-SPECIFIED INVESTMENTS 2019/20 (Continued)

The limit for the Council's TOTAL "Non-Specified Investments" is £5m. The maximum non-specified investment per counterparty is £3m, but this is also subject to a TOTAL maximum investment limit per counterparty of £3m.

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 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 LAS	£3m	5 years
Property Funds Collective investment Schemes. The Local Authority Property Fund is a local government investment scheme approved by the Treasury under the Trustee Investments Act 1961 (section 11). *These funds do not have any maturity date*	Property Funds allow a property element to be introduced into an investment portfolio, without the direct purchase of assets and the associated risks. The value of Property Fund investments fluctuate, and can go down as well as up since past performance is no guarantee of future returns. There is therefore inevitably some risk to the capital sum. The timing of investment in a Property fund poses some additional risk. Property is not a liquid asset and it may take time to realise an investment.	No	No	Property Funds are not rated, due to their diverse portfolios and structures	Investment in the LAPF is NOT deemed capital expenditure and ONLY such schemes will be used	To be used in-house after consultation/ advice from LAS and appropriate due diligence.	£3m	Property Funds do not have any maturity dates and therefore no maximum period of investment. A minimum period of 5 years is envisaged to take account of the property cycle.

NON-SPECIFIED INVESTMENTS 2019/20 (Continued)

The limit for the Council's TOTAL "Non-Specified Investments" is £5m. The maximum non-specified investment per counterparty is £3m, but this is also subject to a TOTAL maximum investment limit per counterparty of £3m.

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
Share capital or loan capital in a body corporate	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.	Yes	No		Yes	Use of these instruments is deemed to be capital expenditure, ie the application of capital resources. Advice will be sought on the appropriateness and associated risks of any share or loan capital investment.	£3m	Acquisitions of share and loan capital do not have maturity dates.

APPENDIX 4

APPROVED COUNTRIES FOR INVESTMENT

The Council will use any UK Counterparties subject to their individual credit ratings under the Link Asset Services 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
- USA

AA

- Abu Dhabi (UAE)
- France
- Hong Kong
- UK

List provided by Link Asset Services as at 21 January 2019, based on the lowest rating from Fitch, Moody's and Standard & Poor's.

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Gedling Borough Council

Report to Cabinet

Subject: Capital Programme and Capital Investment Strategy 2019/20 to 2023/24

Date: 14 February 2019

Author: Senior Leadership Team on behalf of the Leader

Wards Affected

Borough wide.

Purpose

This report summarises:

a) The proposed Capital Investment Strategy for 2019/20 to 2023/24; and

b) The proposed Capital Programme for 2019/20 to 2021/22 for approval, and the indicative capital programme for 2022/23 to 2023/24, in light of the Council's priorities and the resources available.

The Capital Investment Strategy and Capital Programme determined by Cabinet at this meeting will be referred to the Council on the 4 March 2019 for final approval. The detailed capital programme proposals are shown in Appendix 2 to this report.

Key Decision

This is a Key Decision.

Recommendations

Members are **recommended** to:

a) Note the estimated capital financing available for 2019/20 to 2023/24;

b) Approve the Capital Investment Strategy 2019/20 to 2023/24 detailed at Appendix 1 and refer it to Council for approval on 4 March 2019;

c) Approve the Capital Programme for 2019/20 to 2021/22 detailed at Appendix 2 and refer it to Council for approval on 4 March 2019;

d) Note the indicative Capital Programme for 2022/23 to 2023/24.

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

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 incorporates four statutory codes. These are:

- The Prudential Code prepared by CIPFA;
- The Treasury Management Code prepared by CIPFA;
- The Statutory Guidance on Local Authority Investments prepared by the Ministry of Housing, Communities and Local Government (MHCLG);
- The Statutory Guidance on Minimum Revenue Provision (MRP) prepared by MHCLG.

1.3 During 2017/18 both CIPFA and MHCLG updated all of the above codes in recognition of the changing landscape in which Councils are now required to deliver public services, i.e. the increasing move to commercialism following the sustained period of reduced public funding. The updated codes ensure that the key objectives remain relevant and can continue to be fulfilled in the context of this changing landscape and the activities that local authorities are now embarking upon e.g. investment in property as a tool to generate financial returns.

1.4 The Prudential Code underpins the systems of capital finance and planning and is the primary document which provides the framework for the development of the capital strategy and the capital programme which are proposed in this report. The key issues addressed by the code changes relate to how Councils will ensure prudence, in respect of longer term planning, the MRP, increasing commercialisation, understanding of risk and the ability to raise council tax.

1.5 The revised Prudential Code sets out the following key objectives, to ensure that:

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

- The capital investment 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 long term implications for external borrowing considering the actual impact, and potential impact on overall fiscal sustainability;

- Treasury management and other investment decisions are taken in accordance with good professional practice and in the full understanding of risks involved;

- The authority is accountable, by providing a clear and transparent framework.

To provide a clear and transparent framework authorities are now required by the Code to formulate a Capital Strategy which sets out the long term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and their impact on priority outcomes. Whilst the Code does not define 'long term' the Council's current capital investment strategy proposed at Appendix 1 covers the five year period of the medium term financial plan (MTFP), 2019/20 to 2023/24, to ensure that longer term forecasts for capital expenditure, disposals and borrowing are fully considered in the revenue budget and demonstrated to be prudent and affordable.

1.6 Following lengthy consultations, the MHCLG issued revised Investment Guidance and MRP Guidance in February 2018 with the aim of ensuring that local authorities continue to make borrowing and investment decisions in a way that is commensurate with their statutory duties. All Councils are required to have regard to this guidance in their investment decisions.

The revised Investment guidance extends the definition of “investment” to include expenditure driven activity, e.g. commercial property, as well as simple treasury cash. Such activity would represent “non-treasury investments”, i.e. investment in “non-financial assets”. The revised guidance also reaffirms that borrowing may only be undertaken for investments that are made for strategic purposes, and not “purely” for financial return.

The revised MRP guidance also focuses on expenditure on non-financial investments, e.g. commercial property, making it clear that the duty to make prudent MRP extends to commercial investment property where its acquisition has been partially or fully funded by an increase in borrowing.

1.7 The requirements of each of the updated codes are fully reflected in each of the Budget Cabinet reports which appear on this agenda to ensure fully integrated revenue, capital and treasury management planning.

Proposal

2. **<u>Capital Investment Strategy</u>**

2.1 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.

2.2 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.

2.3 The Strategy addresses the Prudential Code requirements in respect of the Council’s commercial property investment plans which are contained in the capital programme at £5m, with an estimated ongoing financial return of £0.1m included in the current efficiency plans and the medium term financial plan. The Prudential Code requires details of the authority’s approach to commercial activities to be included in the Capital Strategy, including:

- processes ensuring effective due diligence and defining the authority’s risk appetite for this investment, including proportionality in respect of overall resources;
- requirements for independent and expert advice and scrutiny arrangements;
- Periodic re-evaluation of individual business cases to ensure current circumstances inform the overall capital strategy.

2.4 The Prudential Code details the indicators that Councils are required to set to demonstrate that capital plans are affordable and prudent. There is now a requirement for indicators to be set that are transparent in terms of demonstrating that commercial property investment is proportionate to the level of resources available to the authority. The required indicators are included in the Prudential and Treasury Indicators and Treasury Management Strategy Statement, an item elsewhere on this agenda, and they demonstrate that the commercial property investment plans are prudent and proportionate.

2.5 Commercial property investments will be governed by a Commercial Property Investment Strategy, which is currently being developed. This strategy will incorporate all of the requirements of the Prudential Code above, and will determine the key success criteria against which each individual property investment business case will be assessed e.g. must provide a financial return whilst ensuring an appropriate balance of risk and reward. Formal approval of the Commercial Property Investment Strategy, and assessment of individual business cases, will be required before any of the capital monies can be spent.

2.6 A copy of the proposed Capital Investment Strategy for 2019/20 to 2023/24 is attached at Appendix 1.

3. Proposed Capital Programme

3.1 The following table presents the proposed three year Capital Programme for 2019/20 to 2021/22 for approval, together with the indicative programme for a further two years to match the period of the MTFP as detailed in paragraph 1.5 above. The full programme of schemes is presented in Appendix 2.

	Proposed Programme for Approval			**Indicative Prog.**	
Portfolio	**2019/20 £**	**2020/21 £**	**2021/22 £**	**2022/23 £**	**2023/24 £**
Housing, Health and Wellbeing	419,600	0	0	0	0
Public Protection	900,000	900,000	900,000	900,000	900,000
Environment	1,283,900	372,000	1,198,000	466,000	1,178,000
Growth and Regeneration	3,140,000	0	0	0	0
Resources and Reputation	3,200,000	2,750,000	250,000	250,000	250,000
Equipment Replacement	0	70,000	70,000	70,000	70,000
Future Service Development Bids	0	100,000	100,000	100,000	100,000
Total Capital Programme	**8,943,500**	**4,192,000**	**2,518,000**	**1,786,000**	**2,498,000**

3.2 The proposed capital programme is derived from the following:

a) **<u>Schemes already approved as part of the 2018/19 budget setting process</u>**:

- Commercial Property Investment Phase 2 **£2,500,000** in 2020/21.

b) **<u>Schemes re-profiled from 2018/19</u>**

Schemes totalling **£5,604,500**, approved for deferral by Cabinet to 2019/20 and 2020/21:

	2019/20	2020/21
	£	£
Starter Homes, Station Road Carlton	160,300	
Affordable Housing Scheme (unallocated - working with partners to identify schemes)	154,300	
Gedling Country Park Viewing Platform	31,800	
Haywood Road Play Area	95,300	
Carlton Cemetery Expansion	268,800	
Civic Centre Toilets	22,000	
Vehicle Slippage	68,000	114,000
Arnold Town Centre Development	980,000	
Carlton Square Development	790,000	
Carlton le Willows All Weather Pitch	300,000	
Commercial Property Investment	2,500,000	
Asset Management Fund	120,000	
Total	**5,490,500**	**114,000**

c) **<u>Ongoing Capital Programme Items (previously approved as ongoing)</u>**

- Disabled Facilities Grants **£900,000** per annum (subject to confirmation of grant funding via Better Care Fund).

- Asset Management Fund **£80,000 2019/20**; **£150,000** per annum thereafter - used to maintain the Council's assets to a safe and usable standard.

- Future Service Development Bids **£100,000** per annum

d) **Replacement Equipment/Vehicles**

Replacement assets to ensure continuation of existing service:

	Proposed Programme			Indicative Prog.	
	2019/20	2020/21	2021/22	2022/23	2023/24
	£	£	£	£	£
Vehicle Programme	512,000	258,000	1,198,000	466,000	1,178,000
IT Licencing	100,000	100,000	100,000	100,000	100,000
Equipment Replacement	0	70,000	70,000	70,000	70,000
Total	**612,000**	**428,000**	**1,368,000**	**636,000**	**1,348,000**

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

The table below show schemes totalling **£1,861,000** which score 15 points and above using the Council's approved methodology as detailed in the Capital Investment Strategy (see paragraph 2 above). The approved methodology assesses 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 2019/20	Revenue Ongoing (Full Year Effect)
	£	£
Lambley Lane Changing Room and Pitch Renovation (part funded by S106 and CIL)	95,000	0
Gedling Country Park Car Park Extension (part funded by CIL)	150,000	0
Car Park Resurfacing Arnold	15,000	0

Arnold Theatre System	35,000	3,500
Replacement Gym Equipment Redhill LC	70,000	(40,000)
Rapid Response Team Vehicle	26,000	0
Calverton Enterprise Units (subject to confirmation of grant funding)	1,370,000	(35,000)
Customer Service Improvements	100,000	0
Total Capital Development Bids	**1,861,000**	(71,400)

4. **Capital Resources**

4.1 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 2019/20 to 2023/24 is detailed in the table below and it is proposed that these are fully utilised to finance the capital programme as detailed in paragraph 3.1:

	Proposed Programme			Indicative Prog.	
	2019/20	2020/21	2021/22	2022/23	2023/24
	£	£	£		
Land Sales	561,000	561,000	561,000	561,000	561,000
Improvement Grant Repayments	50,000	50,000	50,000	50,000	50,000
Total Capital Receipt Estimate	**611,000**	**611,000**	**611,000**	**611,000**	**611,000**

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 employed to reduce the pressure on the revenue budget was the sale of surplus non-operational land holdings to generate capital receipts. The planned sale has now been secured and 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.

4.2 Direct Revenue Financing

The use of earmarked revenue reserves and revenue equipment budgets as contributions to specific capital schemes totalling **£519,100** in 2019/20 are proposed as follows:

a) £15,000 from the Asset Management Revenue Reserve for the car park resurfacing in Arnold;

b) £334,100 contribution from the Economic Development Fund and the Business Rates Pool Reserve for the Arnold Town Centre Development;

c) £150,000 contribution from the Business Rates Pool Reserve for the Calverton Enterprise Units (subject to securing grant funding for the project);

d) £20,000 ongoing contribution 2019/20 to 2021/22 from IT replacement equipment revenue budget for IT Licences.

4.3 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 capital programme include:

	2019/20 £	2020/21 to 2023/24 £
HCA Starter Homes Grant for Station Road, Carlton.	160,300	0
S106 Contribution for Affordable Housing Projects	154,300	0
Disabled Facilities/Better Care Fund Grant *(assumed ongoing 2019/20-2023/24)*	900,000	900,000 pa ongoing
S106 Contribution for Lambley Lane Project	35,000	0
CIL Contribution Lambley Lane Project	40,000	0
CIL Contribution for Gedling Country Park Car Park	100,000	0
S106 Contribution for Gedling Country Park Viewing Platform	31,800	0
WREN Grant for Haywood Road Play Area	50,000	0

N2 Growth Fund Grant for Carlton Square Development	350,000	0
ERDF/SUDS for Calverton Enterprise Units (subject to confirmation)	660,700	0
Total Grants and Contributions	**2,482,100**	**900,000**

Disabled Facilities/Better Care Fund grant funding is now paid by the MHCLG to Nottinghamshire County Council for distribution. The actual allocations to each District Council are agreed by the Nottinghamshire Health and Wellbeing Board. There have not yet been any grant announcements for 2019/20 so an estimated grant amount of £900,000 is included for 2019/20 and 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.

4.4 Prudential Borrowing

The total borrowing that is required to finance the proposed 2019/20 to 2021/22 capital programme is £8.98m. It is currently estimated that a further £1.2m of borrowing will be required to finance the indicative capital programme for 2022/23 to 2023/24. The proposed borrowing amounts are detailed in paragraph 4.5 below.

The Council's Prudential Indicators in respect of both the proposed programme 2019/20 to 2021/22 and the indicative programme for 2022/23 to 2023/24 are contained within the Prudential and Treasury Indicators and Treasury Management Strategy Statement, an item elsewhere on this agenda. 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 £2.60m in the medium term i.e. £1.25m net remaining from the current planned efficiency programme plus £1.35m the new proposed efficiency programme.

4.5 Capital Resources Summary

An estimate of the resources for financing the 2019/20 to 2021/22 programme is summarised below:

	Proposed Programme			Indicative Prog.	
Capital Resources	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
	£	**£**	**£**	**£**	**£**
Use of Capital Receipts	611,000	611,000	611,000	611,000	611,000
Direct Revenue Financing	519,100	20,000	20,000	20,000	20,000
Capital Grants and Contributions	2,482,100	900,000	900,000	900,000	900,000
Total Cash Resource	**3,612,200**	**1,531,000**	**1,531,000**	**1,531,000**	**1,531,000**
Prudential Borrowing	5,331,300	2,661,000	987,000	255,000	967,000
Total Financing	**8,943,500**	**4,192,000**	**2,518,000**	**1,786,000**	**2,498,000**

Alternative Options

5 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/ contributions or are not invest to save schemes, 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

6 As detailed in the report.

Appendices

7 Appendix 1 - Capital Investment Strategy 2019/20 – 2023/24
Appendix 2 - Proposed Capital Programme 2019/20 – 2021/22 (including Indicative Programme 2022/23 to 2023/24)

Background Papers

- Prudential and Treasury Indicators and Treasury Management Strategy Statement 2019/20
- Gedling Plan 2019/20

Reasons for Recommendations

8 To obtain approval of the draft Capital Programme and Capital Investment Strategy, which support the delivery of the Gedling Plan.

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Appendix 1

GEDLING BOROUGH COUNCIL

CAPITAL INVESTMENT STRATEGY 2019/20 to 2023/24

CAPITAL INVESTMENT STRATEGY 2019/20 to 2023/24

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 Council's 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;
- A direct relationship with the Commercial Property Investment Strategy, which is currently still being developed;

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. Training will be provided as necessary to support this scrutiny process;
- 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 investment in the Councils own assets and also provides Disabled Facilities Grants to a number of private dwellings during the year. The Capital Programme is approved by Council for a period of 3 years but an Indicative programme for a further 2 years is also completed which matches the 5 year period of the Council's Medium Term Financial Plan. This ensures that longer term forecasts for capital expenditure, disposals and borrowing that are fully reflected in the MTFP are also demonstrated to be affordable and sustainable in the Prudential Indicators for the same period. The current summary capital programme is detailed in the table below:

	Proposed Programme for Approval			Indicative Programme	
	2019/20	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000	£000
Expenditure:					
Gedling Assets	8,044	3,292	1,618	886	1,598
Disabled Facilities Grant	900	900	900	900	900
	8,944	**4,192**	**2,518**	**1,786**	**2,498**
Financed by:					
Capital Receipts	611	611	611	611	611
Grants and Contributions	3,002	920	920	920	920
Borrowing Requirement	5,331	2,661	987	255	967
	8,944	**4,192**	**2,518**	**1,786**	**2,498**

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 Property 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, considering the actual impact, and potential impact, on overall fiscal sustainability;

- 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.

Asset Management Principles:

- 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 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.

- An assessment of asset condition to determine investment required over the life of the asset to ensure they continue to be fit for purpose in service delivery.

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:

- local strategic planning, asset management planning and proper option appraisal are supported;

- The capital investment plans of local authorities are affordable, prudent and sustainable having regard to the long term implications for external borrowing considering the impact, and potential impact, on overall fiscal sustainability;

- Treasury management and other investment decisions are taken in accordance with good professional practice and in the full understanding of risks involved;

- The authority is accountable, by providing a clear and transparent framework.

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.

The Prudential Code classifies Commercial Property Investment as a non-treasury investment to be reported through the Capital Strategy as the investment is usually driven by expenditure on assets. This is distinct from the core treasury investments of surplus cash which operate under strict principles of security, liquidity and yield as detailed in the Treasury Management Strategy. The Prudential Code requires that indicators are set that are transparent in respect of Commercial Property Investments to demonstrate that these investments are proportionate to the level of resources available to the authority and that detail:

- The expected income, costs and resulting contribution;
- The debt related to the activity and the associated interest costs;
- The payback period (MRP policy);
- For non-loan type investments, the cost against the current market value.

In accordance with the government's Investment Guidance and the Prudential Code, borrowing purely for commercial purposes, i.e. the generation of a return, will not be undertaken. However if a commercial investment is at least in part for an economic or social reason, borrowing is permitted. If any non-treasury investment sustains a loss during the year, the strategy and revenue implications will be reported to Cabinet.

The current suite of Prudential Indicators which are approved as part of the Treasury Management Strategy demonstrate that the financial risk associated with the current proposed Commercial Property Investment is proportionate to the level of resources available to the authority.

Treasury Management Strategy

The Treasury Management Strategy links to the Capital Investment 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.

Commercial Property Investment Strategy

The Commercial Property Investment Strategy is still being developed, but once approved will link to the Capital Investment Strategy in determining the Council's approach to commercial property investment, including:

- processes ensuring effective due diligence and defining the authority's risk appetite for this investment, including proportionality in respect of overall resources;
- requirements for independent and expert advice and scrutiny arrangements;
- Periodic re-evaluation of business cases to ensure current circumstances inform the overall Capital strategy.

The primary purpose of Commercial Property Investment is to generate a financial return for the Council and each investment that is to be funded by borrowing will be expected to make a contribution to the Council's Gedling Plan objectives. If any commercial property investment sustains a loss during the year, the strategy and revenue implications will be reported to Cabinet.

Statement of Accounts

The capital expenditure carried out in the year which increases asset values 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 2019 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:

Strong and Dynamic Communities

- Promote and encourage pride, good citizenship and participation
- Reduce poverty and provide support to the most vulnerable
- Improve social mobility and life chances
- Reduce anti-social behaviour, crime and fear of crime

Healthy Lifestyles

- Improve health and wellbeing and reduce health inequalities
- Support physically active lifestyles
- Increase recreational activities and users to parks and open spaces
- Reduce levels of loneliness and isolation

Sustainable Environment

- Provide an attractive and sustainable environment that local people can enjoy
- Improve transport infrastructure and connectivity
- Conserve, enhance, promote and celebrate our heritage
- Promote and protect the environment by minimising pollution and waste

Vibrant Economy

- Provide more homes
- Ensure local people are well prepared and able to compete for jobs
- Safeguard and create job opportunities
- Create thriving and vibrant town and local centres
- Drive business growth and job creation through local and inward investment

High Performing Council

- Improve the customer experience of engaging with the Council.
- Provide efficient and effective services
- Maintain a positive and productive working environment and strong staff morale.

- Make best use of digital technologies

4. FINANCIAL CONTEXT

Comprehensive Spending Review

The Chancellor announced the current 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 Councils 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. More recently the local government finance settlement 2018/19 now suggests that local authorities will retain 75% (rather than 100%) of business rates from 2020/21. Changes to the New Homes Bonus (NHB) were announced by Government in the local government finance Settlement 2017/18 which effectively reduce Gedling's NHB to significantly lower levels.

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.

<u>Financial Process</u>

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 through the production of a robust business case.

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.

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.

<u>The Capital Budgeting Process</u>

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 Managers 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 Deputy Chief Executive and Director of Finance, 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 2019/20 to 2021/22 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 80 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 2019/20 to 2021/22 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 and indicative 5 year programme 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.	**Strong and Dynamic Communities**			
i	Promote and encourage pride, good citizenship and participation	**0 – 3**		
ii	Reduce poverty and provide support to the most vulnerable	**0 – 3**		
iii	Improve social mobility and life chances	**0 – 3**		
iv	Reduce anti-social behaviour, crime and fear of crime	**0 – 3**		
	Total for 1a: Maximum points =	**12**	**0**	**0**
Weighting due to performance indicator:		**1**	**1**	**1**
b.	**Healthy Lifestyles**			
i	Improve health and wellbeing and reduce health inequalities	**0 - 3**		
ii	Support physically active lifestyles	**0 - 3**		
iii	Increase recreational activities and users to parks and open spaces	**0 - 3**		
iv	Reduce levels of loneliness and isolation	**0 - 3**		
	Total for 1b: Maximum points =	**12**	**0**	**0**
Weighting due to performance indicator:		**1**	**1**	**1**
c.	**Sustainable Environment**			
i	Provide an attractive and sustainable local environment that people can enjoy	**0 - 3**		
ii	Improve transport infrastructure and connectivity	**0 - 3**		
iii	Conserve, enhance, promote and celebrate our heritage	**0 - 3**		
iv	Promote and protect the environment by minimising pollution and waste	**0 - 3**		
	Total for 1c: Maximum points =	**12**	**0**	**0**
Weighting due to performance indicator:		**1**	**1**	**1**
d.	**Vibrant Economy**			
i	Provide more homes	**0 - 3**		
ii	Ensure local people are well prepared and able to compete for jobs	**0 - 3**		
iii	Safeguard and create job opportunities	**0 - 3**		
iv	Create thriving and vibrant town and local centres	**0 - 3**		
v	Drive business growth and job creation through local and inward investment	**0 - 3**		
	Total for 1d: Maximum points =	**12**	**0**	**0**
Weighting due to performance indicator:		**1**	**1**	**1**

e	**High Performing Council**			
i	Improve the customer experience of engaging with the Council	**0 - 3**		
ii	Provide efficient and effective services	**0 - 3**		
iii	Maintain a positive working environment and strong employee morale	**0 - 3**		
iv	Make best use of digital technologies	**0 - 3**		
	Total for 1e: Maximum points =	**12**	**0**	**0**
Weighting due to performance indicator:		**1**	**1**	**1**
	Total Priorities		**0**	**0**

2.	**Asset Management Plan Priority**			
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**
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 =**	**105**	**0**	**0**

APPENDIX 2

Proposed Capital Programme 2019/20 - 2021/22 and Indicative Programme 2022/23 to 2023/24

SCHEME DESCRIPTION	CAPITAL PROGRAMME FOR APPROVAL 2019/20	2020/21	2021/22	INDICATIVE PROGRAMME 2022/23	2023/24
	£	£	£	£	£
HOUSING, HEALTH & WELLBEING					
Starter Homes, Station Road Carlton	160,300	0	0	0	0
Affordable Housing	154,300	0	0	0	0
Replacement Theatre System	35,000	0	0	0	0
Replacement Gym Equipment Redhill Leisure Centre	70,000	0	0	0	0
Total Housing, Health & Wellbeing	**419,600**	**0**	**0**	**0**	**0**
PUBLIC PROTECTION					
Disabled Facilities Grant	900,000	900,000	900,000	900,000	900,000
Total Public Protection	**900,000**	**900,000**	**900,000**	**900,000**	**900,000**
ENVIRONMENT					
Lambley Lane Changing Room and Pitch Renovation	95,000	0	0	0	0
Gedling Country Park - Car Park Extension	150,000	0	0	0	0
Gedling County Park	31,800	0	0	0	0
Haywood Road Play Area	95,300	0	0	0	0
Carlton Cemetery Expansion	268,800	0	0	0	0
Civic Centre Toilets	22,000	0	0	0	0
Car Park Resurfacing Arnold	15,000	0	0	0	0
Street Cleaning Response Team - Vehicle	26,000	0	0	0	0
Vehicle Replacement Programme	580,000	372,000	1,198,000	466,000	1,178,000
Total Environment	**1,283,900**	**372,000**	**1,198,000**	**466,000**	**1,178,000**
GROWTH AND REGENERATION					
Arnold Town Centre Development	980,000	0	0	0	0
Carlton Square Development	790,000	0	0	0	0
Calverton Enterprise Units	1,370,000	0	0	0	0
Total Growth and Regeneration	**3,140,000**	0	0	0	0
RESOURCES AND REPUTATION					
Asset Management Fund	200,000	150,000	150,000	150,000	150,000
Carlton le Willows All Weather Pitch	300,000	0	0	0	0
Commercial Property Investment	2,500,000	2,500,000	0	0	0
IT Licences - Microsoft Office	100,000	100,000	100,000	100,000	100,000
Customer Service Improvements	100,000	0	0	0	0
Total Resources and Reputation	**3,200,000**	**2,750,000**	**250,000**	**250,000**	**250,000**
Future Equipment Replacement	**0**	**70,000**	**70,000**	**70,000**	**70,000**
Future Development Bids	**0**	**100,000**	**100,000**	**100,000**	**100,000**
TOTAL CAPITAL PROGRAMME	**8,943,500**	**4,192,000**	**2,518,000**	**1,786,000**	**2,498,000**

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Gedling Borough Council

Report to Cabinet

Subject: Gedling Plan 2019-20 (including General Fund Revenue Budget)

Date: 14 February 2019

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.

Recommendation(s)

Cabinet is asked to approve:

i. a 3% discretionary income inflation increase for the individual portfolios as shown in the table at paragraph 3.5.5.

Cabinet is asked to recommend to Council on 4 March 2019:

ii. that the financial threshold above which decisions will be regarded as Key Decisions be set at £0.5m for 2019/20;

iii. a Council Tax increase of 0% which balances the financing of a Net Council Tax Requirement of £6,034,700 in 2019/20;

iv. that the Gedling Plan and the detailed budget for 2019/20, as detailed in Appendices 1 and 3 be approved.

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 to present the final drafts to Council for adoption in accordance with the statutory requirements. To fulfil these requirements the 2019-20 Gedling Plan and revenue budget proposals will be presented to Budget Council on 4 March 2019. The Borough Council has a statutory responsibility to determine its Council Tax by 10 March.

1.3 This report ensures that these requirements will be met for the 2019/20 budget process.

1.4 The severe financial pressures that the authority continues to face following the reductions in government grant and increases in public sector pay 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. <u>Gedling Plan</u>

2.1 Members will recall that the Gedling Plan 2016-2019 setting out what the Council intended to achieve between 1 April 2016 and 31 March 2019 was approved by Full Council on 7 March 2016. The Plan was based around 3 priorities: People, Place and Performance.

2.2 The 2016-19 Plan has been reviewed and updated on an annual basis to take into account new developments, emerging priorities and actions. The purpose of the annual review provided an opportunity to reflect on any changes necessary as a result of new challenges and the Council's ambitions. It was also an opportunity to re-focus, check and challenge whether the priorities, actions and performance indicators were the right ones.

2.3 In view of the fact that 2019 marks the beginning of a new Gedling Plan a full review has been carried out. This commenced with the consideration of a range of datasets to identify the Strengths, Weaknesses, Opportunities and Threats of both the Borough and the Council. This SWOT analysis was considered by Senior Leadership Team and Service Managers at a series of workshops, where a revised set of data-led priorities and objectives have been identified. The current vision, ambition and values remain relevant and it is proposed that they are included in the Gedling Plan 2019-20, with a minor amendment to the Vision:

Our Vision

We are responsible for a large number and wide range of local services that matter to our residents and businesses in the borough. However, we do not limit our interest to only those services we are directly accountable for but rather seek to influence and 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 Ambition

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.

Our Values

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

2.4 However it is proposed that the current priorities, (People, Place, Performance) are replaced with the following data-led priorities underpinned by a set of priority objectives:

Priority	Objectives
Strong and Dynamic Communities To promote strong, resilient communities and reduce hardship and inequality	• Promote and encourage pride, good citizenship and participation • Reduce poverty and provide support to the most vulnerable

	• Improve social mobility and life chances • Reduce anti-social behaviour, crime and the fear of crime
High Performing Council To be a high performing, efficient and effective Council	• Improve the customer experience of engaging with the Council • Provide efficient and effective services • Maintain a positive working environment and strong employee morale • Improve use of digital technologies
Vibrant Economy To promote and drive sustainable growth across the borough to meet current and future needs	• Provide more homes • Ensure local people are well prepared and able to compete for jobs • Safeguard and create job opportunities • Create thriving and vibrant town and local centres • Drive business growth and job creation through local and inward investment
Sustainable Environment To promote a sustainable environment	• Provide an attractive and sustainable local environment that local people can enjoy • Improve transport infrastructure and connectivity • Conserve, enhance, promote and celebrate our heritage • Promote and protect the environment by minimising pollution and waste
Healthy Lifestyles To promote the health and well-being of our residents	• Improve health and wellbeing and reduce health inequalities • Support physically active lifestyles • Increase recreational activities and users to parks and open spaces • Reduce levels of loneliness and isolation

2.5 Members will be familiar with a number of the objectives which replicate those included in the Gedling Plan 2016-19, however new objectives are included in the proposed Gedling Plan which will ensure a focus on improving social mobility and life chances and give greater prominence to the Council's work on the borough's heritage.

2.6 The Equalities Act 2010 requires the council to publish at least one objective (at least every 4 years) aimed at achieving the following:

(a) eliminating discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;

(b) advancing equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

(c) fostering good relations between persons who share a relevant protected characteristic and persons who do not share it.

The Council's current equality objectives are embedded in the current Gedling Plan, it's priorities, objectives and key actions. In this way, the Council can ensure the equality objectives are aligned with the corporate priorities. In relation to the Gedling Plan 19-20 it is proposed that this approach is continued and the following priorities and objectives are recognised as equalities objectives:

Priority	Objectives
Strong and Dynamic Communities To promote strong, resilient communities and reduce hardship and inequality	• Reduce poverty and provide support to the most vulnerable • Improve social mobility and life chances
Healthy Lifestyles To promote the health and well-being of our residents	• Improve health and wellbeing and reduce health inequalities • Reduce levels of loneliness and isolation

2.7 The Gedling Plan structure and golden thread document detailing how the vision, ambition, priorities and objectives link together, is set out at Appendix 1a.

2.8 The purpose of the Gedling Plan is to set out the Council's strategic direction, and the key strategic actions which need to be delivered to meet the priority objectives. A copy of the proposed Gedling Plan 2019-20 is attached at Appendix 1 *(to follow).* At the lower level the key operational actions that underpin the delivery of each priority objective will be captured in the Service Plans for each of the service area across the Council.

2.9 Monitoring delivery of the Gedling Plan actions and performance indicators remains unchanged. Progress will be reported to Cabinet and Overview and Scrutiny Committee on a quarterly basis and reports published on the Council's website in the usual way.

3. Proposed General Fund Budget 2019/20

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 and Efficiency proposals 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 that 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 that 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 continuing 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 **The Autumn Budget**

Since autumn 2017 the Government has presented a single Autumn Budget, to allow for greater Parliamentary scrutiny of Budget measures ahead of their implementation. This is intended to put an end to tax announcements being made twice a year in the Budget and Autumn Statement.

The Chancellor of the Exchequer presented his Autumn Budget to Parliament on 29 October 2018, setting out the Government's plans for public finances and the economy. It provided an update on the state of the economy, based on the latest economic and fiscal forecasts from the Office for Budget Responsibility (OBR), referencing eight straight years of economic growth, higher employment and lower unemployment in every region and wages growing at their fastest pace in a decade. The OBR expects growth in the UK economy to be resilient across the forecast period with GDP improving next year from the 1.3% forecast at the Spring Statement to 1.6% then 1.4% in 2020 and 2021, 1.5% in 2022 and 1.6% in 2023. The OBR also reduced borrowing forecasts with debt as a percentage of GDP forecast to decline in every year from the current 76% of GDP to 72% of GDP in 2023/24. The fall in borrowing forecasts enabled the Chancellor to find more money to invest in public services, primarily the NHS, without committing to more borrowing.

Resource Departmental Expenditure Limits, outside of health, are 19% lower today than in 2010/11 and are set to stay broadly flat between now and 2023/24 indicating that for many public services, including local government, there will be no easing of austerity for some time to come.

The Chancellor acknowledged that the Government was at a pivotal moment in the EU negotiations, recognising the uncertainties in economic and fiscal forecasts in the event that negotiations do not secure the expected deal and reserving the right to upgrade the Spring Statement to a full fiscal event (Budget) if the economic outlook changes materially in-year.

In summary, the fact of economic uncertainty remains and the Budget offered little to ease the financial difficulties facing public services which fall outside of protected areas such as health.

3.4 **Local Government Finance Settlement & New Homes Bonus 2019/20**

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 2019/20 Settlement determines how much Revenue Support Grant central government will give to each local authority in England in 2019/20 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 2019/20 were announced by the Communities Secretary on 13 December 2018. A full analysis of the provisional settlement was completed by the Local Government Association and is attached at Appendix 2 for information. The final settlement for 2019/20 was announced on 29 January 2019 and confirmed the figures that had been included in the provisional settlement.

During the Settlement process for 2016/17 the Government offered all councils a four year funding settlement for 2016/17 through 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. Funding allocations have not been increased to reflect the pressure on pay and implementation of the National Living Wage.

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

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

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	2,959,300	3,344,200	309,300	-8.5%
2019/20	0	3,027,100	3,027,100	317,100	-9.5%

The total cumulative settlement reductions equate to 39% or £1.91m in cash terms over the full spending review period 2016/17-2019/20 compared to the base position of 2015/16. Total settlement reductions compared to the amount received in 2010/11 are £5.8m or 66% by 2019/20. This is marginally reduced from last year's forecast by £59,200, largely due to the removal of negative RSG from the Settlement figures.

Members will recall that the 2018/19 Settlement figures included a Business Rates Tariff Adjustment, the so-called 'Negative RSG' which had resulted from changes to revenue support grant and was effectively a redistribution of funding across local government. The Tariff adjustment for Gedling was projected to be £57,000 for 2019/20 and would have reduced Gedling's funding by increasing the Tariff due under the business rates retention system. The Secretary of State at the time recognised the strength of feeling around this issue and announced a consultation for the spring of 2018 to ensure that negative RSG was allocated in a fair and affordable way. The decision has now been taken to remove the negative RSG from the 2019/20 Settlement. Therefore, the Business Rates Settlement figure for 2019/20 is £57,000 higher than previous expectations.

Settlement has now reduced to 26% of Gedling's net budget for 2019/20, compared to 60% in 2010/11.

The four year settlement ends in 2019/20 and it remains a concern that there is still no clarity over funding levels after March 2020. This hampers meaningful financial planning at a time when demand pressures are increasing. Whilst there is still no detail available regarding the planned Fair Funding Review and the next stage of business rates retention, consultation processes on both of these reforms have been launched by the Communities Secretary.

3.4.2 Business Rates Retention – Current 50% Retention Scheme

Business Rates growth compared to baseline funding levels of £3,027,100 for 2019/20 is estimated at £906,800 giving total income from business rates of £3,933,900, including S31 grants to compensate for new reliefs and indexation introduced by the government since the scheme's introduction (Note: S31 Grants are used by central government to reimburse a local authority for additional activities which are not covered by existing funding methods). This is a £215,800 increase in business rates growth compared to the current estimate for 2018/19 which is mainly due to an increase in renewable energy schemes. of which Gedling retains 100% of the growth, and the usual inflation increase. Growth amounts for the medium term are currently forecast to be similar to those expected in 2018/19 due to the uncertainties that remain in the estimation process i.e.:

- the business rates retention scheme has shown volatility in respect of the appeals process, the prediction of future growth, and the potential for significant local impact where a large business relocates/closes; and
- the impact of changes arising from the planned move to 75% business rates retention in 2020/21 remain largely unknown (see paragraph 3.4.6 below).

3.4.3 New Homes Bonus

During 2011/12 Central Government introduced the New Homes Bonus (NHB) which is 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 was for a six year period in the initial scheme.

During 2016/17 the Government consulted on changes to the NHB with the intention of delivering savings to fund pressures in social care. The Government introduced the following changes in 2017/18 and have confirmed there will be no new changes introduced for 2019/20. The main changes to the scheme included:

- Reducing the length of time bonus is paid from six years to four years;
- Introduction of a 0.4% growth threshold, recognising that some housing would be built regardless of the NHB, to remove what Government terms as 'deadweight' from the payment. Local authorities need to achieve growth of greater than 0.4% in each year before they receive any NHB funding. The Government may further change this threshold in future years if there is a significant increase in housing growth.

Impact of the Changed New Homes Bonus Scheme

The introduction of the 0.4% growth baseline effectively means that GBC has to grow by 180 band D houses per annum before any NHB payment is made. For additional context, if new housing was built with a value below the band D average, then Gedling would need 270 band A properties or 231 band B properties or 203 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.

During 2017/18 and 2018/19 housing growth in Gedling was below the 0.4% threshold and therefore no NHB was awarded. However, the Affordable Homes Premium does continue to be paid under the scheme, irrespective of the baseline, at £350 per affordable unit and sums of £8,900 and £11,200 were awarded for 2017/18 and 2018/19 respectively.

For the period measured for the 2019/20 New Homes Bonus i.e. October 2017 to October 2018, growth in Gedling was 241 band D equivalent houses, equivalent to 0.54% growth. This is above the national baseline of 0.4% and NHB has been confirmed at **£93,100** for 2019/20 (including Affordable Homes Premium) which will be paid for a period of 4 years totalling £372,400. The impact of the scheme changes and the introduction of the threshold is a significantly reduced award as demonstrated in the table below:

New Homes Bonus Projections Compared to 2016/17

Payment Relating to	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£000	£000	£000	£000	£000	£000	£000
2011/12	339						
2012/13	410						
2013/14	366	366					
2014/15	448	448					
2015/16	468	468	468				
2016/17	369	369	369	369			
2017/18		9	9	9	9		
2018/19			11	11	11	11	
2019/20				93	93	93	93
2020/21					0		0
2021/22							0
Total MTFP	**2,400**	**1,660**	**857**	**482**	**113**	**104**	**93**
Reduction from 2016/17		**(740)**	**(1,543)**	**(1,918)**	**(2,287)**	**(2,296)**	**(2,307)**

There remains considerable uncertainty surrounding the future of the NHB scheme. Further changes were being considered during the 2019/20 Settlement process although no changes were ultimately made. It is likely that the NHB will be considered as part of the Comprehensive Spending Review 2020 and the Fair Funding review and may be changed again or even removed. 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.

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, the New Homes Bonus and S31 grants 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	3.3	6.0	0.9	10.2	-18.4%
2019/20	3.0	6.3	0.5	9.8	-21.5%

The Government's estimate of council tax receipts assumes that District Councils will increase Council Tax by the maximum possible of £5 or 3%, whichever is greater. However, actual council tax receipts will be determined by local decisions for council tax increases and actual tax base growth. The Government forecast presents a total cumulative reduction in core spending power by 2019/20 of 21.5% when compared to 2015/16**, making Gedling the 2nd worst affected Council in England.**

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.

In the Provisional Settlement the Government announced that the referendum limit for 2019/20 for Shire Districts will remain at 3% or £5 whichever is greater. For Gedling the £5 cash limit equates to 3.07% in 2019/20. Any Council which sets an increase greater than the referendum limit and does not get support from the electorate via a referendum will have to revert to a council tax level that is compliant, and bear the costs of re-billing its residents.

3.4.6 **Local Government Financing from 2020/21**

Fair Funding Review

Alongside the local government finance settlement in 2018/19, the Government confirmed that it is looking to implement the Fair Funding Review in April 2020 and published the consultation: *Fair Funding Review: A Review of Relative Needs and Resources*. Responses to that consultation have been considered in taking forward the work of the review and in preparing a further consultation paper: *Review of Local Authorities' Relative Needs and Resources*, which was announced alongside the local government finance settlement 2019/20.

Funding baselines for local authorities, as determined by the local government finance settlement, are based on an assessment of local authorities' relative needs and resources. The methodology behind this assessment was introduced over ten years ago, and has not been updated since the introduction of the 50% business rates retention system in 2013/14.

Since that time, demographic pressures have affected local areas in different ways, as has the cost of providing particular services. In recognition of these pressures, the Fair Funding Review will address concerns about the fairness of current funding distributions. The outcome of this review will enable the Government to reconsider how the relative needs and resources of local authorities should be assessed in a world in which they will continue to have greater control over the money that they raise.

The current consultation is seeking views on the approach to measuring the relative needs and resources of local authorities, which will determine new baseline funding allocations for local authorities in England in 2020/21. It:

- proposes to simplify the assessment of local authorities' relative needs;
- considers the type of adjustment that will be made to an authority's relative needs assessment to take account of the relative resources available to them to fund local services;
- proposes a set of principles that will be used to design potential transitional arrangements and examines how the baseline for the purposes of transition should be established.

Transitioning to the new funding distribution. The Government recognises that introducing a new needs and resources formula could result in significant changes to the funding baselines of some local authorities. It is therefore intended to introduce transitional arrangements that are fair, transparent and easily understood so that budgetary impacts can be accommodated. The consultation proposes that the starting baseline for the purposes of transition will be a measure of the funding available to each local authority in 2019/20. This should mean that no authority will see its funding reduce as a result of the new system in the first instance. However, it is proposed that transition is time-limited, establishing a fixed period of time to enable target allocations to be reached as soon as practicable.

<u>Future Business Rates Retention</u>

❖ 75% Business Rates Retention

The Government is committed to further extend the business rates retention programme and announced in 2017 its intention to implement a new phase alongside the implementation of the wider changes to the local government finance system which the government aims to introduce in 2020 i.e. the Fair Funding Review. By 2020/21 the aim is for local authorities to retain 75% of business rates. The initial baseline funding levels for individual authorities will be determined by the needs assessment as concluded in the Fair Funding Review. Gedling did apply, as part of a group with other Nottinghamshire authorities, to be a pilot for testing the 75% retention scheme, but the application was unsuccessful.

Alongside the local government finance settlement 2019/20, the Government published a technical consultation: *Business Rates Retention Reform*. The consultation seeks views on proposals for sharing risk and reward, managing volatility in income and setting up the reformed business rates retention system. The consultation focuses on the way the business rates retention works, not on how further business rates retention will be delivered or the transition to the reformed system. The consultation covers two broad areas:

- The right balance of risk and reward in the system. Local authorities should continue to receive benefit from the growth they achieve in their local areas. This includes a review of the tier splits for sharing growth between districts and counties;
- Summarises the work undertaken to mitigate volatility in income and address the impact of appeal losses and valuation change on local authorities.

There will be a full re-set of the business rates system in 2020/21 to allow full implementation of both business rates reforms and the Fair Funding Review. The re-set will impact on the funding baseline, potentially removing or reducing the current level of growth that has been achieved in the system to date and reducing current income levels. The consultation seeks views on two types of reset, phased or partial and on the length of the reset period – with the objective of ensuring a strong growth incentive whilst also recognising redistribution need. Transitional arrangement will be the subject of a further consultation in 2019.

- 100% Business Rates Retention

The Government continues to pilot the 100% business rates retention scheme but it is not yet clear when this might be introduced nationally. It was initially intended to introduce a Bill into Parliament early in 2017 but this was delayed.

It is intended that 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 at paragraph 3.4.1, 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 (but not increase 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.

An increasing number of pilots are trialling the 100% retention proposal to enable the proposed system to be tested.

Business Improvement Districts (BIDs)

BIDs are partnerships between a local authority and local businesses to develop projects and services that benefit the local trading environment and are funded by imposing a business rates levy within the development area. This scheme is proposed to continue alongside the 100% business rates retention scheme.

3.5 General Fund Budget 2019/20 Summary

3.5.1 The following table summarises the proposed General Fund Budget for 2019/20. The detailed Gedling Plan budgets are presented at Appendix 3 together with an explanation of major variances between the original estimate for 2018/19 and the estimate for 2019/20. 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 2019/20

Portfolio	Original Budget 2018/19 £	Base Budget 2019/20 £	Variance £
Community Development	1,442,400	1,501,200	58,800
Housing, Health and Wellbeing	2,423,700	2,347,500	(76,200)
Public Protection	1,459,600	1,453,900	(5,700)
Environment	4,426,200	4,516,600	90,400
Growth and Regeneration	868,200	1,242,900	374,700
Resources and Reputation	1,535,800	1,379,100	(156,700)
Net Portfolio Budget	**12,155,900**	**12,441,200**	**285,300**
Transfer to/(from) Earmarked Reserves	(10,700)	(765,200)	(754,500)
Net Council Budget	**12,145,200**	**11,676,000**	**(469,200)**

3.5.2 **Major Budget Pressures**

The base budget includes the following major budget increases **greater than £50,000,** which are broadly in line with previous medium term financial plan expectations:

- Employee pay award (average 3.1%) - implementation of a local pay structure based on a revised national pay spine - £403,000;
- Local Election in May 2019 - £130,000;
- Utility contract price inflation - £80,300;
- Increase in Minimum Revenue Provision in respect of capital programme financing - £75,800;
- Rent Allowances – increase in bad debts provision in recognition of the future transfer of cases to Universal Credit - £57,700.

3.5.3 **Major Budget Reductions – Efficiency Programmes**

In response to the budget pressures arising from the downturn in the economy and consequent reductions in central government grant funding, the Council has approved a number of efficiency/budget reductions programmes to ensure delivery of a sustainable Medium Term Financial Plan (MTFP).

During the Settlement process for 2016/17 the Government offered councils a four year funding settlement for 2016/17 to 2019/20 conditional upon publication of an efficiency plan. Gedling accepted the offer to gain funding certainty and enable more proactive planning of service delivery. As a result, the Council approved its Efficiency Strategy and the subsequent efficiency programmes have been developed in accordance with its themes i.e.:

- **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.

Previous Efficiency Programmes – Progress Update

Since 2014/15 Council have approved three efficiency programmes totalling £5.2m net of risk provision. Progress to date has been positive and budget reductions achieved are in line with the estimate. Of the total programme £1.25m remains to be delivered over the period 2019/20 to 2021/22. Total delivery is expected to be contained within the overall risk provision for the programme.

Efficiency Proposals – New Programme 2019/20

At its meeting on 5 March 2018, Budget Council approved a cumulative efficiency target of £1.1m to be delivered over the period 2019/20 to 2022/23. Officers were asked to develop delivery plans during the 2019/20 budget process. During preparation of the efficiency proposals the target was adjusted by Officers increasing it by £0.1m to £1.2m to allow for budget pressures identified following the setting of the target by Budget Council i.e. potential pension cost increases following the next triennial review of the Pension Fund.

The proposed 2019/20 efficiency programme totals **£1,395,700** to be delivered over the four year period 2019/20 to 2022/23. It is recognised there are risks in being able to deliver the full amounts of the savings in the timescales projected. Therefore it is recommended that a Budget Reduction Risk provision is recognised at **£50,000** over the course of the programme, equating to approximately 3.5% of the planned reductions. Total ongoing savings included in the MTFP are **£1,345,700 net of risk provision**.

The tables below summarise the proposed efficiency programme:

Proposed Efficiency Programme 2019/20

	Inclusion in 2019/20 Budgets and MTFP				
Efficiency	**2019/20 £**	**2020/21 £**	**2021/22 £**	**2022/23 £**	**Total £**
Dynamic Council Programme					
• Fees and Charge Review	102,100	10,000	93,900	110,000	316,000
• Marketing & Sponsorship	30,500	50,000	0	0	80,500
• Digital Improvements	20,000	20,000	40,000		80,000
Management/Service Reviews	144,000	160,000	140,000	300,000	744,000
Corporate Items e.g. MRP	117,000	0	0	0	117,000
Historic Underspends	58,200	0	0	0	58,200
Total	**471,800**	**240,000**	**273,900**	**410,000**	**1,395,700**

Efficiency Proposals Summarised by Portfolio and Theme

Summary 2019/20 - 2021/23	Efficiency and Effective-ness £	Contract Manage-ment £	Income £	Total £
Community Development	10,300	0	0	**10,300**
Housing, Health & Wellbeing	479,500	0	24,000	**503,500**
Public Protection	25,700	15,000	0	**40,700**
Environment	58,400	11,200	157,200	**226,800**
Growth & Regeneration	51,900	0	47,000	**98,900**
Resources & Reputation	438,400	30,800	46,300	**515,500**
Total Proposals	**1,064,200**	**57,000**	**274,500**	**1,395,700**

3.5.4 **Proposed Revenue Resource Developments 2019/20**

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 assesses schemes in accordance with the level of contribution made towards the achievement of the Council's Priorities and Improvement Plans.

(a) Ongoing Revenue Resource Developments 2019/20

Scheme	Revenue Bid 2019/20	Ongoing
	£	£
Town Centres and Markets Manager (to support the development of vibrant town centres)	40,000	40,000
Neighbourhood Warden (contribute to community safety and improve community engagement).	31,500	31,500
Members Pot Increase £1,500 to £2,000 pa (support for community initiatives).	20,500	20,500
Rapid Response Team/Multi-Waste Bins (improve the cleanliness of the borough).	58,800	58,800

Empty Homes Officer (target 35 long term empty properties brought back into use per annum, from July 2019. Existing budget already in place April-June for existing temporary role).	26,100	35,500
Town Centre Public Realm Works	10,000	10,000
Total Ongoing Revenue Bids	**186,900**	**196,300**

(b) One Off Resource Development Bids funded by Earmarked Reserve

Scheme	Revenue Bid 2019/20
	£
Health and Housing Co-ordinator *(supporting vulnerable people affected by inappropriate housing to enable their return home from healthcare).*	27,000
Plastic Clever Council *(initiative to support community in changing behaviours in respect of plastic usage).*	10,000
Planning Policy Evidence Preparation (*procurement of* evidence base/*assessment work to inform local plan)*	30,000
CIL Review (procurement of evidence base/ assessment work)	30,000
Total One Off Revenue Bids	**97,000**

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:

(c) General Fund Ongoing Revenue Implications of the Proposed Capital Development Proposals (excluding borrowing costs)

Description	Capital Budget – For Information	Revenue Costs 2019/20	Full Ongoing From 2021/22
	£	£	£
Replacement Gym Equipment at Redhill Leisure Centre	70,000	(23,000)	(40,000)
Arnold Theatre System Upgrade	35,000	3,500	3,500
Calverton Enterprise Units	1,370,000	0	(35,000)
Total Ongoing Revenue Costs/(Saving)		**(19,500)**	**(71,500)**

3.5.5 **Discretionary Income Inflation**

The Medium Term Financial Plan includes income inflation at 3% on discretionary income, (excluding leisure DNA memberships, Trade Waste, Building Control), which equates to £73,300, and the increase per Portfolio is shown in the table below. Each additional 1% increase will raise a further £24,400.

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	(78,300)	(800)	**(2,400)**
Housing, Health & Wellbeing	(1,580,000)	(15,800)	**(47,400)**
Public Protection	(31,200)	(300)	**(900)**
Environment	(723,900)	(7,200)	**(21,600)**
Growth & Regeneration	(2,100)	(0)	**(100)**
Resources & Reputation	(32,800)	(300)	**(900)**
Total	**(2,448,300)**	**(24,400)**	**(73,300)**

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 memberships, 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.

Some fees for statutory services e.g. development control, are determined by Central Government and any changes are reflected in the base budget.

3.5.6 **Summary of Significant Budget Changes 2019/20**

In summary, the table below highlights the areas of significant variance in expenditure/income which have been reflected in the base budget 2019/20.

Significant Budget Changes 2019/20

	Budget Impact 2019/20 £	£
Original Net Council Budget 2018/19		**12,145,200**
Revenue Budget Pressures		
Pay Award – average 3.1%	403,000	
Local Election	130,000	
Utility Inflation	80,300	
Increase in Minimum Revenue Provision in respect of capital programme financing	75,800	
Rent Allowances (increased bad debt provision)	57,700	
Increase due to NNDR inflation	37,100	
Other minor variances (net)	9,900	
Total Pressures		**793,800**
Revenue Budget Growth		
Revenue development bids 2019/20 (see table above)(rising to £196,300 by 2020/21)	186,900	
Ongoing revenue implications of proposed capital programme (rising to £71,500 net income by 2021/22)	(19,500)	
Total Growth		**167,400**
Efficiency/Budget Reduction Programmes		
New Programme - efficiencies for delivery in 2019/20	(471,800)	
Previous Approved Programmes – efficiencies for delivery in 2019/20	(520,600)	
Adjustment to Budget Reduction Risk Reserve	(25,000)	
Total Efficiency Programme 2019/20 (net impact)		**(1,017,400)**
Other Base Budget Reductions		
Additional Housing Benefit Administration Grants	(45,400)	
Fees and Charges Income Inflation (see para 3.6.5)	(73,300)	
Other Income Growth:		

	Budget Impact 2019/20 £	£
Additional Planning Fee Income	(200,000)	
Additional Office Rental Income	(29,300)	
Additional Investment Interest	(65,000)	
Total Other Budget Reductions		**(413,000)**
Net Decrease in Budget 2019/20		**(469,200)**
Proposed 2019/20 Net Council Budget		**11,676,000**

Note: In addition to the above 2019/20 budget changes and future inflationary increases the MTFP includes the following:

- Estimated pension cost increase following triennial review of pension fund;
- Assumptions about the transfer of Housing Benefit administration to the Department of Works and Pensions following the introduction of Universal Credit have been made including the deferral of the roll-out announced by the Government. The net cost to the authority is now expected to be £30,000 in 2020/21 rising to £120,000 by 2023/24.

3.5.7 **Review of Balance Sheet Reserves**

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's minimum General Fund Balance requirement is set at 7.5% of the Net Council Budget which is £0.876m for 2019/20. The General Fund balance is currently projected to be in excess of the minimum by £2.5m at 31 March 2020. 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 2018/19 and 2019/20 are detailed at Appendix 5 and show expected balances of £4.3m at 31 March 2020.

3.5.8 **Financing of the Capital Programme**

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 2019/20 to 2023/24. 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.

3.5.9 **Collection Fund**

Council Tax

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.

The declared surplus and deficit calculation at 31 March 2019 estimates that a fully balanced Collection Fund will be achieved i.e. a surplus/deficit of zero, which means there will be no charges or credits to the General Fund during 2019/20.

Business Rates

The Business Rates Collection Fund balance at 31 March 2018 was slightly worse than forecast and resulted in a deficit of £0.417m being carried forward, compared to the estimated deficit of £0.283m that was declared in January 2018 for collection in 2018/19, an increase of £0.134m. An estimated deficit of £0.717m at 31 March 2019 has been declared in January 2019, and this will be split between the major preceptors in line with their share of business rates income – for Gedling, the 40% share of the declared deficit is £.287m. The primary reasons for the deficit on the Business Rates Collection Fund are an increase in reliefs due to ratepayers, and the under declared deficit in January 2018, which now needs to be recovered. Part of this will be offset by S31 grant from government for compensation for reliefs which is paid directly to the General Fund.

3.5.10 **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 identifies the impact of all the options that are proposed in this report:

- The incremental increase in base revenue expenditure from 2018/19 and budget growth items (paragraph 3.5.4);
- Fees and charges to be increased by an average 3%;
- Planned budget reductions and efficiency savings 2019-2023 (paragraph 3.5.3);
- Anticipated cost of borrowing to finance the capital programme for 2019/2023;
- A zero Council Tax increase has been assumed for 2019/20. Beyond that a £5 or 3% Council Tax increase, whichever greater, has been assumed for each year of the MTFP in line with the maximum possible without triggering a referendum. However, future council tax increases will be dependent upon future spending decisions, total local government funding and the achievement of efficiency savings.

The table below demonstrates a balanced medium term plan with a projected surplus on balances at the end of year 5 (2023/24). Whilst the budget still requires a contribution from balances in year 5 (following the 'roll on' of the MTFP), largely due to inflationary pressures including pay awards in that year, it is not proposed that a further efficiency programme be developed at this time to enable a clear focus on the current programme. Given the projected surplus on balances and the many variables in the medium term plan there is sufficient time to address any future imbalance that may arise.

MEDIUM TERM FINANCIAL PLAN 2019/20 TO 2023/24 - HIGH LEVEL SUMMARY

	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £
Net Council Budget	11,676,000	10,872,000	10,907,400	10,875,800	11,278,300
Financed by:					
Less: Net Settlement Funding Assessment	(3,027,100)	(3,027,100)	(3,027,100)	(3,027,100)	(3,027,100)
NNDR Growth/ Collection Fund (Surplus)/Deficit /S31 Grant	(906,800)	(700,000)	(700,000)	(700,000)	(700,000)
New Homes Bonus	(482,000)	(113,300)	(104,300)	(93,100)	0
Less: Amount (from)/to Balances	(1,225,400)	(748,900)	(540,000)	(256,700)	(479,500)
Council Tax Requirement	6,034,700	6,282,700	6,536,000	6,798,900	7,071,700
Council Tax increase	0%	£5 (3.07%)	3%	3%	3%
Tax Base	37,007	37,382	37,757	38,132	38,507

Expected balances at year end	3,666,600	2,917,700	2,377,700	2,121,000	1,642,500
Required balance (7.5% projected exp)	875,700	815,400	818,100	815,700	845,900
(Surplus)/Deficit on required balances	**(2,790,900)**	**(2,102,300)**	**(1,559,600)**	**(1,305,300)**	**(795,600)**

Note: Actual General Fund Balance at 1 April 2018 was £5,927,600.

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 2019/20.

5.2 Gedling's share of the council tax for a band D property for 2018/19 is £163.07. The level of council tax for 2019/20 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

£60,300. In the above MTFP a zero percent increase has been assumed for 2019/20. The maximum council tax increase that a shire district can apply without triggering a referendum is £5 or 3%, whichever is greater. To illustrate the impact of the £5 increase, the overall position on each banding is as follows:

Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
£3.33	£3.89	£4.44	£5.00	£6.11	£7.22	£8.33	£10.00

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 (at Gedling this is the Deputy Chief Executive and Director of Finance) 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 2019/20 revenue budget proposals and Capital Programme in the context of the Medium Term Financial Plan are detailed in paragraphs 6.2 to 6.8 below.

6.2 Financial Settlement/Funding Streams

The Comprehensive Spending Review of 2015, Autumn Statement 2016 and Local Government Finance Settlement December 2017 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**: The Government intends to introduce 75% business rates retention by 2020/21. The Government continues to pilot the 100% business rates retention scheme but it is not yet clear when this might be introduced. It was initially intended to introduce a Bill into Parliament early in 2017 for introduction to coincide with the phasing out of Revenue Support Grant but this has been delayed. The four year settlement ends in 2019/20 and it is a concern that there is no clarity over funding levels after March 2020. This hampers meaningful financial planning at a time when demand pressures are increasing. The intention of the retention scheme is that it 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 which will be determined by the Fair Funding Review. 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 be needed 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 both the 2017/18 and 2018/19 years and a comparatively small award for 2019/20. Whilst there is still an opportunity to receive NHB in the future if housing 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 3% 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 a £5 or 3% increase will be applied between 2020/21 and 2023/24 but the actual increase will be determined on an annual basis by Council. Any increase below the £5 will require an increase in the efficiency targets to ensure that 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 and the ongoing uncertainties surrounding it. As there is now more uncertainty of future

Settlement funding due as we reach the end of the current four year settlement without an understanding of what the Fair Funding Review or business rates retention will bring any future pressure arising from an economic downturn would need to be managed within local resources i.e. from further budget reductions or efficiencies. A commercial strategy is being 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 pay award. The Chancellor removed the 1% public sector pay cap and this has also impacted on pay expectations in local government. In Gedling the increase equated to an average 3% for 2018/19 and 3.1% for 2019/20 – slightly higher than the national average of 2.8%. Pay awards of 2% have been included for 2020/21 to 2023/24. It is considered that these are realistic assumptions but uncertainties in the economy present a risk that future awards could be higher.

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 2019/20 is £875,700.

6.4 The (surplus)/deficit on balances in the MTFP table above shows amounts (above)/below the recommended minimum General Fund balance in any one year. Current spending plans show a surplus of £2,790,900 in 2019/20 declining to £795,600 by the end of 2023/24. Achievement of this position is reliant upon existing and new efficiency plans being progressed and delivered during the period of the MTFP. Underlying this is an annual deficit between the amounts of income expected and anticipated expenditure which needs to be managed beyond the five-year horizon but this is significantly reduced to manageable levels with the inclusion of the efficiency programmes. However this still does not leave significant capacity to manage future budget and inflation pressures that may arise which will have to be managed by further budget reductions.

The Council has a substantial programme of budget reductions planned for delivery, as detailed in paragraph 3.5.3. Whilst risk provisions and transformation funds have been approved, (which mitigate the risk of non-delivery) and delivery of the programme is progressing well, the remaining scale of the programme, which also contains more projects that contain uncertainties inherent in more innovative commercial approaches, presents an increasing downside risk to successful delivery. Programmes are regularly monitored and progress reported to Cabinet to manage this risk.

The challenges that lie ahead remain equal to those in previous years, but this plan is considered robust. 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 which has again been delayed.

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 remains some 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. 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.

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 if existing efficiency plans do not proceed in line with expectations or there are further funding reductions following the implementation of the Fair Funding Review.

7. Risk Assessment

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 at least one year ahead of the budget reductions it needs to make, so that any changes required are as trouble free as possible. Efficiency plans have now been developed to balance the MTFP. These need to be implemented over the next 4 years to continue the effective delivery that Members and officers have been successful in achieving over the last few years.
Viability	Medium	The reduction in New Homes Bonus coupled with increasing pay awards and the review of local government funding increases the risks to the finances of the Council; however, it has enough reserves to cushion the impact whilst delivering the approved efficiency programme.
Finance	Medium	With the continued removal of central government support, the Council will increasingly rely on income generated by local fees and charges, and council tax, and these will need to consistently increase year on year to offset the momentum of continual reductions in available budgets.
Profile	Medium	The achievement of a balanced and sustainable MTFP is reliant upon the effective delivery of the efficiency programme, with £2.6m planned for delivery 2019/20 to 2022/23.

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 2019/20.

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 2019/20. 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 2019-20 ***(to follow)***
Appendix 1a - The Gedling Plan Structure and Golden Thread
Appendix 2 - Local Government Association Settlement Briefing
Appendix 3 - Detailed Gedling Plan Portfolio Budgets 2019/20
Appendix 4 - Major Price Indices – Medium Term Financial Plan
Appendix 5 - Movement on Earmarked Reserves
Appendix 6 - Council Tax Collection Fund Estimate 2019/20

Background Papers

- Central Government Report – Local Government Finance Report 2019 to 2020
- Prudential and Treasury Indicators and Treasury Management Strategy Statement 2019/20
- Capital Programme and Capital Investment Strategy 2019/20 to 2023/24

Reasons for Recommendations

To obtain approval of the Gedling Plan 2019-20 for referral to Council.

Gedling Plan Structure & Golden Thread

VISION

Serving People, Improving lives

AMBITION

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.

PRIORITIES → OBJECTIVES

STRONG AND DYNAMIC COMMUNITIES

To promote strong, resilient communities and reduce hardship and inequality

- Promote and encourage pride, good citizenship and participation
- Reduce poverty and provide support to the most vulnerable
- Improve social mobility and life chances
- Reduce anti-social behaviour, crime and the fear of crime

HIGH PERFORMING COUNCIL

To be a high performing, efficient and effective Council

- Improve the customer experience of engaging with the Council
- Provide efficient and effective services
- Maintain a positive working environment and strong employee morale
- Improve use of digital technologies

VIBRANT ECONOMY

To promote and drive sustainable growth across the borough to meet current and future needs

- Provide more homes
- Ensure local people are well prepared and able to compete for jobs
- Safeguard and create job opportunities
- Create thriving and vibrant town and local centres
- Drive business growth and job creation through local and inward investment

SUSTAINABLE ENVIRONMENT

To promote a sustainable environment

- Provide an attractive and sustainable local environment that local people can enjoy
- Improve transport infrastructure and connectivity
- Conserve, enhance, promote and celebrate our heritage
- Promote and protect the environment by minimising pollution and waste

HEALTHY LIFESTYLES

To promote the health and well-being of our residents

- Improve health and wellbeing and reduce health inequalities
- Support physically active lifestyles
- Increase recreational activities and users to parks and open spaces
- Reduce levels of loneliness and isolation

DELIVERY

Business Continuity Plan

Risk Register

Gedling Plan

Service Plans

Individual Objectives

Gedling Borough Council

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Local Government Association
Provisional Local Government Finance Settlement 2019/20
On the Day Briefing
13 December 2018

Introduction

The local government finance settlement is the annual determination of funding to local government from central government. This briefing covers the consultation on the local government finance settlement for 2019/20. We expect the final 2019/20 settlement to be laid before the House of Commons, for its approval, in late January or early February 2019.

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

Key messages

- The extra funding in the 2018 Budget showed that the Government is listening to the LGA's call for desperately needed investment to ease some of the pressure facing local services next year. This included an additional £650 million for children and adults, and £420 million for roads funding.

- There is new money from central government included in the provisional settlement. Councils, however, will still face an overall funding gap of £3.2 billion in 2019/20. It is therefore disappointing that the Government has not used the settlement to provide further desperately-needed resources for councils next year.

- We are pleased that the Government has decided not to increase the New Homes Bonus (NHB) threshold further next year, and has provided up to £20 million to fund this. This makes up a considerable part of funding for some councils, particularly shire district authorities.

- Many councils will be forced to take tough decisions about which services have to be scaled back, or stopped altogether, to plug funding gaps. It is vital that the Government provides new funding for all councils in the final settlement, and uses the 2019 Spending Review to deliver truly sustainable funding for local government.

- We acknowledge that the Government has provided extra resources to some councils in 2019/20 to cancel the 'negative RSG' adjustment to tariffs and top-ups. The Government has also made an extra £16 million available through the Rural Services Delivery Grant.

- It is right that the £180 million surplus on the levy account is returned to local government.

- The additional one-off funding for adults and children's services announced in the 2018 Budget is welcome. However, there is still a substantial funding gap facing children's and adult social care in 2019/20. We have repeatedly warned of the serious consequences of the funding pressures facing these services. An injection of new money from central government is the only way to protect the vital services which care for older and disabled people, protect children and support families.

- Continued flexibility for local authorities in setting council tax levels will give some councils the option of raising extra money to offset some of the financial pressures they face next year. For shire districts with the lowest council tax levels the new limit does not provide any more spending power, as they can already increase council tax by 3 per cent or more due to the £5 flexibility. For many other district councils, the positive impact is minimal for the same reason. We call on the Government to offer further flexibility to these councils.

- No national tax is subject to referendum. The council tax referendum limit needs to be abolished so councils and their communities can decide how local services are paid for, democratically, through the ballot box. On its own, council tax flexibility is not a sustainable solution to the funding crisis. Increasing council tax raises different amounts of money in different parts of the country, unrelated to need. This also adds an extra financial burden on households.

- Further Business Rates Retention pilots will enable aspects of the 75 per cent Business Rates Retention system to be tested prior to implementation for all in 2020/21. Consultations on further Business Rates Retention and the Fair Funding Review have been published alongside the settlement. We will continue to work with the Government on these reforms, including tackling the impact of business rates appeals on local authorities.

- The four year deal runs out in March 2020. We remain concerned that there is no clarity over funding levels, nationally and locally, after that date. This hampers meaningful financial planning at a time when central government grant funding is the lowest it has been for decades and demand pressures are increasing.

The following council tax referendum principles were announced:

  - a core principle of up to 3 per cent applying to shire county councils, unitary authorities, London borough councils, the City of London, the Isles of Scilly, the GLA general precept and fire and rescue authorities.
  - a continuation of the Adult Social Care precept, with an additional 2 per cent flexibility available for social care authorities. This is subject to total increases for the Adult Social Care precept not exceeding 6 per cent between 2017/18 and 2019/20, and increases being no more than 2 per cent in 2019/20. o shire district councils in two-tier areas will be allowed increases of up to 3 per cent, or up to and including £5, whichever is higher.

  - police and crime commissioners (PCCs) will be allowed increases of up to £24 in 2019/20 (including the Greater London Authority charge for the Metropolitan Police, and the PCC component of the Greater Manchester Combined Authority precept). ○ Directly elected mayors will decide the required level of precept by agreement with their combined authorities. ○ Continue to defer the setting of referendum limits for town and parish councils.

- In the run up to the final settlement we will continue to work to ensure that the views of councils are heard and understood. We will be urging the Government to provide new funding for all councils as they prepare for the next financial year. This is the only way to help plug the growing funding gaps facing our local services.

The Settlement in Detail

The Ministry for Housing Communities and Local Government (MHCLG) has announced the provisional local government finance settlement for 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 2019/20 published in February 2018 with the following changes:

- The additional resources of £240 million for Adult Social Care and £410 million, for both adults and children's social care, announced in the Budget in October 2018, have been incorporated into Core Spending Power;

- Council tax figures have been updated to reflect decisions local authorities made in 2018/19, revised taxbase growth assumptions, and assumptions on council tax increases as set out in the 'Core Spending Power' section below;

- The Government has confirmed its decision to remove the downward adjustment to tariffs and top-ups for authorities which would otherwise have been in 'negative RSG' for 2019/20. This is being funded by central government;

- New Homes Bonus allocations have been revised to reflect actual housing growth. The Government has not increased the New Homes Bonus threshold; the government is committing up to £20 million to maintain this;

- £180 million of surplus on the levy account will be distributed to all councils, based on the 2013/14 Settlement Funding Assessment.

- 15 local authority areas have been selected to pilot 75 per cent Business Rates Retention in 2019/20, as well as all London boroughs and the City of London Corporation (previously 100 per cent in 2018/19). The five 100 per cent business rates pilots which started in 2017/18 will continue at 100 per cent in 2019/20. This should have no financial effect on non-pilot authorities.

97 per cent of councils accepted the multi-year settlement offer from 2016/17 to 2019/20. This included:

- Revenue support grant;
- The business rates top-up or tariff (adjusted for the 2017 revaluation);
- Rural Services Delivery Grant; and
- The Transition Grant for 2016/17 and 2017/18.

The closing date for responses to MHCLG is 10 January 2019. We expect the final settlement to be published in late January / early February 2019.

At the LGA's Annual Finance Conference on Tuesday 8 January 2019 we will share details of further analysis of the settlement with councils. The event will also cover the forthcoming Spending Review, further Business Rates Retention and the Fair Funding Review. You can book your place and find out more information here.

Core Spending Power

Core Spending Power in 2019/20 consists of:

- Revenue Support Grant;
- Retained business rates;
- Section 31 grants to compensate for historic caps on business rates multiplier increases, and uprating the multiplier by the Consumer Price Index instead of the Retail Price Index;
- Income from the New Homes Bonus, including any returned unused topslice;
- Adult social care winter pressures grant for 2018/19 and 2019/20;
- The additional Social Care Support Grant for 2019/20;
- Improved Better Care Fund;
- Rural Services Delivery Grant;
- Income from council tax assuming that the tax base grows and councils increase council tax by the 3 per cent basic referendum limit in 2019/20. It also includes an assumption of the maximum possible social care precept in 2019/20, and the additional flexibility for shire districts and police and crime commissioners.

The Government figures indicate that Core Spending Power in accordance with this definition will rise by an average 2.8 per cent in 2019/20. These Government assumptions are on the basis that every council will raise their council tax by the maximum permitted without a referendum. The change over the whole Spending Review period is an increase of 3.8 per cent in cash terms.

Detailed Core Spending Power figures are included in Annex A.
LGA view:

- It is disappointing that there is not more new money from central government in the settlement, other than an extra £16 million of rural services delivery grant and up to extra £20 million of new homes bonus. It is right that the £180 million surplus on the levy account is returned to local government.

- Local services are facing a £3.2 billion funding gap in 2019/20. The resources announced today and local authority council tax income are nowhere near enough to meet this gap. The Government needs to provide new funding for all councils in the Final Settlement and in Spending Review 2019 so they can protect vital local services.

- The Government should fully fund the new burdens resulting from the introduction of the National Living Wage for both in-house staff and providers. Local authorities are also facing significant price inflation, which was not forecast when local authorities signed up to the four year offer.

- The four year deal ends in 2019/20. We remain concerned that there is no clarity over funding levels, both nationally and locally, after March 2020. This hampers meaningful financial planning at a time when government grant funding is the lowest it has been for decades and demand pressures are increasing.

Fair Funding Review

Alongside the local government finance settlement, the Government confirmed that it is looking to implement the Fair Funding Review in April 2020 and published a further consultation on its progress. The deadline for responses is 21 February 2019.

This consultation covers all three key strands of the Review. In particular, it:

- Sets out the Government's preferred options on the structure of the relative needs assessment, including tier-specific foundation formulas and formulas to assess specific services, the leading cost drivers for inclusion in these formulas, and analytical techniques to weight cost drivers;

- Sets out the Government's preferred options on measuring the council tax base, in particular treatment of mandatory and discretionary council tax discounts, and the choice of council tax level to be used when calculating the resources adjustment; and

- Outlines options on high level principles that could underpin the choices of transition mechanism, and the definition and measurement of 'baseline' and 'target' between which the transition mechanism would be applied to.

We encourage member authorities to respond to the consultation and share their views with us by emailing lgfinance@local.gov.uk as we formulate our response. We will also be running a series of free regional events, with MHCLG, on the consultation to enable local authorities to discuss their views directly with MHCLG officials. More details are available on the LGA's events page.

LGA view:

- Local authorities must receive as much advance notice as possible of their provisional funding baselines to enable proper financial planning.
- In our response to the consultation we will be making clear that any outcome of the Fair Funding Review will not be sustainable unless it is introduced alongside sufficient additional resources to meet the funding gap facing local authorities.

New Homes Bonus

The provisional amount of £918 million for the New Homes Bonus (NHB) has been included in Core Spending Power in 2019/20. This is an increase of £18 million compared to the indicative figures included in Core Spending Power for 2019/20 published with the 2018/19 final settlement in February 2019. The bonus will be funded through £20 million in grant with the rest (£900 million) in top-sliced funding. Following changes in 2018/19, the bonus is now paid for four years.

The threshold over which the bonus will remain at 0.4 per cent.

LGA view:

- We welcome the Government's decision not to increase the threshold further in 2019/20. The NHB makes up a considerable part of funding for some councils particularly shire district authorities.

Business rates

The new areas that will pilot 75 per cent Business Rates Retention in 2019/20 have been announced. They are:

- Berkshire
- Buckinghamshire
- East Sussex
- Hertfordshire
- Lancashire
- Leicestershire
- Norfolk
- Northamptonshire
- North and West Yorkshire
- North of Tyne
- Solent Authorities
- Somerset

- Staffordshire and Stoke
- West Sussex
- Worcestershire

The pilot areas announced in 2017/18 (Greater Manchester, Liverpool City Region, Cornwall Council, the Combined Authorities of the West of England and the West Midlands) will continue. The London pilot will continue, but at a reduced rate of 75 per cent rather than 100 per cent. This means that 16 areas will be piloting 75 per cent retention in 2019/20 and 5 areas will still be at 100 per cent. Adjustments will be made to the tariff and top-ups of these authorities. The pilots will not impact on non-pilot authorities. Including these areas, MHCLG is consulting on 30 business rates pools.

The Secretary of State confirmed his aim to introduce 75 per cent Business Rates Retention for all in 2020/21 and published a consultation document on possible changes to the system. The main proposals relate to balancing risk and reward; resets, the safety net, the levy, tier splits within areas, incentivising pools, central and local rating lists, including inviting proposals for properties that should change lists, There is also consideration of the best way of dealing with appeals and an alternative model of business rates retention. The deadline for responses is 21 February 2019.

We encourage member authorities to respond to the consultation and share their views with us by emailing lgfinance@local.gov.uk as we formulate our response. We are also running a series of free regional consultation events in cooperation with MHCLG – you can book your place on our events website.

The following table shows the change to the business rates multiplier, incorporating the September 2018 increase to the Consumer Prices Index

2018/19 small business rates multiplier	48.0p
plus September 2018 CPI increase	1.1p
equals 2019/20 small business rates multiplier	49.1p
2019/20 national business rates multiplier	50.4p

Source: Business Rates Information Letter 4 (Autumn Budget) **LGA**

view:

- We welcome the consultation on reforms to the Business Rates Retention system and will submitting a response in due course.

- Along with individual councils, the LGA will continue to engage extensively in discussions with the Government on the implementation of further Business Rates Retention. We remain clear that extra business rates income should go towards meeting the funding gap facing local government and no council should see its funding reduce as a result of a new distribution system.

- We welcome the fact that certain aspects of further retention can be tested through pilots and that 15 new pilots have been announced. At the same time it is important that this does not affect other authorities now or when further Business Rates Retention is implemented.

- There are still more than 90,000 business rates appeals outstanding from the 2010 list. We are working with the Government to find a better way to deal with business rates appeals under the Business Rates Retention system. Separately, we call on the Government to ensure that all outstanding appeals from the 2010 rating list are dealt with as soon as possible through providing resources to the Valuation Office Agency and other relevant organisations. This will be relevant in the run-up to the next revaluation, due in 2021.

- It is positive that councils will continue to be fully compensated for the loss of income from the centrally determined reliefs, such as the retail relief announced in Budget 2018, continuing 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 2019/20 is proposed to be 3 per cent, with the exception of all shire district authorities, for which a higher limit of either 3 per cent or £5 (on a Band D bill) applies. All Police and Crime Commissioners, and the GLA charge for the Metropolitan Police, will have a limit of £24 on a Band D bill. The Government intends to defer the setting of referendum principles for town and parish councils for three years from 2018/19.

As previously announced, social care authorities will be able to increase their council tax by up to 2 per cent (over the existing basic referendum threshold of 3 per cent referred to above) as long as precept increases do not exceed 6 per cent over the 3 year period from 2017/18 to 2019/20. That means that if a council has already used up the flexibility in 2017/18 and 2018/19 it cannot increase its social care precept further.

Directly elected mayors will decide the required level of precept by agreement with their combined authorities.

LGA view:

- No national tax is subject to referenda. The council tax referendum limit needs to be abolished so councils and their communities can decide how local services are paid for, with residents able to democratically hold their council to account through the ballot box.

- However, this is not a sustainable solution as increasing council tax, or introducing a social care precept, raises different amounts of money in different parts of the country, unrelated to need. This also adds an extra financial burden on already struggling households.

- Should the Government proceed with setting referendum limits, we would call on it to take into account the following:

    - There is a particular impact on those social care authorities who cannot increase their precept further due to already being at the 6 per cent limit.
    - For shire districts with the lowest council tax levels the 3 per cent limit does not provide any more spending power, as they can already increase council tax by 3 per cent or more due to the £5 flexibility. For many other district councils, the positive impact is minimal for the same reason. We call on the Government to increase the £5 limit for district councils to £10.
    - There is also a case to examine an additional 'prevention precept' to be raised in shire district areas so that the same amount, adjusting for differing taxbases, could be raised in a two tier area as in a unitary area. How this 'prevention precept' is used should be agreed locally.
    - The adult social care precept raises significantly different levels of resources in different council areas which do not necessarily match spending pressures.
    - Fire authorities have particular pressures due to the funding of pay increases. If there is not an increase in the grant for FRAs, we understand they have suggested that there be an increase in the referendum cap for standalone FRAs so they could budget for a pay increase from raising council tax.

Adult social care

The Government has confirmed the allocations of £240 million adult social care winter pressures funding in 2018/19 and 2019/20, as well as a £410 million social care grant in 2019/20.

£410 million of social care grant in 2019-20 for adult and children's services is intended to be spent, where necessary, to ensure that adult social care pressures do not create additional demand on the NHS. Local councils can also use it to improve their social care offer for older people, people with disabilities and children.

As per flexibilities introduced in the 2017/18 Local Government Finance Settlement, social care authorities will be able to increase their council tax by up to 2 per cent (over the existing basic referendum threshold of 3 per cent referred to above) in 2019/20 as long as adult social care precept increases do not exceed 6 per cent over the 3 year period between 2017/18 and 2019/20. The majority of councils exhausted this flexibility in the previous years.

The Government's green paper on adult social care and support is still not published.

LGA view:

- The Government has provided helpful extra short term funding to tackle some of the immediate pressures facing these vital services, and this will be welcomed by councils. However, short term measures are not enough and the funding does not address the full extent of all immediate pressures, let alone pave the way for a sustainable, long-term future. Councils, charities, care providers and others continue to warn of the serious consequences of funding pressures on older and disabled people who use services, their carers and the provider market. Councils cannot simply turn services on and off as funding ebbs and flows.

- Putting in place the right services, that are high quality and delivered by a sustainable provider market and properly skilled workforce, requires forward planning. Adult social care services still face a £3.56 billion funding gap by 2024/25, just to fund the National Living Wage and to maintain existing standards of care.

- In response to our own green paper on social care and wellbeing, we are now calling on the Government to abandon this short-term incrementalism and make the case for national tax rises or a new insurance scheme so that current and future generations can be confident they will have the care and support they need to live the life they want to lead.

- While adult social care council tax flexibility is welcome, it is unfair to shift the burden of tackling a national crisis onto councils and their residents. Our analysis shows that nearly 40p in every £1 of council tax paid in England will be spent on adult social care by the end of the decade. The adult social care council tax precept policy also has a different effect in different areas as authorities with a weaker tax base will not be able to raise as much income through this flexibility than those authorities with a stronger tax base. In addition, the ability to collect council tax is unrelated to need.

Children's services

Further details have been given on the additional £410 million announced in the budget, which is for both children's and adults' social care, and which will be paid in the form of a Social Care Grant. Other than that there is no new money in the settlement for children's services.

As announced in the 2018 Autumn Budget, £84 million has been made available over 5 years for up to 20 local authorities, to help more children to stay at home safely with their families. This investment builds on the lessons learned from successful innovation programmes in Hertfordshire, Leeds and North Yorkshire.

LGA view:

- Whilst flexibility in the use of resources is welcome, the £410 million additional funding allocated to support social care can only be spent once and the combined funding gap for adult and children's social care in 2019/20 is £2.6 billion meaning that very significant pressures remain.

- The announcement of £84 million over five years to expand children's social care programmes in 20 areas is a small step in the right direction, but councils in England face a £1.1 billion shortfall in the next year alone just to keep services running at current levels. While any additional investment is welcome, this will do little to alleviate the immediate and future pressures on services for some of the most vulnerable children and families in the vast majority of council areas.

- Organisations from across the public and voluntary sector have joined our consistent warnings that the current situation is unsustainable, with ongoing cuts to national funding for preventative services leaving children and families entering the child protection system in record numbers. On average, councils started more than 500 child protection investigations every day last year – up from just 200 a decade ago – and the number of children in the care system increased at the fastest rate since 2010.

- Children who are experiencing, or are at risk of, neglect or abuse deserve the very best support to make sure they are safe and well and councils are committed to ensuring every child has the best start in life. Increasing demand-led pressures, combined with the funding gap mentioned above, means councils are finding it increasingly difficult to continue to provide high quality support to children and families who need it. It is time for the Government to give councils the resources they need to provide the support that vulnerable children and families need, when they need it.

Schools and SEND funding

The settlement did not contain any announcements on schools and education funding.

LGA view:

- The introduction of the National Funding Formula for Schools, combined with changes to High Needs Funding, is exacerbating existing shortfalls in funding to support children and young people with special educational needs and disability (SEND), by reducing council flexibility to move funding between the schools and high needs funding blocks. The Government needs to provide additional funding to meet the pressures, otherwise councils may not be able to meet all aspects of their statutory duties. We acknowledge the Department for Education (DfE) has provided some extra funding since 2015/16, but this has been allocated on the basis of the total number of children in an area, rather than any measure of the number of children with complex needs.

- Councils are telling us that pressures on the High Needs funding block is one of the most serious financial challenges that they are currently dealing with. We have therefore commissioned research to look at the scale of the issue and the initial findings show that councils are facing a funding shortfall of £472 million for the 2018/19 financial year, double the shortfall for 2017/18. Councils need an urgent injection of cash to effectively meet the needs of children with Special Educational Needs and Disabilities.

Public health

While final allocations for 2019/20 public health grant have not yet been published, the Government has previously published indicative allocations which imply a reduction of £85 million.

In the Fair Funding Review consultation documents published alongside the settlement, the Government has set out that the final decision on whether public health grant will be funded through business rates from April 2020 will now be made in 2019.

LGA view:

- The Government should publish the 2019/20 individual local authority allocations of public health funding as soon as possible.

- Councils continue to face significant spending reductions to their public health budget up to 2020/21. The public health grant will have been cut by the Government by £531 million (nearly 10 per cent) from 2015/16 to 2019/20. These cuts must be reversed.

- Any reductions to the public health budget will have a significant impact on the essential prevention and health protection services provided by councils. Given that much of the local government public health budget pays for NHS services, including sexual health, drug and alcohol treatment and Health Visitors, this will be a cut to the NHS in all but name.

- If the further cut to funding is to go ahead, 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.

- We are disappointed to see continued uncertainty over the future of the public health grant. The Government has previously committed to this grant being rolled into Business Rates Retention (and, as such, forming part of the Fair Funding Review) multiple times.

Rural Services Funding

The Rural Services Delivery Grant will be £81 million in 2019/20, £16 million higher than previously announced.

LGA view:

 Councils in rural areas will welcome this additional funding.

Commercial Investments

- MHCLG is considering, in conjunction with HM Treasury, what interventions may be needed in relation to the few authorities that it is aware of that are continuing to undertake significant borrowing for commercial purposes.

LGA view

- Councils have been encouraged to find ways of protecting services by generating income from alternative sources. Councils face a choice of either accepting funding reductions and having to cut services, or considering other ways to generate resources to secure those services in the long term. If councils make investments, they have to follow strict rules and undertake assessments to ensure they invest wisely and manage the risk of their investments appropriately.

- In many cases, councils have not only been making investment decisions that can help them replace funding shortfalls, but also contribute to their local economy and environment.

Support for councils on improvement

The Government is developing a package of support to help councils become more efficient and get better service outcomes. The Government has announced the launch of a continuous improvement tool in Spring 2019.

LGA view:

 We are working with MHCLG and councils to develop this self-assessment tool to help councils continuously improve. This will form part of a wider package of support easily accessible on-line and will build on all the improvement tools we already have in place including peer challenge, leadership development and LG Inform.

Fire Funding

As with councils, Fire and Rescue Authorities will be able to raise their precept by 3 per cent in 2019/20.

LGA view:

- Without changes to the funding of fire and rescue services in 2019/20, there will continue to be pressure put on them and, and their ability to respond to the full range of risks they face and are expected to address. The reductions fire and rescue services will have to continue to find will have an impact on national and local resilience as well as operational capacity, and their ability to respond to unpredictable events.

- Fire and rescue services need to be funded to take account of the full range of risks and demands they face, such as the new role they will have in ensuring building safety after the fire in Grenfell Tower and new fire risks they face such as the wild fires that occurred over the summer. To assist fire and rescue services to address the financial challenges they face, the referendum limit on their precept should be removed. Additional funding should be made available to enable fire and rescue services to drive transformation in the way they deliver their services and the capital funding issues faced by some services addressed.

- It is disappointing that the Government has not recognised the issue of rewarding fire employees to reflect the positive impact that the broader work of fire and rescue services in collaborating with health and other partners could have. Work on developing the funding case continues and we look forward to continued discussions with government to deliver the best outcomes for fire and rescue services, their communities, partners and employees.

Brexit preparations

To support Brexit preparations, the 2018 Budget confirmed that the Government will have invested over £4 billion in preparing for the EU exit since 2016. The settlement did not contain any announcement on funding to support councils to prepare for Brexit.

LGA view:

- Councils are making preparations for Brexit, without extra funding to support this additional work.

- The LGA has stated that any new responsibilities or added financial pressures for councils arising from Brexit must be fully funded.

- We look forward to a future announcement from the Treasury on the departmental allocations from the additional resources. MHCLG must ensure that additional work being carried out by councils in preparation for Brexit is fully funded.

Police Funding

The police funding settlement was announced in an oral statement today. Police and Crime Commissioner precepts, as well as the GLA charge for the Metropolitan Police, will be permitted to increase by up to £24 compared to 2018/19. Provisional 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 to, and any comments on, the settlement to lgfinance@local.gov.uk.

The LGA will share the results of some of this analysis with authorities at the LGA's Finance Conference on 8 January 2019. The event will also cover the 2019 Spending Review, further Business Rates Retention and the Fair Funding Review. Among other speakers, this year's conference will hear from the Secretary of State for Housing, Communities and Local Government, his Shadow counterpart and the Chief Secretary to the Treasury. You can find out more about the agenda 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); Thomas Leighton, Public Affairs and Campaigns Adviser (thomas.leighton@local.gov.uk / 020 7664 3094).

Appendix 2

Annex A: Core Spending Power

	2015/16	2016/17	2017/18 £ million	2018/19	2019/20
Settlement Funding Assessment	**21,249.9**	**18,601.7**	**16,632.6**	**15,574.2**	**14,559.6**
Compensation for under-indexing the business rates multiplier	**165.1**	**165.1**	**175.0**	**275.0**	**400.0**
Improved Better Care Fund	**0.0**	**0.0**	**1,115.0**	**1,499.0**	**1,837.0**
Rural Services Delivery Grant	**15.5**	**80.5**	**65.0**	**81.0**	**81.0**
Transition Grant	**0.0**	**150.0**	**150.0**	**0.0**	**0.0**
Adult Social Care Support Grant	**0.0**	**0.0**	**241.1**	**150.0**	**0.0**
New Homes Bonus	**1,167.6**	**1,461.9**	**1,227.4**	**947.5**	**917.9**
New Homes Bonus - returned funding	**32.4**	**23.1**	**24.5**	**0.0**	**0.0**
Winter pressures Grant	**0.0**	**0.0**	**0.0**	**240.0**	**240.0**
Social Care Support Grant	**0.0**	**0.0**	**0.0**	**0.0**	**410.0**
Council Tax *of which:*	**22,035.9**	**23,247.3**	**24,665.8**	**26,331.6**	**27,927.1**
'Core' Council Tax, including tax base growth and maximum allowed increases from 2017/18 to 2019/20	*22,035.9*	*22,858.5*	*23,701.6*	*24,766.9*	*26,025.2*
Adult Social Care Precept	*0.0*	*381.8*	*948.2*	*1,529.1*	*1,810.2*
Additional flexibility for Shire Districts	*0.0*	*7.0*	*16.0*	*35.6*	*91.7*
Core Spending Power	**44,666.5**	**43,729.5**	**44,296.5**	**45,098.3**	**46,372.7**
Year-on-year Change (£ million)		*-936.9*	*566.9*	*801.8*	*1,274.4*

Year-on-year Change (%)	*-2.1%*	*+1.3%*	*+1.8%*	*+2.8%*
Change over the SR period (£ million)				*1,706.2*
Change over the SR period (%)				*+3.8%*

Source: Core Spending Power: Supporting Information, Department for Communities and Local Government

Appendix 2

Annex B – Glossary of Local Government Finance Technical Terms

Adult 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.
Adult social care support grant/ Winter pressures grant	A grant allocated to social care authorities on the basis of the 2013/14 adult social care relative needs formula calculations.
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.
Business rates revaluation	A regular exercise by the Valuation Office Agency, last carried out in 2017, to reassess the rateable value of individual non-domestic hereditaments. The results are used to set new business rates bills. The next revaluation is planned for 2021 and from then on the Government intends to move to a three-yearly revaluation cycle.
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 and the improved Better Care Fund and Adult Social Care Support 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. From April 2017 has also included the 'retained duties' element previously paid as part of the Education Services Grant
Improved Better Care Fund (iBCF)	Additional funding for adult social care authorities from 2017/18 onwards.
Levy account	A Government account into which proceeds from the business rates levy, and any top-slice, are paid and which is used to pay safety net to qualifying authorities. Any surplus is to be returned to authorities.
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. Unless the Government decides to set a lower increase, the small business multiplier is uprated annually by the Consumer Prices Index 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 a given level below their baseline funding level. In 2019/20 this level is set at 7.5 per cent for authorities with 50 per cent business rates retention, 5 per cent for authorities with 75 per cent business rates retention and 3 per cent for authorities with 100 per cent business rates retention.
Section 31 Grant	A grant paid to local councils under Section 31 of the Local Government 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	Businesses with a property with a rateable value of £12,000 and below receive 100 per cent relief on business rates. Businesses with a property with a rateable value between £12,000 and £15,000 receive tapered relief.
Social Care Support Grant	A £410 million grant paid in 2019/20. This is intended to be spent, where necessary, to ensure that adult social care pressures do not create additional demand on the NHS. Local councils can also use it to improve their social care offer for older people, people with disabilities and children.

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 topups are self-funding at the outset of the scheme and uprated in line with the small business rates multiplier each year, except for recalculation 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 reductions to Revenue Support Grant in 2016/17 and 2017/18.

Portfolio Summary - Revenue Budget 2019-20

	Actual 2017-18	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Portfolio				
Community Development	1,420,599	1,442,400	1,501,200	58,800
Housing, Health & Well-being	1,849,802	2,423,700	2,347,500	(76,200)
Public Protection	1,653,673	1,459,600	1,453,900	(5,700)
Environment	4,400,523	4,426,200	4,516,600	90,400
Growth & Regeneration	904,603	868,200	1,242,900	374,700
Resources & Reputation	881,528	1,535,800	1,379,100	(156,700)
Net Portfolio Budget	**11,110,727**	**12,155,900**	**12,441,200**	**285,300**
	1,217,928	(10,700)	(765,200)	(754,500)
Transfer to/from Earmarked Reserves	**1,217,928**	**(10,700)**	**(765,200)**	**(754,500)**
Net Council Budget	**12,328,655**	**12,145,200**	**11,676,000**	**(469,200)**

	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Consisting of				
Employee Expenses	13,587,967	13,914,800	14,309,200	394,400
Premises Related Expenses	1,730,909	1,660,800	1,811,400	150,600
Transport Related Expenses	569,334	578,900	575,800	(3,100)
Supplies & Services	5,081,327	4,551,600	4,704,400	152,800
Third Party Payments	342,129	378,100	331,500	(46,600)
Transfer Payments	25,554,792	23,781,300	22,098,800	(1,682,500)
Capital Interest	1,093,961	913,900	1,510,600	596,700
Revenue Income	(36,849,692)	(33,623,500)	(32,900,500)	723,000
Controllable	**11,110,727**	**12,155,900**	**12,441,200**	**285,300**
Consisting of				
Premises Related Recharges	116,445	120,500	118,600	(1,900)
Transport Related Recharges	1,494,323	1,593,700	1,665,000	71,300
Supplies & Services Related Recharges	294,908	298,200	298,200	0
Central Support and Service Admin	5,098,069	5,745,500	5,533,700	(211,800)
Internal Recharges	(7,003,745)	(7,757,900)	(7,615,500)	142,400
Recharges	**0**	**0**	**0**	**0**
Consisting of				
Capital Financing Charges	2,790,261	2,551,800	1,951,300	(600,500)
Capital Entries	(2,790,261)	(2,551,800)	(1,951,300)	600,500
Capital	**0**	**0**	**0**	**0**
Net Portfolio Revenue Budget	**11,110,727**	**12,155,900**	**12,441,200**	**285,300**
Consisting of				
Transfer to Reserves	1,917,595	252,300	202,400	(49,900)
Transfer from Reserves	(699,667)	(263,000)	(967,600)	(704,600)
Reserves	**1,217,928**	**(10,700)**	**(765,200)**	**(754,500)**
Transfer to/from Earmarked Reserves	**1,217,928**	**(10,700)**	**(765,200)**	**(754,500)**
Net Council Budget	**12,328,655**	**12,145,200**	**11,676,000**	**(469,200)**

Community Development

	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Division				
Democratic Mgt & Representation	623,050	657,600	696,000	38,400
Localities	160,064	154,900	159,200	4,300
Community Grants	246,890	233,800	250,300	16,500
The Arts & Tourism	48,425	47,700	50,100	2,400
Community Centres	213,633	209,000	229,300	20,300
Markets & Events	128,537	139,400	116,300	(23,100)
Total Community Development Portfolio Budget	**1,420,599**	**1,442,400**	**1,501,200**	**58,800**
Transfer to/from Earmarked Reserves				
Community Development	44,281	(18,000)	(18,000)	0
Total Reserves	**44,281**	**(18,000)**	**(18,000)**	**0**
TOTAL	**1,464,880**	**1,424,400**	**1,483,200**	**58,800**

	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Consisting of				
Employee Expenses	506,566	521,100	539,300	18,200
Premises Related Expenses	81,803	62,000	63,100	1,100
Transport Related Expenses	5,187	6,900	6,800	(100)
Supplies & Services	615,347	566,400	580,900	14,500
Capital Interest	0	0	0	0
Revenue Income	(185,937)	(128,200)	(127,900)	300
Controllable	**1,022,966**	**1,028,200**	**1,062,200**	**34,000**
Consisting of				
Premises Related Recharges	10,184	9,000	9,100	100
Supplies & Services Related Recharges	6,110	6,200	6,200	0
Central Support and Service Admin	312,289	340,600	365,200	24,600
Recharges	**328,584**	**355,800**	**380,500**	**24,700**
Consisting of				
Capital Financing Charges	69,050	58,400	58,500	100
Capital	**69,050**	**58,400**	**58,500**	**100**
Total Community Development	**1,420,599**	**1,442,400**	**1,501,200**	**58,800**
Consisting of				
Transfer to Reserves	59,237	0	0	0
Transfer from Reserves	(14,956)	(18,000)	(18,000)	0
Reserves	**44,281**	**(18,000)**	**(18,000)**	**0**
Transfer to/from Earmarked Reserves	**44,281**	**(18,000)**	**(18,000)**	**0**
TOTAL	**1,464,880**	**1,424,400**	**1,483,200**	**58,800**

R140 Democratic Mgt & Representation	Actual 2017-18	Original Budget 2018-19	Original Budget 2019-20	Variance to Original Budget 2018-19
	£	£	£	£
Employee Expenses	124,243	128,000	135,600	7,600
Transport Related Expenses	3,677	5,500	5,500	0
Supplies & Services	318,232	326,300	330,500	4,200
Revenue Income	(4,408)	(4,800)	(4,900)	(100)
Controllable	**441,743**	**455,000**	**466,700**	**11,700**
Supplies & Services Related Recharges	1,307	1,300	1,300	0
Central Support and Service Admin	180,000	201,300	228,000	26,700
Recharges	**181,307**	**202,600**	**229,300**	**26,700**
Transfer to Reserves	6,100	0	0	0
Transfer from Reserves	(136)	0	0	0
Reserves	**5,964**	**0**	**0**	**0**
Total	**629,014**	**657,600**	**696,000**	**38,400**

R210 Localities	Actual 2017-18	Original Budget 2018-19	Original Budget 2019-20	Variance to Original Budget 2018-19
	£	£	£	£
Employee Expenses	89,687	94,600	98,200	3,600
Premises Related Expenses	10,162	9,900	9,900	0
Transport Related Expenses	1,057	1,000	1,000	0
Supplies & Services	32,833	20,300	19,200	(1,100)
Capital Interest	0	0	0	0
Controllable	**133,740**	**125,800**	**128,300**	**2,500**
Supplies & Services Related Recharges	1,210	1,200	1,200	0
Central Support and Service Admin	25,114	27,900	29,700	1,800
Recharges	**26,324**	**29,100**	**30,900**	**1,800**
Transfer from Reserves	0	0	0	0
Reserves	**0**	**0**	**0**	**0**
Total	**160,064**	**154,900**	**159,200**	**4,300**

R420 Community Grants	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	77,607	75,600	76,400	800
Transport Related Expenses	16	0	0	0
Supplies & Services	172,442	139,900	154,400	14,500
Revenue Income	(37,450)	0	0	0
Controllable	**212,615**	**215,500**	**230,800**	**15,300**
Supplies & Services Related Recharges	955	1,000	1,000	0
Central Support and Service Admin	22,861	17,300	18,500	1,200
Recharges	**23,816**	**18,300**	**19,500**	**1,200**
Capital Financing Charges	10,458	0	0	0
Capital	**10,458**	**0**	**0**	**0**
Transfer to Reserves	37,450	0	0	0
Transfer from Reserves	(7,864)	(15,000)	(15,000)	0
Reserves	**29,586**	**(15,000)**	**(15,000)**	**0**
Total	**276,475**	**218,800**	**235,300**	**16,500**

R765 The Arts & Tourism	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	30,029	31,100	29,900	(1,200)
Transport Related Expenses	201	100	100	0
Supplies & Services	27,771	4,900	4,900	0
Revenue Income	(19,697)	0	0	0
Controllable	**38,305**	**36,100**	**34,900**	**(1,200)**
Supplies & Services Related Recharges	366	300	300	0
Central Support and Service Admin	9,754	11,300	14,900	3,600
Recharges	**10,120**	**11,600**	**15,200**	**3,600**
Transfer from Reserves	0	0	0	0
Reserves	**0**	**0**	**0**	**0**
Total	**48,425**	**47,700**	**50,100**	**2,400**

R775 Community Centres	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	139,453	148,000	153,100	5,100
Premises Related Expenses	71,641	52,100	53,200	1,100
Transport Related Expenses	129	300	200	(100)
Supplies & Services	7,174	8,400	7,400	(1,000)
Revenue Income	(111,160)	(109,000)	(108,200)	800
Controllable	**107,237**	**99,800**	**105,700**	**5,900**
Premises Related Recharges	10,184	9,000	9,100	100
Supplies & Services Related Recharges	1,615	1,700	1,700	0
Central Support and Service Admin	36,006	40,100	54,300	14,200
Recharges	**47,805**	**50,800**	**65,100**	**14,300**
Capital Financing Charges	58,592	58,400	58,500	100
Capital	**58,592**	**58,400**	**58,500**	**100**
Transfer to Reserves	15,687	0	0	0
Transfer from Reserves	(6,955)	0	0	0
Reserves	**8,732**	**0**	**0**	**0**
Total	**222,365**	**209,000**	**229,300**	**20,300**

R780 Markets & Events	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	45,547	43,800	46,100	2,300
Transport Related Expenses	106	0	0	0
Supplies & Services	56,895	66,600	64,500	(2,100)
Revenue Income	(13,222)	(14,400)	(14,800)	(400)
Controllable	**89,325**	**96,000**	**95,800**	**(200)**
Supplies & Services Related Recharges	657	700	700	0
Central Support and Service Admin	38,554	42,700	19,800	(22,900)
Recharges	**39,211**	**43,400**	**20,500**	**(22,900)**
Transfer from Reserves	0	(3,000)	(3,000)	0
Reserves	**0**	**(3,000)**	**(3,000)**	**0**
Total	**128,537**	**136,400**	**113,300**	**(23,100)**

Housing, Health & Well-being

	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Division				
Housing Needs	266,656	353,800	371,600	17,800
Calverton Leisure Centre	232,203	269,700	258,000	(11,700)
Carlton Forum Leisure Centre	45,710	199,600	210,900	11,300
Redhill Leisure Centre	125,772	197,900	189,200	(8,700)
Arnold Theatre	84,674	77,600	155,000	77,400
Arnold Leisure Centre	524,164	461,200	327,000	(134,200)
Richard Herrod Centre	323,729	343,500	341,800	(1,700)
Sports Development	15,694	14,600	(2,300)	(16,900)
Council Tax Benefits	(19,984)	(13,000)	(10,000)	3,000
Rent Allowances	(140,289)	(71,900)	(14,200)	57,700
Housing Benefit Administration	391,441	589,200	518,300	(70,900)
Rent Rebates	29	1,500	2,200	700
Total Housing, Health & Well-being Portfolio	**1,849,802**	**2,423,700**	**2,347,500**	**(76,200)**
Transfer to/from Earmarked Reserves				
Housing, Health & Well-being	236,660	18,000	18,000	0
Total Reserves	**236,660**	**18,000**	**18,000**	**0**
TOTAL	**2,086,462**	**2,441,700**	**2,365,500**	**(76,200)**

	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Consisting of				
Employee Expenses	3,041,326	3,245,300	3,234,500	(10,800)
Premises Related Expenses	750,120	814,900	863,600	48,700
Transport Related Expenses	3,698	7,100	5,100	(2,000)
Supplies & Services	853,133	859,900	977,300	117,400
Transfer Payments	25,554,792	23,781,300	22,098,800	(1,682,500)
Capital Interest	83,672	0	0	0
Revenue Income	(29,706,840)	(27,757,600)	(26,256,300)	1,501,300
Controllable	**579,902**	**950,900**	**923,000**	**(27,900)**
Consisting of				
Premises Related Recharges	36,921	37,700	35,400	(2,300)
Supplies & Services Related Recharges	40,676	41,500	41,500	0
Central Support and Service Admin	948,459	1,099,700	1,038,000	(61,700)
Recharges	**1,026,055**	**1,178,900**	**1,114,900**	**(64,000)**
Consisting of				
Capital Financing Charges	243,844	293,900	309,600	15,700
Capital	**243,844**	**293,900**	**309,600**	**15,700**
Total Housing, Health & Well-being	**1,849,802**	**2,423,700**	**2,347,500**	**(76,200)**
Consisting of				
Transfer to Reserves	341,450	18,000	18,000	0
Transfer from Reserves	(104,790)	0	0	0
Reserves	**236,660**	**18,000**	**18,000**	**0**
Transfer to/from Earmarked Reserves	**236,660**	**18,000**	**18,000**	**0**
TOTAL	**2,086,462**	**2,441,700**	**2,365,500**	**(76,200)**

R630 Housing Needs	Actual 2017-18	Original Budget 2018-19	Original Budget 2019-20	Variance to Original Budget 2018-19
	£	£	£	£
Employee Expenses	234,767	296,100	304,200	8,100
Premises Related Expenses	28,453	20,900	20,900	0
Transport Related Expenses	524	1,000	600	(400)
Supplies & Services	128,382	105,400	166,400	61,000
Revenue Income	(228,074)	(187,200)	(253,600)	(66,400)
Controllable	**164,052**	**236,200**	**238,500**	**2,300**
Premises Related Recharges	1,749	1,600	1,600	0
Supplies & Services Related Recharges	2,372	2,400	2,400	0
Central Support and Service Admin	89,509	104,700	104,400	(300)
Recharges	**93,630**	**108,700**	**108,400**	**(300)**
Capital Financing Charges	8,974	8,900	24,700	15,800
Capital	**8,974**	**8,900**	**24,700**	**15,800**
Transfer to Reserves	102,010	0	0	0
Transfer from Reserves	(9,661)	0	0	0
Reserves	**92,349**	**0**	**0**	**0**
Total	**359,005**	**353,800**	**371,600**	**17,800**

R725 Calverton Leisure Centre	Actual 2017-18	Original Budget 2018-19	Original Budget 2019-20	Variance to Original Budget 2018-19
	£	£	£	£
Employee Expenses	337,712	359,100	366,600	7,500
Premises Related Expenses	130,285	120,800	122,600	1,800
Transport Related Expenses	42	1,100	600	(500)
Supplies & Services	69,199	74,400	78,000	3,600
Capital Interest	17	0	0	0
Revenue Income	(386,715)	(378,700)	(394,500)	(15,800)
Controllable	**150,540**	**176,700**	**173,300**	**(3,400)**
Premises Related Recharges	4,206	4,200	4,200	0
Supplies & Services Related Recharges	4,853	5,000	5,000	0
Central Support and Service Admin	66,167	77,400	69,100	(8,300)
Recharges	**75,226**	**86,600**	**78,300**	**(8,300)**
Capital Financing Charges	6,437	6,400	6,400	0
Capital	**6,437**	**6,400**	**6,400**	**0**
Transfer to Reserves	31,819	0	0	0
Transfer from Reserves	0	0	0	0
Reserves	**31,819**	**0**	**0**	**0**
Total	**264,022**	**269,700**	**258,000**	**(11,700)**

R730 Carlton Forum Leisure Centre	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	716,889	744,000	773,600	29,600
Premises Related Expenses	215,294	255,700	265,600	9,900
Transport Related Expenses	493	1,000	800	(200)
Supplies & Services	171,495	193,400	190,500	(2,900)
Capital Interest	71	0	0	0
Revenue Income	(1,191,830)	(1,195,100)	(1,244,700)	(49,600)
Controllable	**(87,587)**	**(1,000)**	**(14,200)**	**(13,200)**
Premises Related Recharges	6,069	6,300	6,300	0
Supplies & Services Related Recharges	9,296	9,400	9,400	0
Central Support and Service Admin	110,634	132,800	157,600	24,800
Recharges	**125,999**	**148,500**	**173,300**	**24,800**
Capital Financing Charges	7,299	52,100	51,800	(300)
Capital	**7,299**	**52,100**	**51,800**	**(300)**
Transfer to Reserves	49,451	0	0	0
Transfer from Reserves	0	0	0	0
Reserves	**49,451**	**0**	**0**	**0**
Total	**95,161**	**199,600**	**210,900**	**11,300**

R735 Redhill Leisure Centre	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	369,457	408,300	374,300	(34,000)
Premises Related Expenses	88,414	120,300	127,900	7,600
Transport Related Expenses	25	700	200	(500)
Supplies & Services	72,908	82,700	86,600	3,900
Capital Interest	2	0	0	0
Revenue Income	(503,700)	(535,100)	(519,300)	15,800
Controllable	**27,106**	**76,900**	**69,700**	**(7,200)**
Premises Related Recharges	4,285	4,300	4,300	0
Supplies & Services Related Recharges	4,974	5,100	5,100	0
Central Support and Service Admin	74,346	89,800	87,800	(2,000)
Recharges	**83,605**	**99,200**	**97,200**	**(2,000)**
Capital Financing Charges	15,061	21,800	22,300	500
Capital	**15,061**	**21,800**	**22,300**	**500**
Transfer to Reserves	62,970	18,000	18,000	0
Transfer from Reserves	0	0	0	0
Reserves	**62,970**	**18,000**	**18,000**	**0**
Total	**188,742**	**215,900**	**207,200**	**(8,700)**

R740 Arnold Theatre	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	97,825	88,000	156,500	68,500
Premises Related Expenses	16,159	4,000	32,500	28,500
Transport Related Expenses	6	200	100	(100)
Supplies & Services	61,929	37,000	71,600	34,600
Capital Interest	6	0	0	0
Revenue Income	(144,220)	(107,900)	(166,300)	(58,400)
Controllable	**31,704**	**21,300**	**94,400**	**73,100**
Premises Related Recharges	0	0	2,000	2,000
Supplies & Services Related Recharges	1,460	1,500	1,500	0
Central Support and Service Admin	40,744	43,800	46,300	2,500
Recharges	**42,204**	**45,300**	**49,800**	**4,500**
Capital Financing Charges	10,766	11,000	10,800	(200)
Capital	**10,766**	**11,000**	**10,800**	**(200)**
Transfer to Reserves	6,900	0	0	0
Transfer from Reserves	(17,908)	0	0	0
Reserves	**(11,008)**	**0**	**0**	**0**
Total	**73,666**	**77,600**	**155,000**	**77,400**

R745 Arnold Leisure Centre	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	434,532	444,800	426,600	(18,200)
Premises Related Expenses	160,832	178,900	165,800	(13,100)
Transport Related Expenses	980	400	900	500
Supplies & Services	51,637	49,800	48,200	(1,600)
Capital Interest	83,528	0	0	0
Revenue Income	(406,628)	(428,700)	(512,200)	(83,500)
Controllable	**324,881**	**245,200**	**129,300**	**(115,900)**
Premises Related Recharges	7,811	8,100	6,100	(2,000)
Supplies & Services Related Recharges	5,597	5,700	5,700	0
Central Support and Service Admin	86,875	103,200	86,900	(16,300)
Recharges	**100,283**	**117,000**	**98,700**	**(18,300)**
Capital Financing Charges	99,000	99,000	99,000	0
Capital	**99,000**	**99,000**	**99,000**	**0**
Transfer to Reserves	9,800	0	0	0
Transfer from Reserves	(51,804)	0	0	0
Reserves	**(42,004)**	**0**	**0**	**0**
Total	**482,160**	**461,200**	**327,000**	**(134,200)**

R750 Richard Herrod Centre	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	294,038	326,000	290,300	(35,700)
Premises Related Expenses	110,005	114,300	128,300	14,000
Transport Related Expenses	476	900	600	(300)
Supplies & Services	64,761	67,900	68,300	400
Capital Interest	49	0	0	0
Revenue Income	(326,503)	(359,300)	(329,500)	29,800
Controllable	**142,825**	**149,800**	**158,000**	**8,200**
Premises Related Recharges	12,801	13,200	10,900	(2,300)
Supplies & Services Related Recharges	4,683	4,800	4,800	0
Central Support and Service Admin	67,113	81,000	73,500	(7,500)
Recharges	**84,597**	**99,000**	**89,200**	**(9,800)**
Capital Financing Charges	96,307	94,700	94,600	(100)
Capital	**96,307**	**94,700**	**94,600**	**(100)**
Transfer from Reserves	0	0	0	0
Reserves	**0**	**0**	**0**	**0**
Total	**323,729**	**343,500**	**341,800**	**(1,700)**

R770 Sports Development	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	60,923	48,300	49,000	700
Premises Related Expenses	680	0	0	0
Transport Related Expenses	578	1,000	800	(200)
Supplies & Services	6,868	10,100	9,600	(500)
Revenue Income	(74,497)	(68,500)	(72,400)	(3,900)
Controllable	**(5,449)**	**(9,100)**	**(13,000)**	**(3,900)**
Supplies & Services Related Recharges	564	600	600	0
Central Support and Service Admin	20,579	23,100	10,100	(13,000)
Recharges	**21,143**	**23,700**	**10,700**	**(13,000)**
Transfer to Reserves	14,800	0	0	0
Transfer from Reserves	(18,617)	0	0	0
Reserves	**(3,817)**	**0**	**0**	**0**
Total	**11,877**	**14,600**	**(2,300)**	**(16,900)**

R877 Council Tax Benefits	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Transfer Payments	1,411	2,000	1,000	(1,000)
Revenue Income	(21,395)	(15,000)	(11,000)	4,000
Controllable	**(19,984)**	**(13,000)**	**(10,000)**	**3,000**
Total	**(19,984)**	**(13,000)**	**(10,000)**	**3,000**

R880 Rent Allowances	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Supplies & Services	184,779	208,000	228,000	20,000
Transfer Payments	25,480,050	23,704,300	22,020,800	(1,683,500)
Revenue Income	(25,805,118)	(23,984,200)	(22,263,000)	1,721,200
Controllable	**(140,289)**	**(71,900)**	**(14,200)**	**57,700**
Total	**(140,289)**	**(71,900)**	**(14,200)**	**57,700**

R882 Housing Benefit Administration	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	495,183	530,700	493,400	(37,300)
Transport Related Expenses	572	800	500	(300)
Supplies & Services	41,171	31,200	30,100	(1,100)
Revenue Income	(544,856)	(424,400)	(415,000)	9,400
Controllable	**(7,930)**	**138,300**	**109,000**	**(29,300)**
Supplies & Services Related Recharges	6,878	7,000	7,000	0
Central Support and Service Admin	392,493	443,900	402,300	(41,600)
Recharges	**399,371**	**450,900**	**409,300**	**(41,600)**
Transfer to Reserves	63,700	0	0	0
Transfer from Reserves	(6,800)	0	0	0
Reserves	**56,900**	**0**	**0**	**0**
Total	**448,341**	**589,200**	**518,300**	**(70,900)**

R885 Rent Rebates	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Transfer Payments	73,331	75,000	77,000	2,000
Revenue Income	(73,302)	(73,500)	(74,800)	(1,300)
Controllable	**29**	**1,500**	**2,200**	**700**
Total	**29**	**1,500**	**2,200**	**700**

Public Protection

	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Division				
Licencing & Hackney Carriages	96,371	132,100	90,800	(41,300)
Environmental Protection	313,251	333,300	303,600	(29,700)
Food, Health & Safety	215,686	229,600	222,400	(7,200)
Comm Protection & Dog Control	662,428	572,400	606,900	34,500
Public Sector Housing	365,938	192,200	230,200	38,000
Total Public Protection Portfolio Budget	**1,653,673**	**1,459,600**	**1,453,900**	**(5,700)**
Transfer to/from Earmarked Reserves				
Public Protection	9,208	44,300	(26,800)	(71,100)
Total Reserves	**9,208**	**44,300**	**(26,800)**	**(71,100)**
TOTAL	**1,662,881**	**1,503,900**	**1,427,100**	**(76,800)**

	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Consisting of				
Employee Expenses	1,058,490	1,077,300	1,238,200	160,900
Transport Related Expenses	10,425	12,300	10,400	(1,900)
Supplies & Services	238,847	149,100	160,300	11,200
Third Party Payments	15,283	31,600	19,000	(12,600)
Capital Interest	10,000	0	0	0
Revenue Income	(696,477)	(679,800)	(799,700)	(119,900)
Controllable	**636,568**	**590,500**	**628,200**	**37,700**
Consisting of				
Transport Related Recharges	21,739	20,900	20,300	(600)
Supplies & Services Related Recharges	130,882	130,700	130,700	0
Central Support and Service Admin	640,782	718,100	672,300	(45,800)
Internal Recharges	0	(5,800)	(5,800)	0
Recharges	**793,403**	**863,900**	**817,500**	**(46,400)**
Consisting of				
Capital Financing Charges	1,075,494	905,200	8,200	(897,000)
Capital Entries	(851,792)	(900,000)	0	900,000
Capital	**223,702**	**5,200**	**8,200**	**3,000**
Total Public Protection	**1,653,673**	**1,459,600**	**1,453,900**	**(5,700)**
Consisting of				
Transfer to Reserves	81,900	44,300	29,300	(15,000)
Transfer from Reserves	(72,692)	0	(56,100)	(56,100)
Reserves	**9,208**	**44,300**	**(26,800)**	**(71,100)**
Transfer to/from Earmarked Reserves	**9,208**	**44,300**	**(26,800)**	**(71,100)**
TOTAL	**1,662,881**	**1,503,900**	**1,427,100**	**(76,800)**

R100 Licencing & Hackney Carriages	Actual 2017-18	Original Budget 2018-19	Original Budget 2019-20	Variance to Original Budget 2018-19
	£	£	£	£
Employee Expenses	171,606	190,900	198,000	7,100
Transport Related Expenses	169	200	0	(200)
Supplies & Services	58,647	65,400	56,900	(8,500)
Revenue Income	(597,939)	(629,200)	(642,300)	(13,100)
Controllable	**(367,517)**	**(372,700)**	**(387,400)**	**(14,700)**
Supplies & Services Related Recharges	120,472	120,300	120,300	0
Central Support and Service Admin	343,415	384,500	357,900	(26,600)
Recharges	**463,887**	**504,800**	**478,200**	**(26,600)**
Total	**96,371**	**132,100**	**90,800**	**(41,300)**

R200 Environmental Protection	Actual 2017-18	Original Budget 2018-19	Original Budget 2019-20	Variance to Original Budget 2018-19
	£	£	£	£
Employee Expenses	197,474	204,100	219,700	15,600
Transport Related Expenses	1,630	2,100	1,600	(500)
Supplies & Services	19,801	25,600	18,600	(7,000)
Third Party Payments	0	2,000	2,000	0
Revenue Income	(15,931)	(17,000)	(17,000)	0
Controllable	**202,974**	**216,800**	**224,900**	**8,100**
Transport Related Recharges	7,882	7,700	6,300	(1,400)
Supplies & Services Related Recharges	2,355	2,400	2,400	0
Central Support and Service Admin	100,041	112,200	75,800	(36,400)
Internal Recharges	0	(5,800)	(5,800)	0
Recharges	**110,277**	**116,500**	**78,700**	**(37,800)**
Total	**313,251**	**333,300**	**303,600**	**(29,700)**

R205 Food, Health & Safety	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	167,286	172,300	175,500	3,200
Transport Related Expenses	2,698	4,700	3,700	(1,000)
Supplies & Services	3,981	8,700	6,700	(2,000)
Revenue Income	(2,318)	(5,700)	(6,900)	(1,200)
Controllable	**171,646**	**180,000**	**179,000**	**(1,000)**
Supplies & Services Related Recharges	2,753	2,800	2,800	0
Central Support and Service Admin	41,286	46,800	40,600	(6,200)
Recharges	**44,039**	**49,600**	**43,400**	**(6,200)**
Total	**215,686**	**229,600**	**222,400**	**(7,200)**

R215 Comm Protection & Dog Control	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	385,518	357,600	372,300	14,700
Transport Related Expenses	1,360	1,800	1,600	(200)
Supplies & Services	149,922	46,200	74,900	28,700
Third Party Payments	15,283	29,600	17,000	(12,600)
Capital Interest	0	0	0	0
Revenue Income	(25,534)	(11,200)	(11,200)	0
Controllable	**526,548**	**424,000**	**454,600**	**30,600**
Transport Related Recharges	13,857	13,200	14,000	800
Supplies & Services Related Recharges	4,071	4,000	4,000	0
Central Support and Service Admin	112,781	126,000	126,100	100
Recharges	**130,709**	**143,200**	**144,100**	**900**
Capital Financing Charges	5,171	5,200	8,200	3,000
Capital	**5,171**	**5,200**	**8,200**	**3,000**
Transfer to Reserves	44,300	44,300	29,300	(15,000)
Transfer from Reserves	(69,592)	0	(30,000)	(30,000)
Reserves	**(25,292)**	**44,300**	**(700)**	**(45,000)**
Total	**637,136**	**616,700**	**606,200**	**(10,500)**

R600 Public Sector Housing	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	136,607	152,400	272,700	120,300
Transport Related Expenses	4,569	3,500	3,500	0
Supplies & Services	6,496	3,200	3,200	0
Capital Interest	10,000	0	0	0
Revenue Income	(54,755)	(16,700)	(122,300)	(105,600)
Controllable	**102,916**	**142,400**	**157,100**	**14,700**
Supplies & Services Related Recharges	1,231	1,200	1,200	0
Central Support and Service Admin	43,259	48,600	71,900	23,300
Recharges	**44,490**	**49,800**	**73,100**	**23,300**
Capital Financing Charges	1,070,323	900,000	0	(900,000)
Capital Entries	(851,792)	(900,000)	0	900,000
Capital	**218,531**	**0**	**0**	**0**
Transfer to Reserves	37,600	0	0	0
Transfer from Reserves	(3,100)	0	(26,100)	(26,100)
Reserves	**34,500**	**0**	**(26,100)**	**(26,100)**
Total	**400,438**	**192,200**	**204,100**	**11,900**

Environment

	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Division				
Waste Management	2,157,516	2,061,000	2,065,800	4,800
Trade Waste	(168,728)	(100,900)	(135,600)	(34,700)
Street Care	870,460	939,300	973,500	34,200
Public Conveniences	18,747	21,200	20,000	(1,200)
Direct Services Service Support	1,534	(0)	(100)	(100)
Building Services	1,487	0	200	200
Car Parks	92,011	78,900	97,400	18,500
Fleet Management	0	(0)	(400)	(400)
Parks	1,533,800	1,617,400	1,657,900	40,500
Parks - External Works	(16,777)	(89,700)	(94,700)	(5,000)
Cemeteries	(89,525)	(101,000)	(67,400)	33,600
Total Environment Portfolio Budget	**4,400,523**	**4,426,200**	**4,516,600**	**90,400**
Transfer to/from Earmarked Reserves				
Environment	121,455	35,600	(18,400)	(54,000)
Total Reserves	**121,455**	**35,600**	**(18,400)**	**(54,000)**
TOTAL	**4,521,978**	**4,461,800**	**4,498,200**	**36,400**

	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Consisting of				
Employee Expenses	3,671,102	3,759,600	3,939,600	180,000
Premises Related Expenses	418,518	310,900	349,800	38,900
Transport Related Expenses	524,115	522,900	528,600	5,700
Supplies & Services	636,905	675,700	641,700	(34,000)
Third Party Payments	278,102	277,800	297,300	19,500
Capital Interest	0	0	15,000	15,000
Revenue Income	(2,768,253)	(2,949,500)	(3,178,100)	(228,600)
Controllable	**2,760,489**	**2,597,400**	**2,593,900**	**(3,500)**
Consisting of				
Premises Related Recharges	25,667	28,100	28,100	0
Transport Related Recharges	1,467,400	1,568,000	1,640,400	72,400
Supplies & Services Related Recharges	42,879	43,500	43,500	0
Central Support and Service Admin	890,196	1,027,700	964,800	(62,900)
Internal Recharges	(1,788,619)	(1,934,100)	(2,021,400)	(87,300)
Recharges	**637,524**	**733,200**	**655,400**	**(77,800)**
Consisting of				
Capital Financing Charges	1,002,510	1,095,600	1,267,300	171,700
Capital	**1,002,510**	**1,095,600**	**1,267,300**	**171,700**
Total Environment	**4,400,523**	**4,426,200**	**4,516,600**	**90,400**
Consisting of				
Transfer to Reserves	190,521	63,100	43,100	(20,000)
Transfer from Reserves	(69,066)	(27,500)	(61,500)	(34,000)
Reserves	**121,455**	**35,600**	**(18,400)**	**(54,000)**
Transfer to/from Earmarked Reserves	**121,455**	**35,600**	**(18,400)**	**(54,000)**
TOTAL	**4,521,978**	**4,461,800**	**4,498,200**	**36,400**

R500 Waste Management	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	1,604,377	1,547,400	1,607,500	60,100
Transport Related Expenses	255	500	400	(100)
Supplies & Services	94,269	69,900	76,800	6,900
Third Party Payments	14,232	12,700	12,700	0
Revenue Income	(768,252)	(878,500)	(910,200)	(31,700)
Controllable	**944,881**	**752,000**	**787,200**	**35,200**
Transport Related Recharges	843,709	899,000	895,300	(3,700)
Supplies & Services Related Recharges	18,010	18,200	18,200	0
Central Support and Service Admin	345,065	385,900	359,200	(26,700)
Recharges	**1,206,784**	**1,303,100**	**1,272,700**	**(30,400)**
Capital Financing Charges	5,850	5,900	5,900	0
Capital	**5,850**	**5,900**	**5,900**	**0**
Total	**2,157,516**	**2,061,000**	**2,065,800**	**4,800**

R503 Trade Waste	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	68,993	57,700	60,200	2,500
Transport Related Expenses	13	0	0	0
Supplies & Services	260,876	322,400	292,900	(29,500)
Revenue Income	(577,967)	(577,100)	(588,100)	(11,000)
Controllable	**(248,085)**	**(197,000)**	**(235,000)**	**(38,000)**
Transport Related Recharges	58,621	58,800	61,400	2,600
Supplies & Services Related Recharges	798	800	800	0
Central Support and Service Admin	63,703	80,100	80,800	700
Internal Recharges	(43,765)	(43,600)	(43,600)	0
Recharges	**79,358**	**96,100**	**99,400**	**3,300**
Total	**(168,728)**	**(100,900)**	**(135,600)**	**(34,700)**

R505 Street Care	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	529,445	536,300	604,900	68,600
Premises Related Expenses	6,893	6,600	6,700	100
Transport Related Expenses	206	2,000	400	(1,600)
Supplies & Services	95,339	56,700	68,900	12,200
Third Party Payments	2,304	2,200	2,200	0
Revenue Income	(31,432)	(13,300)	(26,500)	(13,200)
Controllable	**602,755**	**590,500**	**656,600**	**66,100**
Transport Related Recharges	217,790	280,000	267,100	(12,900)
Supplies & Services Related Recharges	5,974	6,100	6,100	0
Central Support and Service Admin	41,433	46,700	41,200	(5,500)
Recharges	**265,197**	**332,800**	**314,400**	**(18,400)**
Capital Financing Charges	2,507	16,000	2,500	(13,500)
Capital	**2,507**	**16,000**	**2,500**	**(13,500)**
Transfer from Reserves	(20,754)	0	0	0
Reserves	**(20,754)**	**0**	**0**	**0**
Total	**849,706**	**939,300**	**973,500**	**34,200**

R510 Public Conveniences	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Premises Related Expenses	10,390	11,800	12,900	1,100
Supplies & Services	2	0	0	0
Controllable	**10,392**	**11,800**	**12,900**	**1,100**
Premises Related Recharges	274	200	200	0
Central Support and Service Admin	5,211	6,200	5,900	(300)
Recharges	**5,485**	**6,400**	**6,100**	**(300)**
Capital Financing Charges	2,870	3,000	1,000	(2,000)
Capital	**2,870**	**3,000**	**1,000**	**(2,000)**
Total	**18,747**	**21,200**	**20,000**	**(1,200)**

R514 Direct Services Service Support	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	104,523	124,200	128,700	4,500
Transport Related Expenses	114	200	100	(100)
Supplies & Services	1,109	1,600	1,100	(500)
Revenue Income	(500)	0	0	0
Controllable	**105,246**	**126,000**	**129,900**	**3,900**
Supplies & Services Related Recharges	1,534	1,500	1,500	0
Central Support and Service Admin	8,295	9,100	18,400	9,300
Internal Recharges	(113,541)	(136,600)	(149,900)	(13,300)
Recharges	**(103,712)**	**(126,000)**	**(130,000)**	**(4,000)**
Total	**1,534**	**0**	**(100)**	**(100)**

R520 Building Services	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	51,111	76,000	78,400	2,400
Transport Related Expenses	15	200	100	(100)
Supplies & Services	9,887	5,400	5,200	(200)
Controllable	**61,012**	**81,600**	**83,700**	**2,100**
Supplies & Services Related Recharges	1,487	1,500	1,500	0
Central Support and Service Admin	14,929	17,300	20,000	2,700
Internal Recharges	(79,072)	(103,500)	(108,100)	(4,600)
Recharges	**(62,656)**	**(84,700)**	**(86,600)**	**(1,900)**
Capital Financing Charges	3,131	3,100	3,100	0
Capital	**3,131**	**3,100**	**3,100**	**0**
Transfer from Reserves	(6,500)	0	0	0
Reserves	**(6,500)**	**0**	**0**	**0**
Total	**(5,013)**	**0**	**200**	**200**

R540 Car Parks	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	21,679	21,400	18,300	(3,100)
Premises Related Expenses	122,540	116,600	123,000	6,400
Transport Related Expenses	912	700	700	0
Supplies & Services	7,129	6,900	5,700	(1,200)
Third Party Payments	230,048	229,900	229,900	0
Capital Interest	0	0	15,000	15,000
Revenue Income	(329,915)	(344,200)	(350,900)	(6,700)
Controllable	**52,393**	**31,300**	**41,700**	**10,400**
Premises Related Recharges	3,156	3,700	3,700	0
Supplies & Services Related Recharges	261	300	300	0
Central Support and Service Admin	30,983	38,000	39,200	1,200
Recharges	**34,400**	**42,000**	**43,200**	**1,200**
Capital Financing Charges	5,218	5,600	12,500	6,900
Capital	**5,218**	**5,600**	**12,500**	**6,900**
Transfer to Reserves	42,371	55,000	35,000	(20,000)
Transfer from Reserves	0	0	(15,000)	(15,000)
Reserves	**42,371**	**55,000**	**20,000**	**(35,000)**
Total	**134,382**	**133,900**	**117,400**	**(16,500)**

R555 Fleet Management	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	284,955	288,700	299,300	10,600
Transport Related Expenses	520,310	517,400	524,600	7,200
Supplies & Services	43,392	32,900	32,400	(500)
Third Party Payments	120	0	0	0
Revenue Income	(29,087)	(44,600)	(44,600)	0
Controllable	**819,690**	**794,400**	**811,700**	**17,300**
Premises Related Recharges	2,445	2,500	2,500	0
Transport Related Recharges	80,756	83,000	83,000	0
Supplies & Services Related Recharges	3,692	3,800	3,800	0
Central Support and Service Admin	66,630	87,600	88,400	800
Internal Recharges	(1,531,690)	(1,628,700)	(1,700,000)	(71,300)
Recharges	**(1,378,166)**	**(1,451,800)**	**(1,522,300)**	**(70,500)**
Capital Financing Charges	558,476	657,400	710,200	52,800
Capital	**558,476**	**657,400**	**710,200**	**52,800**
Transfer from Reserves	(7,500)	(7,500)	(7,500)	0
Reserves	**(7,500)**	**(7,500)**	**(7,500)**	**0**
Total	**(7,500)**	**(7,500)**	**(7,900)**	**(400)**

R715 Parks	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	572,273	620,600	578,200	(42,400)
Premises Related Expenses	262,929	153,100	168,500	15,400
Transport Related Expenses	1,014	600	1,000	400
Supplies & Services	102,479	131,000	120,200	(10,800)
Third Party Payments	29,838	25,000	25,000	0
Capital Interest	0	0	0	0
Revenue Income	(268,808)	(141,200)	(139,300)	1,900
Controllable	**699,724**	**789,100**	**753,600**	**(35,500)**
Premises Related Recharges	7,268	9,200	9,200	0
Transport Related Recharges	186,443	176,200	203,200	27,000
Supplies & Services Related Recharges	6,436	6,500	6,500	0
Central Support and Service Admin	214,730	237,100	208,300	(28,800)
Recharges	**414,877**	**429,000**	**427,200**	**(1,800)**
Capital Financing Charges	419,199	399,300	477,100	77,800
Capital	**419,199**	**399,300**	**477,100**	**77,800**
Transfer to Reserves	148,150	8,100	8,100	0
Transfer from Reserves	(34,312)	(20,000)	(39,000)	(19,000)
Reserves	**113,838**	**(11,900)**	**(30,900)**	**(19,000)**
Total	**1,647,638**	**1,605,500**	**1,627,000**	**21,500**

R717 Parks - External Works	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	222,711	302,500	375,700	73,200
Premises Related Expenses	0	1,700	16,600	14,900
Transport Related Expenses	103	100	100	0
Supplies & Services	19,321	44,600	34,200	(10,400)
Third Party Payments	720	4,000	23,500	19,500
Revenue Income	(322,166)	(512,900)	(674,600)	(161,700)
Controllable	**(79,311)**	**(160,000)**	**(224,500)**	**(64,500)**
Premises Related Recharges	0	0	0	0
Transport Related Recharges	34,180	28,500	83,200	54,700
Supplies & Services Related Recharges	2,340	2,400	2,400	0
Central Support and Service Admin	46,565	61,100	59,600	(1,500)
Internal Recharges	(20,551)	(21,700)	(19,800)	1,900
Recharges	**62,534**	**70,300**	**125,400**	**55,100**
Capital Financing Charges	0	0	4,400	4,400
Capital	**0**	**0**	**4,400**	**4,400**
Total	**(16,777)**	**(89,700)**	**(94,700)**	**(5,000)**

R720 Cemeteries	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	211,036	184,800	188,400	3,600
Premises Related Expenses	15,767	21,100	22,100	1,000
Transport Related Expenses	1,172	1,200	1,200	0
Supplies & Services	3,102	4,300	4,300	0
Third Party Payments	840	4,000	4,000	0
Revenue Income	(440,125)	(437,700)	(443,900)	(6,200)
Controllable	**(208,208)**	**(222,300)**	**(223,900)**	**(1,600)**
Premises Related Recharges	12,524	12,500	12,500	0
Transport Related Recharges	45,900	42,500	47,200	4,700
Supplies & Services Related Recharges	2,348	2,400	2,400	0
Central Support and Service Admin	52,652	58,600	43,800	(14,800)
Recharges	**113,424**	**116,000**	**105,900**	**(10,100)**
Capital Financing Charges	5,259	5,300	50,600	45,300
Capital	**5,259**	**5,300**	**50,600**	**45,300**
Total	**(89,525)**	**(101,000)**	**(67,400)**	**33,600**

Growth & Regeneration

	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Division				
Development Service Support	1,491	0	100	100
Development Management	231,590	114,600	(74,100)	(188,700)
Planning Policy	280,483	317,200	353,400	36,200
Building Control Account	43,904	57,100	56,200	(900)
Building Control Fee Earning Account	(1,230)	(2,100)	1,100	3,200
Land Charges	(7,578)	(4,900)	(24,900)	(20,000)
Economic Development	234,198	264,600	799,100	534,500
Housing Strategy	121,744	121,700	132,000	10,300
Total Growth & Regeneration Portfolio Budget	**904,603**	**868,200**	**1,242,900**	**374,700**
Transfer to/from Earmarked Reserves				
Growth & Regeneration	2,519	0	(544,100)	(544,100)
Total Reserves	**2,519**	**0**	**(544,100)**	**(544,100)**
TOTAL	**907,121**	**868,200**	**698,800**	**(169,400)**

	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Consisting of				
Employee Expenses	1,214,279	1,273,000	1,321,100	48,100
Transport Related Expenses	15,465	16,300	15,200	(1,100)
Supplies & Services	249,749	84,300	144,500	60,200
Third Party Payments	8,000	8,000	8,000	0
Capital Interest	0	0	484,100	484,100
Revenue Income	(985,584)	(971,000)	(1,170,200)	(199,200)
Controllable	**501,909**	**410,600**	**802,700**	**392,100**
Consisting of				
Supplies & Services Related Recharges	19,935	25,500	25,500	0
Central Support and Service Admin	493,383	559,700	534,400	(25,300)
Internal Recharges	(111,625)	(128,600)	(120,700)	7,900
Recharges	**401,693**	**456,600**	**439,200**	**(17,400)**
Consisting of				
Capital Financing Charges	1,000	1,000	1,000	0
Capital	**1,000**	**1,000**	**1,000**	**0**
Total Growth & Regeneration	**904,603**	**868,200**	**1,242,900**	**374,700**
Consisting of				
Transfer to Reserves	99,015	0	0	0
Transfer from Reserves	(96,497)	0	(544,100)	(544,100)
Reserves	**2,519**	**0**	**(544,100)**	**(544,100)**
Transfer to/from Earmarked Reserves	**2,519**	**0**	**(544,100)**	**(544,100)**
TOTAL	**907,121**	**868,200**	**698,800**	**(169,400)**

R105 Development Service Support	Actual 2017-18	Original Budget 2018-19	Original Budget 2019-20	Variance to Original Budget 2018-19
	£	£	£	£
Employee Expenses	85,829	94,400	94,500	100
Supplies & Services	3,792	4,800	3,700	(1,100)
Controllable	**89,620**	**99,200**	**98,200**	**(1,000)**
Supplies & Services Related Recharges	1,492	1,500	1,500	0
Central Support and Service Admin	22,004	27,900	21,100	(6,800)
Internal Recharges	(111,625)	(128,600)	(120,700)	7,900
Recharges	**(88,129)**	**(99,200)**	**(98,100)**	**1,100**
Total	**1,492**	**0**	**100**	**100**

R110 Development Management	Actual 2017-18	Original Budget 2018-19	Original Budget 2019-20	Variance to Original Budget 2018-19
	£	£	£	£
Employee Expenses	447,572	427,500	439,900	12,400
Transport Related Expenses	3,584	4,000	3,500	(500)
Supplies & Services	45,370	30,800	60,400	29,600
Revenue Income	(480,850)	(591,500)	(818,500)	(227,000)
Controllable	**15,675**	**(129,200)**	**(314,700)**	**(185,500)**
Supplies & Services Related Recharges	7,528	7,600	7,600	0
Central Support and Service Admin	208,386	236,200	233,000	(3,200)
Recharges	**215,915**	**243,800**	**240,600**	**(3,200)**
Transfer from Reserves	(4,940)	0	(30,000)	(30,000)
Reserves	**(4,940)**	**0**	**(30,000)**	**(30,000)**
Total	**226,650**	**114,600**	**(104,100)**	**(218,700)**

R115 Planning Policy	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	223,648	232,200	239,100	6,900
Transport Related Expenses	693	700	600	(100)
Supplies & Services	35,804	1,400	31,700	30,300
Third Party Payments	8,000	8,000	8,000	0
Revenue Income	(55,485)	(600)	(600)	0
Controllable	**212,660**	**241,700**	**278,800**	**37,100**
Supplies & Services Related Recharges	2,768	2,800	2,800	0
Central Support and Service Admin	64,055	71,700	70,800	(900)
Recharges	**66,823**	**74,500**	**73,600**	**(900)**
Capital Financing Charges	1,000	1,000	1,000	0
Capital	**1,000**	**1,000**	**1,000**	**0**
Transfer to Reserves	55,485	0	0	0
Transfer from Reserves	(31,327)	0	(30,000)	(30,000)
Reserves	**24,158**	**0**	**(30,000)**	**(30,000)**
Total	**304,641**	**317,200**	**323,400**	**6,200**

R120 Building Control Account	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	37,166	43,000	42,900	(100)
Transport Related Expenses	958	3,000	3,000	0
Supplies & Services	26,266	2,200	2,100	(100)
Revenue Income	(28,120)	0	0	0
Controllable	**36,270**	**48,200**	**48,000**	**(200)**
Supplies & Services Related Recharges	504	500	500	0
Central Support and Service Admin	7,131	8,400	7,700	(700)
Recharges	**7,635**	**8,900**	**8,200**	**(700)**
Total	**43,904**	**57,100**	**56,200**	**(900)**

R121 Building Control Fee Earning Account	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	140,959	151,100	154,700	3,600
Transport Related Expenses	7,235	6,500	7,000	500
Supplies & Services	3,445	4,000	4,000	0
Revenue Income	(207,634)	(225,800)	(235,800)	(10,000)
Controllable	**(55,996)**	**(64,200)**	**(70,100)**	**(5,900)**
Supplies & Services Related Recharges	1,459	1,500	1,500	0
Central Support and Service Admin	53,306	60,600	69,700	9,100
Recharges	**54,765**	**62,100**	**71,200**	**9,100**
Transfer to Reserves	1,230	0	0	0
Reserves	**1,230**	**0**	**0**	**0**
Total	**0**	**(2,100)**	**1,100**	**3,200**

R172 Land Charges	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Supplies & Services	23,426	24,400	24,400	0
Revenue Income	(90,787)	(100,100)	(100,100)	0
Controllable	**(67,361)**	**(75,700)**	**(75,700)**	**0**
Supplies & Services Related Recharges	1,808	7,600	7,600	0
Central Support and Service Admin	57,976	63,200	43,200	(20,000)
Recharges	**59,783**	**70,800**	**50,800**	**(20,000)**
Transfer from Reserves	(25,000)	0	0	0
Reserves	**(25,000)**	**0**	**0**	**0**
Total	**(32,578)**	**(4,900)**	**(24,900)**	**(20,000)**

R175 Economic Development	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	162,574	216,000	239,900	23,900
Transport Related Expenses	1,954	1,500	500	(1,000)
Supplies & Services	111,296	15,600	17,600	2,000
Third Party Payments	0	0	0	0
Capital Interest	0	0	484,100	484,100
Revenue Income	(95,119)	(28,100)	0	28,100
Controllable	**180,705**	**205,000**	**742,100**	**537,100**
Supplies & Services Related Recharges	2,622	2,200	2,200	0
Central Support and Service Admin	50,871	57,400	54,800	(2,600)
Recharges	**53,493**	**59,600**	**57,000**	**(2,600)**
Transfer to Reserves	42,300	0	0	0
Transfer from Reserves	(35,230)	0	(484,100)	(484,100)
Reserves	**7,070**	**0**	**(484,100)**	**(484,100)**
Total	**241,268**	**264,600**	**315,000**	**50,400**

R640 Housing Strategy	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	116,532	108,800	110,100	1,300
Transport Related Expenses	1,041	600	600	0
Supplies & Services	351	1,100	600	(500)
Revenue Income	(27,587)	(24,900)	(15,200)	9,700
Controllable	**90,336**	**85,600**	**96,100**	**10,500**
Supplies & Services Related Recharges	1,755	1,800	1,800	0
Central Support and Service Admin	29,652	34,300	34,100	(200)
Recharges	**31,408**	**36,100**	**35,900**	**(200)**
Total	**121,744**	**121,700**	**132,000**	**10,300**

Resources & Reputation

	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Division				
Organisational Development	3,283	0	100	100
Corporate Management	986,819	1,038,200	1,076,700	38,500
Health & Safety and Emergency Planning	8,256	7,700	14,900	7,200
Legal Services	3,564	0	(300)	(300)
Central Print Room	71	(0)	(10,000)	(10,000)
Postages	0	0	100	100
Registration Of Electors	148,419	157,600	142,600	(15,000)
Elections	(12,629)	1,600	131,600	130,000
Estates & Valuation	1,070	(0)	200	200
Public Land & Buildings	(25,215)	(15,800)	(25,100)	(9,300)
Information Technology	9,883	0	203,000	203,000
Communications & Publicity	1,997	0	0	(0)
Corporate Officers	0	0	39,800	39,800
Business Units	(14,859)	(7,300)	(8,500)	(1,200)
Public Offices	24,651	(6,200)	1,400	7,600
Corporate Administration	834	0	600	600
Financial Services	3,804	0	(500)	(500)
Customer Services	10,073	0	9,200	9,200
Insurance Premiums	17,041	0	(20,000)	(20,000)
Revenues-Local Taxation	266,235	581,000	531,600	(49,400)
Central Provisions Account	97,116	440,000	235,400	(204,600)
Non Distributed Costs	191,330	128,900	128,900	0
Corporate Income & Expenditure	13,368	266,200	237,200	(29,000)
Movement in Reserves (MiRs)	(853,583)	(1,056,100)	(1,309,800)	(253,700)
Total Resources & Reputation Portfolio Budget	**881,528**	**1,535,800**	**1,379,100**	**(156,700)**
Transfer to/from Earmarked Reserves				
Resources & Reputation	803,805	(90,600)	(175,900)	(85,300)
Total Reserves	**803,805**	**(90,600)**	**(175,900)**	**(85,300)**
TOTAL	**1,685,333**	**1,445,200**	**1,203,200**	**(242,000)**

	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Consisting of				
Employee Expenses	4,096,203	4,038,500	4,036,500	(2,000)
Premises Related Expenses	480,467	473,000	534,900	61,900
Transport Related Expenses	10,444	13,400	9,700	(3,700)
Supplies & Services	2,487,347	2,216,200	2,199,700	(16,500)
Third Party Payments	40,745	60,700	7,200	(53,500)
Capital Interest	1,000,289	913,900	1,011,500	97,600
Revenue Income	(2,506,602)	(1,137,400)	(1,368,300)	(230,900)
Controllable	**5,608,893**	**6,578,300**	**6,431,200**	**(147,100)**
Consisting of				
Premises Related Recharges	43,673	45,700	46,000	300
Transport Related Recharges	5,185	4,800	4,300	(500)
Supplies & Services Related Recharges	54,425	50,800	50,800	0
Central Support and Service Admin	1,812,960	1,999,700	1,959,000	(40,700)
Internal Recharges	(5,103,502)	(5,689,400)	(5,467,600)	221,800
Recharges	**(3,187,259)**	**(3,588,400)**	**(3,407,500)**	**180,900**
Consisting of				
Capital Financing Charges	398,363	197,700	306,700	109,000
Capital Entries	(1,938,469)	(1,651,800)	(1,951,300)	(299,500)
Capital	**(1,540,106)**	**(1,454,100)**	**(1,644,600)**	**(190,500)**
Total Resources & Reputation	**881,528**	**1,535,800**	**1,379,100**	**(156,700)**
Consisting of				
Transfer to Reserves	1,145,472	126,900	112,000	(14,900)
Transfer from Reserves	(341,667)	(217,500)	(287,900)	(70,400)
Reserves	**803,805**	**(90,600)**	**(175,900)**	**(85,300)**
Transfer to/from Earmarked Reserves	**803,805**	**(90,600)**	**(175,900)**	**(85,300)**
TOTAL	**1,685,333**	**1,445,200**	**1,203,200**	**(242,000)**

R130 Organisational Development	Actual 2017-18	Original Budget 2018-19	Original Budget 2019-20	Variance to Original Budget 2018-19
	£	£	£	£
Employee Expenses	274,204	281,500	272,700	(8,800)
Transport Related Expenses	731	700	700	0
Supplies & Services	17,777	21,500	20,800	(700)
Third Party Payments	19,025	21,500	0	(21,500)
Revenue Income	(28,229)	(23,300)	(23,700)	(400)
Controllable	**283,508**	**301,900**	**270,500**	**(31,400)**
Supplies & Services Related Recharges	3,283	3,200	3,200	0
Central Support and Service Admin	66,209	63,000	63,200	200
Internal Recharges	(349,717)	(368,100)	(336,800)	31,300
Recharges	**(280,226)**	**(301,900)**	**(270,400)**	**31,500**
Transfer to Reserves	4,700	0	0	0
Transfer from Reserves	(19,429)	(21,500)	0	21,500
Reserves	**(14,729)**	**(21,500)**	**0**	**21,500**
Total	**(11,447)**	**(21,500)**	**100**	**21,600**

R145 Corporate Management	Actual 2017-18	Original Budget 2018-19	Original Budget 2019-20	Variance to Original Budget 2018-19
	£	£	£	£
Employee Expenses	553,042	566,700	585,200	18,500
Transport Related Expenses	3,351	3,700	3,400	(300)
Supplies & Services	163,608	173,200	156,500	(16,700)
Revenue Income	(270)	0	0	0
Controllable	**719,731**	**743,600**	**745,100**	**1,500**
Supplies & Services Related Recharges	6,675	6,700	6,700	0
Central Support and Service Admin	535,790	576,500	618,200	41,700
Internal Recharges	(275,377)	(288,600)	(293,300)	(4,700)
Recharges	**267,089**	**294,600**	**331,600**	**37,000**
Transfer from Reserves	0	0	0	0
Reserves	**0**	**0**	**0**	**0**
Total	**986,819**	**1,038,200**	**1,076,700**	**38,500**

R150 Health & Safety and Emergency Planning	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	57,027	54,700	56,800	2,100
Transport Related Expenses	263	300	300	0
Supplies & Services	18,243	15,800	19,000	3,200
Third Party Payments	6,800	7,200	7,200	0
Controllable	**82,333**	**78,000**	**83,300**	**5,300**
Supplies & Services Related Recharges	601	600	600	0
Central Support and Service Admin	20,359	24,000	26,200	2,200
Internal Recharges	(95,036)	(94,900)	(95,200)	(300)
Recharges	**(74,077)**	**(70,300)**	**(68,400)**	**1,900**
Transfer from Reserves	(9,600)	(4,000)	(7,500)	(3,500)
Reserves	**(9,600)**	**(4,000)**	**(7,500)**	**(3,500)**
Total	**(1,344)**	**3,700**	**7,400**	**3,700**

R160 Legal Services	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	282,273	298,700	328,200	29,500
Transport Related Expenses	1,319	900	800	(100)
Supplies & Services	30,531	39,300	39,700	400
Revenue Income	(23,799)	(16,700)	(53,600)	(36,900)
Controllable	**290,324**	**322,200**	**315,100**	**(7,100)**
Supplies & Services Related Recharges	3,564	3,700	3,700	0
Central Support and Service Admin	37,528	45,000	49,000	4,000
Internal Recharges	(327,852)	(370,900)	(368,100)	2,800
Recharges	**(286,759)**	**(322,200)**	**(315,400)**	**6,800**
Transfer to Reserves	13,416	0	0	0
Transfer from Reserves	(5,640)	0	0	0
Reserves	**7,776**	**0**	**0**	**0**
Total	**11,341**	**0**	**(300)**	**(300)**

R165 Central Print Room	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	5,728	6,100	6,300	200
Transport Related Expenses	9	100	0	(100)
Supplies & Services	20,826	28,600	20,100	(8,500)
Revenue Income	(46)	0	0	0
Controllable	**26,517**	**34,800**	**26,400**	**(8,400)**
Supplies & Services Related Recharges	71	100	100	0
Central Support and Service Admin	6,311	7,100	7,400	300
Internal Recharges	(32,827)	(42,000)	(43,900)	(1,900)
Recharges	**(26,445)**	**(34,800)**	**(36,400)**	**(1,600)**
Transfer to Reserves	12,500	12,500	10,000	(2,500)
Reserves	**12,500**	**12,500**	**10,000**	**(2,500)**
Total	**12,571**	**12,500**	**0**	**(12,500)**

R170 Postages	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Supplies & Services	39,171	55,300	50,200	(5,100)
Revenue Income	(549)	(700)	(700)	0
Controllable	**38,622**	**54,600**	**49,500**	**(5,100)**
Internal Recharges	(38,622)	(54,600)	(49,400)	5,200
Recharges	**(38,622)**	**(54,600)**	**(49,400)**	**5,200**
Transfer to Reserves	1,100	1,100	0	(1,100)
Reserves	**1,100**	**1,100**	**0**	**(1,100)**
Total	**1,100**	**1,100**	**100**	**(1,000)**

R177 Registration Of Electors	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	70,673	77,300	70,900	(6,400)
Transport Related Expenses	178	300	200	(100)
Supplies & Services	51,979	23,800	23,700	(100)
Revenue Income	(26,931)	(1,900)	(1,900)	0
Controllable	**95,900**	**99,500**	**92,900**	**(6,600)**
Supplies & Services Related Recharges	1,104	1,100	1,100	0
Central Support and Service Admin	51,415	57,000	48,600	(8,400)
Recharges	**52,520**	**58,100**	**49,700**	**(8,400)**
Total	**148,419**	**157,600**	**142,600**	**(15,000)**

R180 Elections	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	131,636	0	80,000	80,000
Premises Related Expenses	25,516	0	10,000	10,000
Supplies & Services	157,303	0	48,000	48,000
Revenue Income	(332,806)	0	(8,000)	(8,000)
Controllable	**(18,351)**	**0**	**130,000**	**130,000**
Supplies & Services Related Recharges	4,133	0	0	(0)
Recharges	**4,133**	**0**	**0**	**(0)**
Capital Financing Charges	1,589	1,600	1,600	0
Capital	**1,589**	**1,600**	**1,600**	**0**
Total	**(12,629)**	**1,600**	**131,600**	**130,000**

R182 Estates & Valuation	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	108,899	128,000	134,700	6,700
Transport Related Expenses	74	500	300	(200)
Supplies & Services	28,732	37,700	17,700	(20,000)
Controllable	**137,705**	**166,200**	**152,700**	**(13,500)**
Supplies & Services Related Recharges	1,070	1,100	1,100	0
Central Support and Service Admin	69,309	78,700	46,300	(32,400)
Internal Recharges	(207,013)	(246,000)	(199,900)	46,100
Recharges	**(136,634)**	**(166,200)**	**(152,500)**	**13,700**
Transfer to Reserves	30,900	0	0	0
Transfer from Reserves	0	0	0	0
Reserves	**30,900**	**0**	**0**	**0**
Total	**31,970**	**0**	**200**	**200**

R185 Public Land & Buildings	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	0	0	0	0
Premises Related Expenses	12,233	11,000	12,400	1,400
Supplies & Services	6,763	3,300	22,100	18,800
Capital Interest	31,049	0	0	0
Revenue Income	(182,403)	(157,000)	(218,900)	(61,900)
Controllable	**(132,359)**	**(142,700)**	**(184,400)**	**(41,700)**
Premises Related Recharges	3,326	3,400	3,400	0
Central Support and Service Admin	98,669	117,200	151,900	34,700
Recharges	**101,995**	**120,600**	**155,300**	**34,700**
Capital Financing Charges	5,148	6,300	4,000	(2,300)
Capital	**5,148**	**6,300**	**4,000**	**(2,300)**
Transfer to Reserves	10,000	0	0	0
Transfer from Reserves	(33,249)	0	0	0
Reserves	**(23,249)**	**0**	**0**	**0**
Total	**(48,464)**	**(15,800)**	**(25,100)**	**(9,300)**

R300 Information Technology	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	353,843	285,200	291,600	6,400
Transport Related Expenses	437	800	500	(300)
Supplies & Services	510,343	751,900	827,500	75,600
Capital Interest	0	0	20,000	20,000
Revenue Income	(8,271)	(12,600)	(12,600)	0
Controllable	**856,352**	**1,025,300**	**1,127,000**	**101,700**
Premises Related Recharges	4,260	4,400	4,400	0
Supplies & Services Related Recharges	5,623	5,800	5,800	0
Central Support and Service Admin	74,720	66,900	64,200	(2,700)
Internal Recharges	(932,914)	(1,104,200)	(1,100,200)	4,000
Recharges	**(848,311)**	**(1,027,100)**	**(1,025,800)**	**1,300**
Capital Financing Charges	1,842	1,800	101,800	100,000
Capital	**1,842**	**1,800**	**101,800**	**100,000**
Transfer to Reserves	153,836	78,300	67,000	(11,300)
Transfer from Reserves	(22,817)	(181,800)	(270,200)	(88,400)
Reserves	**131,019**	**(103,500)**	**(203,200)**	**(99,700)**
Total	**140,902**	**(103,500)**	**(200)**	**103,300**

R340 Communications & Publicity	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	154,349	152,800	158,800	6,000
Transport Related Expenses	318	300	200	(100)
Supplies & Services	51,779	57,700	57,000	(700)
Revenue Income	(1,432)	(7,000)	(24,300)	(17,300)
Controllable	**205,014**	**203,800**	**191,700**	**(12,100)**
Supplies & Services Related Recharges	1,997	2,000	2,000	0
Central Support and Service Admin	52,811	56,400	49,900	(6,500)
Internal Recharges	(257,825)	(262,200)	(243,600)	18,600
Recharges	**(203,017)**	**(203,800)**	**(191,700)**	**12,100**
Total	**1,997**	**(0)**	**(0)**	**0**

R350 Corporate Officers	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	14,139	40,900	82,300	41,400
Supplies & Services	1,120	5,000	5,000	0
Controllable	**15,259**	**45,900**	**87,300**	**41,400**
Central Support and Service Admin	579	600	4,300	3,700
Internal Recharges	(15,837)	(46,500)	(51,800)	(5,300)
Recharges	**(15,259)**	**(45,900)**	**(47,500)**	**(1,600)**
Total	**0**	**0**	**39,800**	**39,800**

R410 Business Units	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Premises Related Expenses	107,548	108,000	109,100	1,100
Supplies & Services	550	1,000	1,000	0
Revenue Income	(203,239)	(206,400)	(209,300)	(2,900)
Controllable	**(95,140)**	**(97,400)**	**(99,200)**	**(1,800)**
Premises Related Recharges	5,048	5,800	5,700	(100)
Central Support and Service Admin	51,783	60,900	50,300	(10,600)
Recharges	**56,832**	**66,700**	**56,000**	**(10,700)**
Capital Financing Charges	23,450	23,400	34,700	11,300
Capital	**23,450**	**23,400**	**34,700**	**11,300**
Total	**(14,859)**	**(7,300)**	**(8,500)**	**(1,200)**

R560 Public Offices	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	124,067	135,400	150,000	14,600
Premises Related Expenses	318,244	317,500	386,900	69,400
Supplies & Services	61,071	57,700	22,600	(35,100)
Revenue Income	(236,084)	(244,900)	(285,600)	(40,700)
Controllable	**267,298**	**265,700**	**273,900**	**8,200**
Premises Related Recharges	31,038	32,100	32,500	400
Supplies & Services Related Recharges	1,835	1,700	1,700	0
Central Support and Service Admin	72,702	88,900	82,300	(6,600)
Internal Recharges	(491,853)	(538,000)	(532,400)	5,600
Recharges	**(386,278)**	**(415,300)**	**(415,900)**	**(600)**
Capital Financing Charges	143,632	143,400	143,400	0
Capital	**143,632**	**143,400**	**143,400**	**0**
Transfer to Reserves	13,600	0	0	0
Transfer from Reserves	0	0	0	0
Reserves	**13,600**	**0**	**0**	**0**
Total	**38,251**	**(6,200)**	**1,400**	**7,600**

R800 Corporate Administration	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	62,840	66,700	46,500	(20,200)
Supplies & Services	2,834	1,400	1,300	(100)
Controllable	**65,674**	**68,100**	**47,800**	**(20,300)**
Supplies & Services Related Recharges	834	800	800	0
Central Support and Service Admin	14,133	17,800	23,700	5,900
Internal Recharges	(79,807)	(86,700)	(71,700)	15,000
Recharges	**(64,840)**	**(68,100)**	**(47,200)**	**20,900**
Total	**834**	**0**	**600**	**600**

R805 Financial Services	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	596,711	634,700	630,800	(3,900)
Transport Related Expenses	659	500	100	(400)
Supplies & Services	73,235	68,900	87,200	18,300
Third Party Payments	(81)	32,000	0	(32,000)
Revenue Income	(48,191)	(44,500)	(46,500)	(2,000)
Controllable	**622,333**	**691,600**	**671,600**	**(20,000)**
Supplies & Services Related Recharges	7,937	8,100	8,100	0
Central Support and Service Admin	147,650	159,700	142,300	(17,400)
Internal Recharges	(795,276)	(880,600)	(843,700)	36,900
Recharges	**(639,689)**	**(712,800)**	**(693,300)**	**19,500**
Capital Financing Charges	21,160	21,200	21,200	0
Capital	**21,160**	**21,200**	**21,200**	**0**
Transfer to Reserves	45,950	0	0	0
Reserves	**45,950**	**0**	**0**	**0**
Total	**49,754**	**0**	**(500)**	**(500)**

R820 Customer Services	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	714,782	779,600	749,600	(30,000)
Transport Related Expenses	2,354	4,400	2,700	(1,700)
Supplies & Services	10,928	17,500	11,700	(5,800)
Third Party Payments	15,000	0	0	0
Revenue Income	(16,365)	(14,000)	(14,000)	0
Controllable	**726,700**	**787,500**	**750,000**	**(37,500)**
Supplies & Services Related Recharges	10,073	10,200	10,200	0
Central Support and Service Admin	124,342	144,300	142,200	(2,100)
Internal Recharges	(851,041)	(942,000)	(893,200)	48,800
Recharges	**(716,627)**	**(787,500)**	**(740,800)**	**46,700**
Transfer from Reserves	(15,000)	(9,300)	(9,300)	0
Reserves	**(15,000)**	**(9,300)**	**(9,300)**	**0**
Total	**(4,927)**	**(9,300)**	**(100)**	**9,200**

R825 Insurance Premiums	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Supplies & Services	354,189	312,600	292,600	(20,000)
Revenue Income	(31,611)	0	0	0
Controllable	**322,578**	**312,600**	**292,600**	**(20,000)**
Internal Recharges	(305,537)	(312,600)	(312,600)	0
Recharges	**(305,537)**	**(312,600)**	**(312,600)**	**0**
Transfer to Reserves	45,849	35,000	35,000	0
Transfer from Reserves	(27,889)	0	0	0
Reserves	**17,959**	**35,000**	**35,000**	**0**
Total	**35,000**	**35,000**	**15,000**	**(20,000)**

R835 Revenues-Local Taxation	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	400,661	431,300	413,200	(18,100)
Transport Related Expenses	751	900	500	(400)
Supplies & Services	155,699	94,000	90,600	(3,400)
Revenue Income	(643,370)	(339,900)	(339,900)	0
Controllable	**(86,260)**	**186,300**	**164,400**	**(21,900)**
Transport Related Recharges	5,185	4,800	4,300	(500)
Supplies & Services Related Recharges	5,624	5,700	5,700	0
Central Support and Service Admin	388,651	435,700	389,000	(46,700)
Internal Recharges	(46,966)	(51,500)	(31,800)	19,700
Recharges	**352,495**	**394,700**	**367,200**	**(27,500)**
Transfer to Reserves	295,121	0	0	0
Transfer from Reserves	(51,500)	(900)	(900)	0
Reserves	**243,621**	**(900)**	**(900)**	**0**
Total	**509,856**	**580,100**	**530,700**	**(49,400)**

R872 Central Provisions Account	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	0	(30,000)	(150,000)	(120,000)
Premises Related Expenses	0	20,000	0	(20,000)
Supplies & Services	97,116	450,000	385,400	(64,600)
Controllable	**97,116**	**440,000**	**235,400**	**(204,600)**
Transfer to Reserves	454,500	0	0	0
Transfer from Reserves	(20,000)	0	0	0
Reserves	**434,500**	**0**	**0**	**0**
Total	**531,616**	**440,000**	**235,400**	**(204,600)**

R875 Non Distributed Costs	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Employee Expenses	191,330	128,900	128,900	0
Controllable	**191,330**	**128,900**	**128,900**	**0**
Transfer from Reserves	(30,700)	0	0	0
Reserves	**(30,700)**	**0**	**0**	**0**
Total	**160,630**	**128,900**	**128,900**	**0**

R890 Corporate Income & Expenditure	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Premises Related Expenses	16,926	16,500	16,500	0
Supplies & Services	633,551	0	0	0
Capital Interest	287,438	318,200	350,000	31,800
Revenue Income	(723,005)	(68,500)	(129,300)	(60,800)
Controllable	**214,910**	**266,200**	**237,200**	**(29,000)**
Capital Entries	(201,542)	0	0	0
Capital	**(201,542)**	**0**	**0**	**0**
Transfer to Reserves	64,000	0	0	0
Reserves	**64,000**	**0**	**0**	**0**
Total	**77,368**	**266,200**	**237,200**	**(29,000)**

R891 Movement in Reserves (MiRs)	Actual 2017-18 £	Original Budget 2018-19 £	Original Budget 2019-20 £	Variance to Original Budget 2018-19 £
Capital Interest	681,802	595,700	641,500	45,800
Controllable	**681,802**	**595,700**	**641,500**	**45,800**
Capital Financing Charges	201,542	0	0	0
Capital Entries	(1,736,927)	(1,651,800)	(1,951,300)	(299,500)
Capital	**(1,535,385)**	**(1,651,800)**	**(1,951,300)**	**(299,500)**
Transfer from Reserves	(105,842)	0	0	0
Reserves	**(105,842)**	**0**	**0**	**0**
Total	**(959,425)**	**(1,056,100)**	**(1,309,800)**	**(253,700)**

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Community Development Portfolio
Revenue Budget Summary 2019-20

Major Variances in Net Controllable Expenditure
Major variances within Employee Expenses are mainly due to the pay award and incremental changes. Other major variances are detailed below.

Democratic Mgt & Representation
Variance mainly due to staffing restructure and an increase in members allowances in line with the pay award partly offset with efficiency on canvassing staff.

Localities
No major variances.

Community Grants
Variances mainly due to increase in Members Pot and additional grant for WeRHere, partly offset by 2018-19 efficiency reduction in parish grant.

The Arts & Tourism
No major variances.

Community Centres
No major variances.

Markets & Events
Variances mainly due to delivery of locality events efficiencies.

Housing, Health & Well-being Portfolio
Revenue Budget Summary 2019-20

Major Variances in Net Controllable Expenditure
Major variances within Employee Expenses are mainly due to the pay award and incremental changes. Other major variances are detailed below.

Housing Needs
Variance due to additional Homelessness Reduction Grant offset by associated expenditure.

Calverton Leisure Centre
Variance due to staffing efficiencies, income growth efficiencies, increase in swim school, DNA income and income inflation, partly offset by fitness suite maintenance contract and an increase in utilities due to inflation.

Carlton Forum Leisure Centre
Variance due to staffing efficiencies, income growth efficiencies, increase in swim school, increase in party bookings and income inflation, partly offset by a reduction in daytime bookings and utility inflation increases.

Redhill Leisure Centre
Variance due to staffing efficiencies, removal of an Assistant Manager post and income growth efficiencies, partly offset by unmet efficiencies which are being met by other sites and utility inflation increases.

Arnold Theatre
Variance due to the realignment of staffing and building costs between the theatre and leisure centre, partly offset by an increase in income from the Cinema.

Arnold Leisure Centre
Variance due to the realignment of staffing and building costs between the leisure centre and theatre, increased swim school income and income growth efficiencies, partly offset by utility inflation increases.

Richard Herrod
Variance due to a reduction in income from bar sales and the Millenium Suite and utility inflation increases, partly offset by staffing efficiencies.

Sports Development
Variance due to the RPI increase on rent at Mapperley Golf Club.

Council Tax Benefits
No major variances.

Rent Allowances

Caseload is expected to fall in 2019/20 as the claimants transfer to Universal Credit. Significant volatility also remains around overpayment recoveries and a higher contribution to the bad debt provision is anticipated in recognition of the cases to Universal Credit, where overpayments can no longer be recovered on a weekly basis but must be invoiced by Sundry Debtor.

Housing Benefit Administration

Variance due to 2017/18 and 2018/19 staffing efficiencies and additional Universal Credit grants.

Rent Rebates

No major variances.

Public Protection Portfolio
Revenue Budget Summary 2019-20

Major Variances in Net Controllable Expenditure:

Major variances within Employee Expenses are mainly due to the pay award and incremental changes. Other major variances are detailed below.

Licencing & Hackney Carriages

Variance due to income arising from the efficiency programme, partly offset by a development bid for an additional Neighbourhood Warden.

Environmental Protection

Variance due to a growth bid for an additional warden and realignment of salary splits, partly offset by 18/19 efficiency for the removal of the Eco Stars funding.

Food, Health & Safety

No Major variances

Comm Protection & Dog Control

Variance due to efficiencies arising from a staffing review and movements of staff across the service area offset with a growth bid for a new Neighbourhood Warden, partly offset by a reduced contribution to the CCTV replacement fund.

Private Sector Housing

Variance due to18/19 efficiency proposals and a growth bid for temporary posts for Selective Licencing and Hospital to Home, fully funded by grants and contributions from earmarked reserves.

Environment Portfolio
Revenue Budget Summary 2019-20

Major Variances in Net Controllable Expenditure
Major variances within Employee Expenses are mainly due to the pay award and incremental changes. Other major variances are detailed below.

Waste Management
Variance due to growth in garden waste income, partly offset by the removal of the glass and textile recycling income.

Trade Waste
Variance mainly due to a reduction in waste disposal costs and a 19/20 efficiency target for a growth in customers.

Street Care
Variance due to development bid for new Rapid Response Team, additional Seasonal Lighting for Parish Councils fully offset by contributions, and the efficiency for removal of non-contractual overtime.

Public Conveniences
No Major variances.

Direct Services Service Support
No major variances.

Building Services
No major variances.

Car Parks
Variance mainly due to higher NNDR and electricity charges, offset by reduced employee expenses and increased 'Pay & Display' and 'Long Stay Permits' income.

Fleet Management
Variance due to additional fuel, tyre and parts costs for the Pet Bereavement, Landscaping and Rapid Response teams partly offset by a 19/20 efficiency saving in the procurement of tyres.

Parks
Variance due to review of supervisory management efficiency, Gedling Country Park Visitor Centre reduction in subsidy and growth in income efficiencies and the reduction in the Plastic Clever Council scheme, partly offset by an increase in electricity inflation costs.

Parks - External Works
Variance due to the introduction of Pet Bereavement Services, Landscaping Team and second commercial Tree Team and additional income from the Bestwood Country Park contract.

Cemeteries
No major variances.

Growth & Regeneration Portfolio
Revenue Budget Summary 2019-20

Major Variances in Net Controllable Expenditure
Major variances within Employee Expenses are mainly due to the pay award and incremental changes. Other major variances are detailed below.

Development Service Support
No major variances.

Development Management
Variance due to an increase in major planning application fees as a result of adopting the Local Plan, partly offset by a growth bid for the CIL review offset by a contribution from reserves.

Planning Policy
Variance due to a growth bid for Planning Policy evidence preparation offset by a contribution from reserves.

Building Control Account
No major variances.

Building Control Fee Earning Account
Variance due to additional income from the 18/19 efficiency proposals.

Land Charges
No major variances.

Economic Development
Variance mainly due to a revenue contribution to Asset Management capital projects, offset by a contribution from reserves, the removal of the Erasmus grant and associated expenditure budgets due to completion of the project and a growth bid for a Town Centre Manager, offset by a contribution from reserves.

Housing Strategy
Variance due to completion of the housing officer secondment at the end of September.

Resources & Reputation Portfolio
Revenue Budget Summary 2019-20

Major Variances in Net Controllable Expenditure:
Major variances within Employee Expenses are mainly due to the pay award and incremental changes. Other major variances are detailed below.

Organisational Development
Variance due to staffing efficiencies and reduction in training budgets.

Corporate Management
Variance mainly due to increased employee costs and banking charges, partly offset by Audit fee reductions included in the 18/19 efficiency savings.

Health & Safety and Emergency Planning
No Major Variances

Legal Services
Variance due to increased income from legal services commercial project and the delivery of 17/18 and 18/19 efficiencies, partly offset by associated staffing costs.

Central Print Room
Variance due to the delivery of printing efficiencies.

Postages
Variance due to delivery of postage efficiencies.

Registration of Electors
Variance due to staffing efficiency restructure.

Elections
Variance due to Local Election in 2019.

Estates & Valuation
Variance due to the transfer of the Strategic Intervention fund to Public Land & Buildings.

Public Land & Buildings
Variance mainly due to Commercial Property rental income, partly offset by increased utility costs and the transfer of the Strategic Intervention budget from Estates.

Information Technology
Variance mainly due to changes to the contributions to and from the replacement fund to reflect the current IT replacement programme and software inflation increases.

Communications & Publicity
Variance mainly due to 19/20 advertising and sponsorship efficiencies and income efficiencies.

Corporate Officers
Variance mainly due to the creation of the new Projects Manager post.

Business Units
Variance mainly due to additional income from rent reviews.

Public Offices
Variance mainly due to inflationary increases in NNDR and utility costs, partly offset by additional rental income for offices.

Corporate Administration
Variance due to delivery of staffing restructure efficiency.

Financial Services
Variance mainly due to the delivery of staffing and audit days efficiencies.

Customer Services
Variance due to delivery of staffing efficiencies.

Insurance Premiums
Variance due to the expected reduced premiums following procurement exercise.

Revenues - Local Taxation
Variance due to staffing efficiencies.

Central Provisions Account
Variance due to provision for management staffing efficiencies, the removal of the routine maintenance provision, the reduction of the Budget Reduction Risk Reserve and the allocation of the Transformation Fund for the Project Manager post.

Non Distributed Costs
No major variances.

Corporate Income & Expenditure
Variance due to additional investment income, partly offset by an increase in PWLB debt interest payments.

Movement In Reserves (MIRS)
Variance due to an increase in Minimum Revenue Provision.

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Appendix 4

Major Inflation Indices - Medium Term Financial Plan

	2019/20	2020/21	2021/22	2022/23	2023/24
Council Tax (Excluding Taxbase Changes)	0% £0	£5 (3.07%) £185,000	3% £186,500	3% £192,000	3% £198,000
Pay Award	3.10% £403,000	2.0% £270,400	2.0% £275,800	2.0% £281,300	2.0% £287,000
Superannuation (Triennial Review increase in Contribution Rate)	0	100,000	0	0	0
	%	%	%	%	%
Premises Expenses:					
Gas	20	2.5	2.5	2.5	2.5
Electricity	10	2.5	2.5	2.5	2.5
Water	2	2	2	2	2
NNDR	2.5	2	2	2	2
General Supplies & Services	0	0	0	0	0
Discretionary Income	3	3	3	3	3
Vacancy Provision	-£120,000	-£120,000	-£120,000	-£120,000	-£120,000

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Movement on Earmarked Reserves

Reserve	Original Estimate 2018/19 Opening Balance 01/04/18	Original Estimate 2018/19 Transfer to Reserve	Original Estimate 2018/19 Transfer from Reserve	Original Estimate 2018/19 Balance 31/03/19	Revised Estimate 2018/19 Opening Balance 01/04/18	Revised Estimate 2018/19 Transfer to Reserve	Revised Estimate 2018/19 Transfer from Reserve	Revised Estimate 2018/19 Balance 31/03/19	Original Estimate 2019/20 Opening Balance 01/04/19	Original Estimate 2019/20 Transfer to Reserve	Original Estimate 2019/20 Transfer from Reserve	Original Estimate 2019/20 Balance 31/03/20
	£	£	£	£	£	£	£	£	£	£	£	£
Leisure Strategy Reserve	**(187,000)**			**(187,000)**	**(187,000)**			**(187,000)**	**(187,000)**			**(187,000)**
Joint Use & Base Maintenance Reserve	**(68,300)**			**(68,300)**	**(68,300)**			**(68,300)**	**(68,300)**			**(68,300)**
Pub Watch/Shop Radio Replacement Reserve	**(23,500)**	(3,500)		**(27,000)**	**(23,500)**	(3,500)	5,800	**(21,200)**	**(21,200)**	(3,500)		**(24,700)**
Building Control Reserve	**(30,500)**			**(30,500)**	**(30,500)**			**(30,500)**	**(30,500)**			**(30,500)**
Community & Crime Reserves	**(89,700)**		3,000	**(86,700)**	**(89,700)**		14,300	**(75,400)**	**(75,400)**		11,000	**(64,400)**
IT Replacement Reserve	**(688,600)**	(91,900)	170,700	**(609,800)**	**(688,600)**	(91,900)	270,700	**(509,800)**	**(509,800)**	(77,000)	259,100	**(327,700)**
Risk Mgmt Reserve	**(86,400)**		4,000	**(82,400)**	**(86,400)**		41,900	**(44,500)**	**(44,500)**		7,500	**(37,000)**
Budget Redn Risk Reserve	**(125,900)**			**(125,900)**	**(125,900)**			**(125,900)**	**(125,900)**			**(125,900)**
S106 Revenue Reserve	**(227,300)**			**(227,300)**	**(227,300)**		29,000	**(198,300)**	**(198,300)**		29,000	**(169,300)**
Housing & Housing Benefits Reserve	**(430,700)**		15,000	**(415,700)**	**(430,700)**		15,000	**(415,700)**	**(415,700)**		15,000	**(400,700)**
Insurance Reserve	**(280,500)**	(35,000)		**(315,500)**	**(280,500)**	(35,000)	5,000	**(310,500)**	**(310,500)**	(35,000)		**(345,500)**
Efficiency & Innovation Reserve	**(213,400)**		20,000	**(193,400)**	**(213,400)**		26,100	**(187,300)**	**(187,300)**		10,000	**(177,300)**
Asset Management Reserve	**(495,000)**	(81,100)	0	**(576,100)**	**(495,000)**	(81,100)	94,800	**(481,300)**	**(481,300)**	(61,100)	15,000	**(527,400)**
Local Development Framework Reserve	**(120,700)**			**(120,700)**	**(120,700)**	(76,400)	88,900	**(108,200)**	**(108,200)**		60,000	**(48,200)**
Earmarked Grants Reserve	**(712,000)**	0	12,000	**(700,000)**	**(712,000)**	(69,300)	144,100	**(637,200)**	**(637,200)**	0	30,100	**(607,100)**
CCTV Reserve	**(255,500)**	(40,800)		**(296,300)**	**(255,500)**	(25,800)	51,000	**(230,300)**	**(230,300)**	(25,800)	30,000	**(226,100)**
LA Mortgage Scheme Reserve (LAMS)	**(110,600)**			**(110,600)**	**(110,600)**			**(110,600)**	**(110,600)**			**(110,600)**
Apprentice Reserve	**(55,300)**		16,800	**(38,500)**	**(55,300)**		20,000	**(35,300)**	**(35,300)**		16,800	**(18,500)**
NNDR Pool Reserve	**(492,200)**			**(492,200)**	**(492,200)**		50,000	**(442,200)**	**(442,200)**		442,100	**(100)**
Transformation Fund Reserve	**(519,000)**		21,500	**(497,500)**	**(519,000)**		21,500	**(497,500)**	**(497,500)**			**(497,500)**
Economic Development Fund Reserve	**(446,000)**			**(446,000)**	**(446,000)**		196,200	**(249,800)**	**(249,800)**		42,000	**(207,800)**
Property Management Fund	**(64,000)**			**(64,000)**	**(64,000)**			**(64,000)**	**(64,000)**			**(64,000)**
Total Reserves	**(5,722,100)**	**(252,300)**	**263,000**	**(5,711,400)**	**(5,722,100)**	**(383,000)**	**1,074,300**	**(5,030,800)**	**(5,030,800)**	**(202,400)**	**967,600**	**(4,265,600)**

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APPENDIX 6

COUNCIL TAX COLLECTION FUND ESTIMATE 2019/20

	£000	£000
Taxpayer Accounts Due	(85,242)	
LESS		
Council Tax Support	7,193	
Disabled Relief	80	
Exemptions	1,413	
Discounts	6,998	
Disregard	425	
Annexe Discount	7	
Transitional Relief	(1)	
Local Discretionary Council Tax Reduction	3	
Council Tax Receivable		**(69,124)**
Payment / (Receipt) of Previous Year Surpluses / (Deficits)		0
Precepts Paid		68,650
Anticipated Write-Offs	172	
Increase in bad debt provision	55	
		227
(Surplus) / Deficit in the year		**(247)**
(Surplus) / Deficit B/Fwd		247
(Surplus) / Deficit declared 15th January 2019		**0**

	£000
Allocation of Council Tax (Surplus) / Deficit	
Gedling Borough Council	0
Nottinghamshire County Council	0
Nottinghamshire Police and Crime Commissioner	0
Combined Fire Authority	0
TOTAL	**0**

	£000
Summary:	
Opening (Surplus) / Deficit 1/4/18	247
Previously declared (distributed 18/19)	0
Cumulative (Surplus) / Deficit 31/3/19	247
In year (Surplus) / Deficit 2018/19	(247)
Est (Surplus) / Deficit 31/3/19	**0**

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Report to Cabinet

Subject: Forward Plan

Date: 14 February 2019

Author: Service Manager, Democratic Services

Wards Affected

Borough-wide.

Purpose

To present the Executive's draft Forward Plan for the next four month period.

Key Decision

This is not a Key Decision.

Recommendation(s)

It is recommended THAT Cabinet note the contents of the draft Forward Plan making comments where appropriate.

Background

1 The Council is required by law to give to give notice of key decisions that are scheduled to be taken by the Executive.

A key decision is one which is financially significant, in terms of spending or savings, for the service or function concerned (more than £500,000), or which will have a significant impact on communities, in two or more wards in the Borough.

In the interests of effective coordination and public transparency, the plan includes any item that is likely to require an Executive decision of the Council, Cabinet or Cabinet Member (whether a key decision or not). The Forward Plan covers the following 4 months and must be updated on a rolling monthly basis. All items have been discussed and approved by the Senior Leadership Team.

Proposal

2 The Forward Plan is ultimately the responsibility of the Leader and Cabinet as it contains Executive business due for decision. The Plan is therefore presented at this meeting to give Cabinet the opportunity to discuss, amend or delete any item that is listed.

Alternative Options

3.1 Cabinet could decide not agree with any of the items are suggested for inclusion in the plan. This would then be referred back to the Senior Leadership Team.

3.2 Cabinet could decide to move the date for consideration of any item.

Financial Implications

4 There are no financial implications directly arising from this report.

Appendices

5 Appendix 1 – Forward Plan

Background Papers

6 None identified.

Reasons for Recommendations

7 To promote the items that are due for decision by Gedling Borough Council's Executive over the following four month period.

FORWARD PLAN

FOR THE FOUR MONTH PERIOD 1 FEBRUARY 2019 TO 31 MAY 2019

This Forward Plan sets out the details of the key and non-key decisions which the Executive Cabinet, individual Executive Members or Officers expect to take during the next four month period.

The current members of the Executive Cabinet are:

Councillor John Clarke – Leader of the Council
Councillor Michael Payne – Deputy Leader and Portfolio Holder for Resources and Reputation
Councillor Peter Barnes – Portfolio Holder for Environment
Councillor David Ellis – Portfolio Holder for Public Protection
Councillor Gary Gregory – Portfolio Holder for Community Development
Councillor Jenny Hollingsworth – Portfolio Holder for Growth and Regeneration
Councillor Henry Wheeler – Portfolio Holder for Health and Wellbeing.

Anyone wishing to make representations about any of the matters listed below may do so by contacting the relevant officer listed against each key decision, within the time period indicated.

Description of the decision	Date decision is expected to be taken and who will take the decision?	Responsible Officer	Documents to be considered by the decision maker	Cabinet Portfolio	Open / Exempt (and reason if the decision is to be taken in private) Is this a Key Decision?
Non-designated Heritage Assets To inform members of the proposed identification of non-designated heritage assets and to seek approval for the methodology and selection criteria to be used.	**31 Jan 2019 Cabinet**	Jo Gray, Service Manager, Planning Policy		Portfolio Holder for Growth and Regeneration	Open No
Review of the Community Infrastructure Levy (CIL To commence the process of reviewing the Community Infrastructure Levy.	**31 Jan 2019 Cabinet**	Alan Siviter, Community Infrastructure Levy Officer	Review of the Community Infrastructure Levy (CIL	Portfolio Holder for Growth and Regeneration	Open Yes
Development Brief for Three Sites to the north east of Arnold To approve the development brief for three sites to the north east of Arnold	**31 Jan 2019 Cabinet**	Jo Gray, Service Manager, Planning Policy	Development Brief for Three Sites to the north east of Arnold	Portfolio Holder for Growth and Regeneration	Open Yes
Non-Designated Heritage Assets Selection Criteria Report of Service Manager for Planning Policy	**31 Jan 2019 Cabinet**	Seb Wilkins, Planning Officer	Non-Designated Heritage Assets Selection Criteria	Portfolio Holder for Growth and Regeneration	Open Yes
Prudential Code Indicator Monitoring 2018/19 and Quarterly Treasury Activity Report To inform Members of the performance monitoring of the 2018/19 Prudential Code Indicators, and to advise Members of the quarterly treasury activity as required by the Treasury Management Strategy.	**31 Jan 2019 Cabinet**	Sue Healey, Principal Accountant		Portfolio Holder for Resources and Reputation	Open Yes
Quarterly Budget Monitoring, Performance Digest & Virement Report To update members on financial and performance information for the 3rd quarter of the 2018/19 year.	**31 Jan 2019 Cabinet**	Alison Ball, Service Manager Finance		Portfolio Holder for Resources and Reputation	Open Yes

Description of the decision	Date decision is expected to be taken and who will take the decision?	Responsible Officer	Documents to be considered by the decision maker	Cabinet Portfolio	Public / Exempt (and reason if the decision is to be taken in private) Is this a key decision?
Prudential and Treasury Indicators and Treasury Management Strategy Statement 2019/20 To approve the Council's Prudential Code Indicators and Treasury Strategy for 2018/19.	**14 Feb 2019 Cabinet** **4 Mar 2019 Council**	Sue Healey, Principal Accountant		Portfolio Holder for Resources and Reputation	Open Yes
Capital Programme and Capital Investment Strategy To approve the capital investment strategy and capital spending programme for the next financial year.	**14 Feb 2019 Cabinet** **4 Mar 2019 Council**	Alison Ball, Service Manager Finance		Portfolio Holder for Resources and Reputation	Open Yes
Gedling Plan 2019/20 (including General Fund Revenue Budget) To approve the priorities, objectives and top actions for the Council for the forthcoming year with the associated revenue budget.	**14 Feb 2019 Cabinet** **4 Mar 2019 Council**	Alison Ball, Service Manager Finance		Portfolio Holder for Resources and Reputation	Open Yes
Carlton Square To progress the arrangements to make arrangements for the improvements works at Carlton Square.	**14 Feb 2019 Cabinet**	Dawn Alvey, Major Projects Officer	Carlton Square	Portfolio Holder for Growth and Regeneration	Part exempt Report includes commercially sensitive information No
Adoption of Linby Neighbourhood Plan To adopt the Linby Neighbourhood Plan.	**Not before 1 Jun 2019 Cabinet**	Jo Gray, Service Manager, Planning Policy		Portfolio Holder for Growth and Regeneration	Open No

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Gedling Borough Council

Report to Cabinet

Subject: Carlton Square

Date: 14 February 2019

Author: Service Manager Economic Growth and Regeneration

Wards Affected Carlton

Purpose

To seek delegated authority for the Chief Executive, in consultation with the Director of Organisational Development and Democratic Services, to draft and enter into a legal agreement with BNP Paribas Depositary Services Limited and BNP Paribas Depositary Services (Jersey) Limited, (here after referred to as BNP Paribas) the owners of Carlton Square shopping precinct, to set out respective roles and responsibilities of the Council and BNP Paribas in bringing forward physical improvements to the area. The report also provides an update on progress to date, future programme and seeks approval for consultation proposals.

Key Decision

This is not a key decision.

Recommendation(s)

THAT Cabinet:

1) Supports the principle of working in partnership with BNP Paribas in developing a scheme of improvements for Carlton Square;

2) Delegates authority to the Chief Executive in consultation with the Director of Organisational Development and Democratic Services to enter into a legal agreement with BNP Paribas to develop an improvement scheme for Carlton Square and agree the roles and responsibilities of BNP Paribas and Gedling Borough Council in developing the proposals;

3) Approves the consultation proposals as set out in the report;

4) Delegates authority to the Chief Executive in consultation with the

Portfolio Holder for Growth and Regeneration to approve further consultation on a detailed scheme when available; and

5) Note the progress to date, as set out in the report, and proposed use of the Nottinghamshire Pre Development Fund to support this stage of the project;

1 Background

1.1 This project is part of a wider regeneration programme for Carlton to deliver the Gedling Plan objectives of improving the image and offer of Carlton Square shopping centre.

1.2 The Carlton Square precinct, shown on appendix 1, comprises 18 units and although fairly well used, the street scene and frontages offer opportunities for significant improvement to enhance the experience of visitors to the centre. There are also opportunities to improve the layout of the car park and visual appearance of service areas.

1.3 Lack of investment in the precinct and surrounding area is having a detrimental effect on the image of Carlton. The concern is, if this situation is allowed to continue, the locality will struggle to maintain its vitality and business will be lost to the surrounding areas.

1.4 Gedling Borough Council owns the parking areas around the precinct which are subject to the Council's Car Parking Order. The northern car park included a derelict cottage which the Council acquired and subsequently demolished in June 2018 to facilitate improvements to the Carlton Square area. The long stay car park (shown on Appendix 1) has recently been sold to provide parking spaces to facilitate the conversion of DBH House, immediately to the west of the shopping precinct, to residential use.

1.5 The shopping precinct is owned by BNP Paribas Depositary Services Limited and BNP Paribas Depositary Services (Jersey) Limited as Trustees of the Local Retail Fund. Waypoint Asset Managers manage the property on behalf of BNP Paribas.

1.6 There are significant opportunities introduce improvements to the attractiveness of the shopping centre and the layout, legibility and access to the parking areas. Due to the design of the centre, servicing arrangements and parking layout, meaningful improvements to the area can only really be achieved by considering both the public and privately held land together to deliver a comprehensive design solution. Officers have held a number of meetings with Waypoint (acting on behalf of BNP Paribas) to discuss the principles of improvements to the centre.

1.7 Early feasibility work by Urban Initiatives proposed the development of new retail use on the carpark and an outline funding application for improvements to the centre on this basis was submitted to the N2 Town Centre Fund.

1.8 However, further assessment and soft marketing testing by David Lock Associates (on behalf of the Council) and Waypoint, concluded that there was limited retailer interest in this location and potential viability issues. Although additional units could be accommodated, the uncertainties in the retail sector and the condition of the existing centre do not provide favourable conditions for new retail space and complete refurbishment or rebuild of the centre is not viable. However, there is scope for wider physical improvements to the existing shopping precinct and enhancement of the parking area.

1.9 Following discussions with the NT fund managers on the difficulties of providing additional retail space in this location, a revised full funding application has been invited. The full application requires that the scheme is developed to RIBA Stage 3 and with planning consent in place.

2 Proposal

2.1 Waypoint (acting on behalf of BNP Paribas) is supportive of a scheme coming forward and has undertaken to engage architects to draw up preliminary proposals at their own cost to include cosmetic remodelling of the centre, revised servicing arrangements, screening of service areas, improved façades and entrance improvements and new signage. A graphic showing a summary of the design analysis of the site is shown at appendix 2.

2.2 Waypoint have indicated that, in principle, they would support a contribution to a joint scheme. However, any investment would be predicated on the council also undertaking external improvements to the car park. The scheme would include:

- New paving, lighting and street furniture within the precinct and car park area;
- Improved entrance points;

- Screening to service areas;
- Separate service and customer access points (Proposals to separate service and customer access to the site have been discussed with Planning Policy, Development Management, Estates and the Highway Authority and all are supportive in principle).
- Improved parking layout and vehicle/pedestrian surfaces with the aim of retaining the existing number of parking spaces;
- Treatment to blank facades;
- Repositioning and screening of rear service doors to facilitate more direct pedestrian route from the car park facing Burton Road

To ensure procurement of the scheme is not compromised, indicative costs, funding and Waypoint's initial proposals are included in exempt appendix 3.

2.3 It is proposed that Cabinet approve the principle of working in partnership with BNP Paribas (and their agents Waypoint) to deliver improvements to Carlton Square. Subject to approval by Cabinet, it is proposed that more formal engagement with BNP Paribas takes place. It is proposed that a legal agreement be entered into by BNP Paribas and Gedling Borough Council which would set out respective roles and responsibilities, financial contributions and how design and procurement matters, development of business case, detailed designs, costings and planning approval would be progressed by the partners.

2.4 Public consultation to inform the scheme is important at both draft and detailed design stage and it is proposed that Cabinet approve a public consultation on the principles of the improvements during March via information on site at Carlton Square, information in the press and in the March Contacts magazine. This will include seeking residents views on the analysis of the site and the areas identified for improvement such as parking, paving, lighting and access.

2.5 Subject to the completion of the legal agreement, a detailed scheme and costings would be developed alongside consideration of any state aid issues. This initial work will be supported by £30,000 of grant funding already secured from the Nottinghamshire Pre Development Fund.

2.6 Further consultation is proposed once more detailed designs are available and it is proposed that authority to approve proposals for this later stage of consultation be delegated to the Chief Executive and Portfolio Holder for Growth and Regeneration, with any recommendations and consultation comments on the final scheme coming back to Cabinet for approval.

2.7 Approval would also be sought from Cabinet at this final stage for a proposed funding package, submission of a planning application and a further legal agreement with BNP Paribas dealing with funding and delivery.

2.8 It is proposed that following planning approval for the scheme, a full application for N2 Town Centre Funding would be submitted. The application process requires that a full business plan and planning approval be in place prior to application

2.9 Whilst a detailed timeline will be developed in consultation with Waypoint, an indicative timeline for the scheme is provided below:

2018/19	Stage
14 Feb	**Cabinet Approval for legal agreement and public consultation**
11 Mar	**Consultation via Contacts Magazine, web and on site**
Mid Mar	**Finalise Agreement with BNP Paribas**
End Mar	**Review funding application with NCC/D2N2**
Feb - Apr	**Design and Costings**
May	**Approval of designs/consultation proposals by CEO and Portfolio Holder**
Jun	**Public Consultation**
Jul	**Obtain Cabinet approval of final scheme, funding package, submission of planning permission and further agreement with BNP Paribas for delivery**
Jul	**Finalise legal agreement with BNP Paribas, secure planning permission and prepare procurement plan**
Aug	**N2 Funding Submission**
Nov	**Funding Approval**
Dec	**Procurement**
2019/20	
Jan - Mar	**Procurement**
Mar	**Construction**
Oct	**Completion - Indicative**

3 Alternative Options

3.1 Continue to operate the parking areas in their existing condition without further investment. This would not deliver comprehensive improvements to the area or secure the health and vitality of the centre in the future. This would not align with the objectives of the Gedling Plan to improve the image and offer of the area.

3.2 Deliver a scheme without BNP Paribas, limited to the parking areas within Gedling Borough Council's ownership. Whilst this would improve the parking area, this would not deliver a comprehensive scheme and would not secure improvements to the shopping precinct buildings or secure private sector contributions to the scheme.

4 Financial Implications

4.1 A sum of £30,000 is available via the Nottinghamshire Pre Development Fund to support this stage of the project.

5 Appendices

5.1 Carlton Square Plan

5.2 Site Analysis and Photographs

5.3 Exempt Appendix

6 Background Papers

None

7 Reasons for Recommendations

7.1 To ensure the project delivers improvements to the image and offer of Carlton Square shopping area.

7.2 To set out the public and private sector roles and responsibilities in delivering and funding the project.

7.3 To ensure the scheme takes account of the views of residents and retailers

7.4 To update councillors on the progress to date.

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Appendix 1

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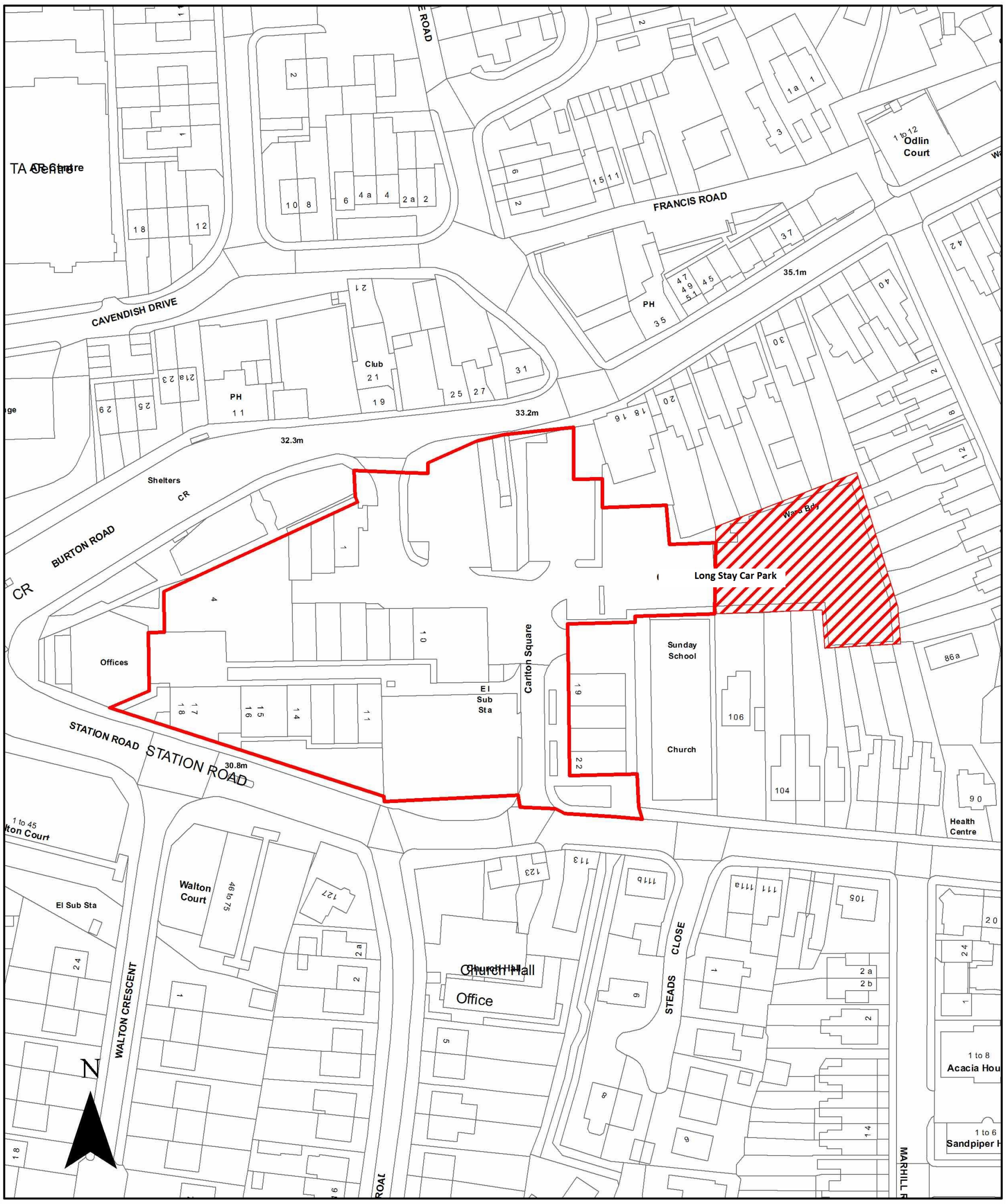
Location

Carlton Square
Carlton



NOTE This map is provided only for purposes of site location and should not be rea as an up to date representation of the area around the site.

Gedling Borough Council

Serving People Improving Lives

Date: 23/01/2019

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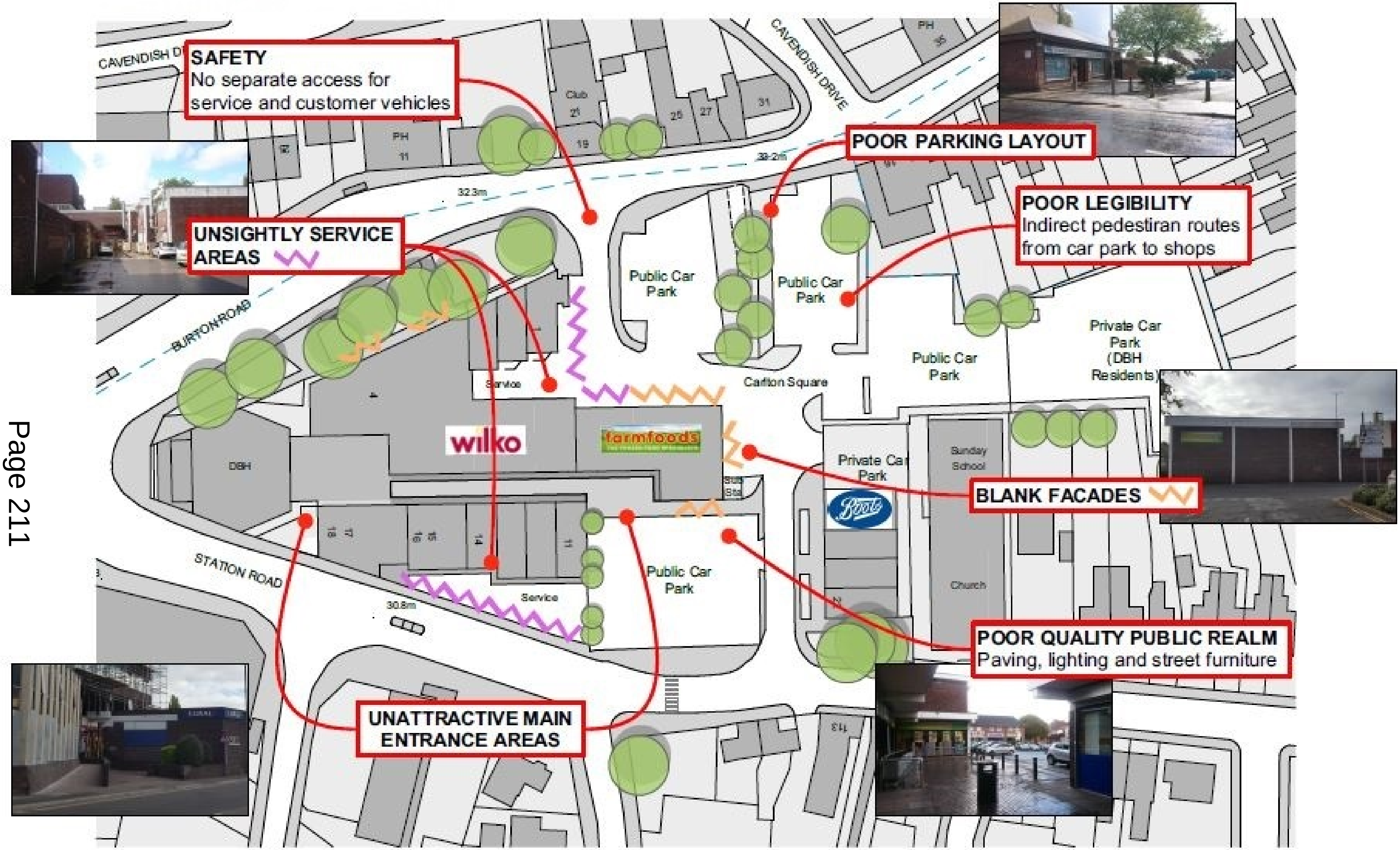
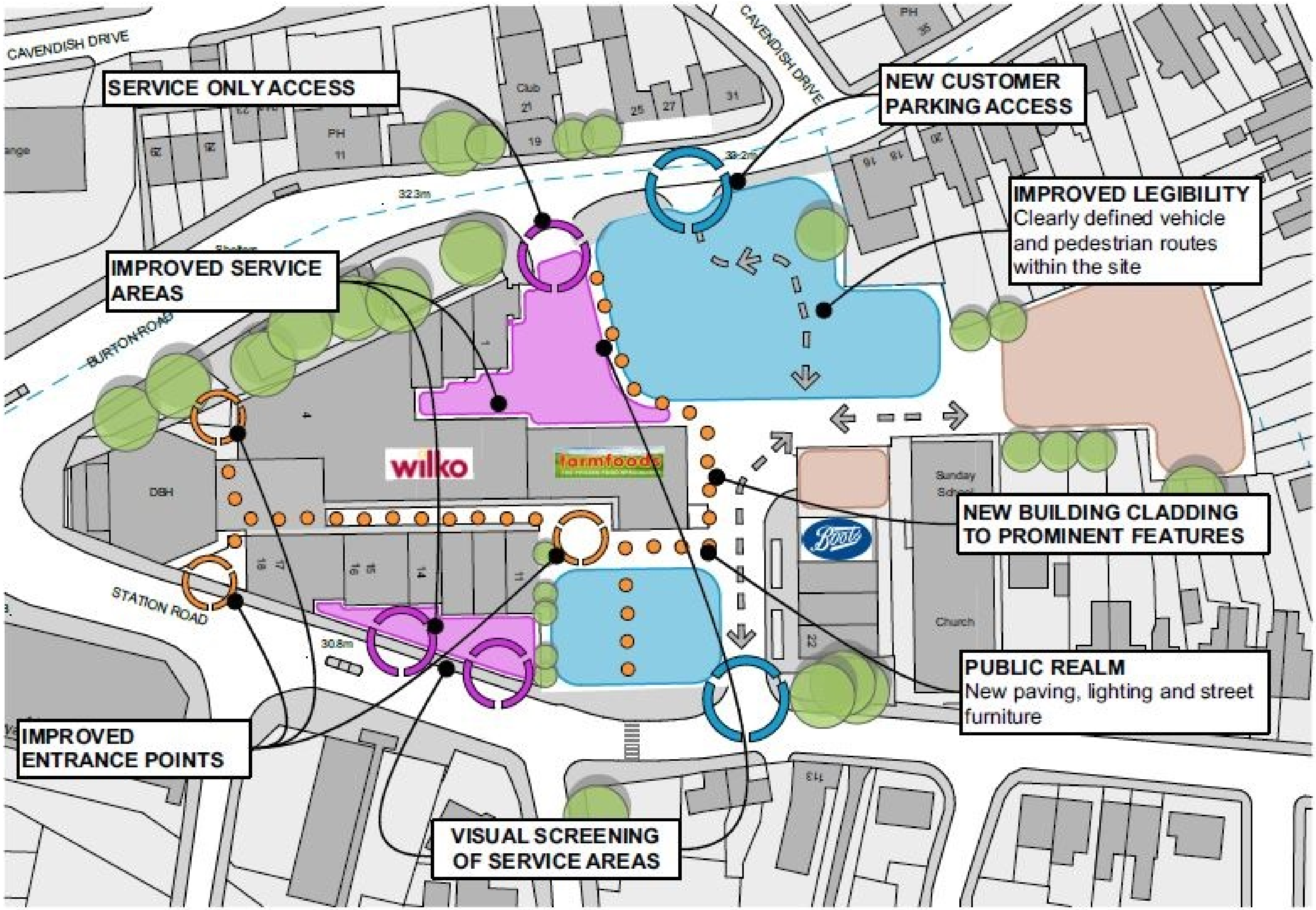
Appendix 2 - Site Analysis



Carlton Square Proposed Improvments



Existing Site


Cards · Toys
Novelties · Balloons · Party Supplies
dyson

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Agenda Item 11

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