



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

Agenda

Council

Date: **Thursday 4 March 2021**

Time: **6.00 pm**

Place: **Virtual Meeting**

For any further information please contact:

Caroline McCleary

Democratic Services Officer

0115 901 3910

Council

Membership

Mayor Councillor Sandra Barnes
Deputy Mayor Councillor Meredith Lawrence

Councillor Michael Adams
Councillor Peter Barnes
Councillor Chris Barnfather
Councillor Pat Bosworth
Councillor Michael Boyle
Councillor Nicki Brooks
Councillor John Clarke
Councillor Liz Clunie
Councillor Bob Collis
Councillor Jim Creamer
Councillor Boyd Elliott
Councillor David Ellis
Councillor Rachael Ellis
Councillor Roxanne Ellis
Councillor Andrew Ellwood
Councillor Paul Feeney
Councillor Kathryn Fox
Councillor Des Gibbons
Councillor Helen Greensmith
Councillor Gary Gregory

Councillor Jennifer Hemingway
Councillor Jenny Hollingsworth
Councillor Mike Hope
Councillor Rosa Keneally
Councillor Ron McCrossen
Councillor Viv McCrossen
Councillor Barbara Miller
Councillor Simon Murray
Councillor Julie Najuk
Councillor Marje Paling
Councillor John Parr
Councillor Michael Payne
Councillor Alex Scroggie
Councillor Martin Smith
Councillor Sam Smith
Councillor Clive Towsey-Hinton
Councillor John Truscott
Councillor Henry Wheeler
Councillor Paul Wilkinson

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SUMMONS

A meeting of the Borough Council will be held virtually on Thursday 4 March 2021 at 6.00 pm to transact the business as set out below.



Mike Hill
Chief Executive

AGENDA

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- 5 **To consider, and if approved, adopt the recommendations of Cabinet dated 11 February 2021 and set the Council Tax for the year ending 31 March 2022.**
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Report of the Leader of the Council.



Report to Council

Subject: Waiver of Contract Standing Orders – Resurfacing work to Bestwood Lodge Drive

Date: 4 March 2021

Author: Director of Corporate Resources

Purpose

To request a waiver from the Council's contract standing orders to enable the Council to enter into a new contract with Via East Midlands Limited ("Via EM") to carry out resurfacing work to Bestwood Lodge Drive, an un-adopted road at Bestwood Country Park.

Recommendation

THAT:

Council agrees to waive contract standing orders to enable the Council to directly award a contract for the resurfacing of Bestwood Lodge Drive, an un-adopted road at Bestwood Country Park, to Via East Midlands Limited.

1 Background

- 1.1 Bestwood Lodge Drive is an un-adopted road that runs over land owned by Gedling Borough Council. It provides access to Bestwood Lodge Hotel, Nottinghamshire Fire Headquarters and various private residences, as well as direct access into Bestwood Country Park itself which is in part owned by the Council and part by Nottinghamshire County Council ("NCC"). As the road is un-adopted, the Council, as land owner, is responsible for the cost of its repair and maintenance.

1.2 The road is now in a state of disrepair. The Council has received numerous complaints from occupiers of the adjacent properties and users of the park with regards to the condition of the driveway surface which is heavily potholed and sunken in places. The Council is therefore intending to undertake the following works to the road as identified on the plan at Appendix 1:

- Cold plane each side of road and ends to provide key;
- Cold plane and prepare base areas of loose surfacing;
- Remove existing bitmac speed humps and associated loose kerbs;
- Tack coat and resurface the road way; and
- Provide and install preformed speed humps

The road is not wide enough to allow vehicles to pass the planing and surfacing equipment so it is proposed that the works are carried out at night.

1.3 The Council has liaised with the Fire Authority and NCC, public sector partners who have use of the road, regarding these proposed works. NCC, in recognition of the road's use as an access to Bestwood Country Park, have offered to make a financial contribution of 30% of the costs of the necessary works or £40,000 (whichever is smaller) towards the works and the Fire Authority, in recognition of their use of the road to access their headquarters, have offered to make a financial contribution of £20,000 towards the costs of the works. The offer by NCC has been agreed and confirmed by Chief Executive Anthony May.

1.4 Following soft market testing and comparison of recent tender prices received for similar works, council officers estimate that the costs of resurfacing the road to be in the region of £120,000. The Council's contract standing orders for procurement of new contracts require that either tenders are invited or frameworks are used where the estimated value of a proposed contract exceeds £50,000. However, this requirement may be waived by direction of the Council where it is satisfied that there are special circumstances. The special circumstances which exist in relation to this matter are outlined below. Such a waiver cannot be given where the contract value exceeds the statutory thresholds unless an exemption is available under the relevant procurement regulations. The projected costs of the works falls under the relevant procurement threshold but is above £50,000. Therefore the contract must be procured via a competitive tender process or a framework unless a waiver is granted by Council.

- 1.5 The purpose of the Council's contract standing orders is to:
- achieve value for money
 - be consistent with the highest standards of integrity
 - ensure fairness and transparency in the allocation of contracts
 - ensure compliance with legal requirements
 - ensure that non-commercial considerations do not influence any contracting decision
 - prevent fraud and corruption and
 - protect the interests of the Council and its employees
- 1.6 The estimated value of the contract is £120,000. Tenders should therefore be invited in accordance with contract standing orders 8, 9, 10, 11 or 12.
- 1.7 Via EM have however offered to carry out the works 'at estimated cost price' for £66,275. (Please see written quotation at Appendix 2). This would be a considerable financial saving for the Council. Such saving will not be achieved by offering the contract opportunity on the open market or through use of a framework.

In order to take advantage of the offer to carry out the works at this discounted rate and give us and Via sufficient time to carry out core sampling and consult with the users of the road and neighbouring properties about the night time closure of the road, the works would be programmed to take place in April/May 2021.

2 Proposal

- 2.1 It is proposed that Council approves the waiver of contract standing orders to enable the Council to award this contract to Via EM.
- 2.2 Compared to the estimated costs provided following soft market testing the price quoted by Via EM is very competitive in the current market, and in this case it is believed that it achieves value for money for the Council. If the Council were to advertise the contract opportunity on the open market this would add 8-10 weeks to the timetable and commencement of the works would be delayed. The opportunity for a quicker start time for the surfacing works should give rise to higher levels of resident satisfaction and a reduced risk of claims due to the poor state of the road to the Council.
- 2.3 Taking account the above, the Council would like to appoint Via EM to carry out this resurfacing work as soon as possible to reduce the risk element presented by the poor driveway surface conditions in order to mitigate against potential claims arising from damage to vehicles caused

by the deteriorating road surface. This would provide a suitable access road to properties and for users of the Country Park, and offer improved value for the taxpayer.

3 Alternative Options

- 3.1 The Council could procure a contractor to undertake the resurfacing works via an open competitive process through the Council's e-tendering portal or via a framework which would likely require a competitive process to secure the most economically advantageous price. A competitive process, including publication of the contract opportunity, evaluation of tenders and contract award would take at least 8-10 weeks from publication. We would then need around two weeks from the letting of the contract to consult with the road users over the night closure. The Works would therefore unlikely to start until June at the earliest. During which time the road could deteriorate further and further complaints are likely to be made to the Council.
- 3.2 Do nothing. This is not an option as the Council is legally responsible as owner of the un-adopted road for its condition and repair. The Council is likely to receive further complaints about the condition of the road and could be liable to compensation should damage be caused to vehicles because of the state of repair of the road.

4 Financial Implications

- 4.1 The actual cost of the project will be determined once a detailed specification has been prepared.
- 4.2 The total budget for the works will be capped at a maximum of £120,000.
- 4.3 Based on the works costing the quoted £66,275. Nottinghamshire County Council have agreed to pay up to 30% of this cost, £19,882., and the Fire Authority have offered £20,000., which will result in a cost to Gedling Borough Council of £26,393.

Via EM quoted price includes the resurfacing of the road as per attached design drawing, cost of core sampling and testing required prior to the commencement of works, and installation of new road markings.

Please note the quote assumes that all excavated materials are inert. If tar bound material is present in the existing road surface, additional charges will apply.

- 4.4 There is currently an approved capital budget of £100,000 specifically for roadway resurfacing projects which can be used to fund the Council's element of the cost.

5 Legal Implications

- 5.1 As owner of the un-adopted road, the Council is legally responsible for its repair and condition.
- 5.2 Any contract for works must be procured in accordance with statutory procurement rules and the Council's contract standing orders and financial regulations. For contracts valued between £50,000 and the statutory threshold, tenders should be invited by an open competitive process or the contract can be awarded through a framework unless a waiver is obtained from Council where it is satisfied that there are special circumstances to justify the exemption from contract standing orders.

6 Equalities Implications

- 6.1 This section of Bestwood Lodge Drive is a shared surface providing both vehicle and pedestrian access to Bestwood Country Park from our car park and the wider Bestwood parish area. The proposed works will improve the quality of the road surface improving access for all users.

The proposed alterations to the speed reduction humps will improve access for cyclists and wheelchair users. When completed the proposed works will not have any adverse equalities implications.

7 Carbon Reduction/Environmental Sustainability Implications

- 7.1 The projects design and construction will ensure that the parkland either side the construction work is not affected and is protected as an ecological community. Tree roots will be identified and protected as appropriate. Carbon offsetting will be achieved by planting additional tree stocks in the County Park by way of mitigation.
- 7.2 Abatement of CO2 emissions will be achieved by using Green Power where available, and specific materials chosen, such as recycled asphalt where appropriate. All road 'planings' will be recycled.
- 7.3 As the road is already in existence an air quality assessment calculating the changes in concentrations in nitrogen dioxide as a result of changes to traffic at sensitive human receptor locations such as homes, and the Fire headquarters and at sensitive ecological sites will be minimal. The impacts of dust from the construction phase will also be assessed, and water sprays used to damp down any arising dust where necessary. This is not an air quality area.

8 Appendices

Appendix 1 – Location Plan

9 Background Papers

9.1 None

Statutory Officer approval

Date: 19 February
Chief Financial Officer

Date: 19 February
Monitoring Officer



Report to Cabinet

Subject: Prudential and Treasury Indicators and Treasury Management Strategy Statement (TMSS) 2021/22

Date: 11 February 2021

Author: Director of Corporate Resources and S151 Officer

Wards Affected

All

Purpose

To present for Members' approval the Council's Prudential Code Indicators and Treasury Strategy for 2021/22, for referral to Full Council on 4 March 2021.

Key Decision

This **is** a key decision because it is likely to result in the Council incurring expenditure or savings, which are significant having regard to the budget for the service or function concerned.

Recommendations:

Members are recommended to:

1. Approve the Prudential and Treasury Indicators and Treasury Management Strategy Statement 2021/22, which includes the key elements below, and refer it to Full Council on 4 March 2021 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 2021/22 to 2023/24 (Appendix 1);
 - e. Treasury Indicators including affordability limits to borrowing for 2021/22 to 2023/24 (Appendix 1).
2. Note the indicative Prudential and Treasury Indicators for 2024/25 and 2025/26 (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) which are defined as the placement of cash in relation to the S12 Local Government Act 2003 investment powers (ie. they represent the residual cash left in the Council’s bank account as a result of its day-to-day activities). However, investments also include other “non-financial assets” (non-treasury investments) which are 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.

Following the outcome of the HMT consultation with local authorities the Council reviewed its Commercial Property Investment Strategy (CPIS) and subsequently concluded that commercial property investment was no longer viable. Cabinet on 28 January 2021 supported a proposal to Council to withdraw the CPIS and remove the £5m budget from the capital programme.

- 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 that 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

Current reporting requirements were introduced by the 2017 CIPFA Prudential Code and CIPFA Treasury Management Code, plus updated Ministry of Housing, Communities and Local Government (MHCLG) Investment Guidance and Minimum Revenue Provision (MRP) Guidance.

There is now 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 purpose 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. Cabinet on 28 January 2021 proposed the withdrawal of the Commercial Property Investment Strategy (CPIS) and the removal of the £5m budget from the capital programme (see 1.1.1 above). However any future “non-treasury” investments would be reported through the Capital Strategy to ensure the separation of the core treasury function under security, liquidity and yield principles, and any policy and commercialism investments usually driven by expenditure on an asset. The Capital Strategy would 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.

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

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 2021/22

The treasury management strategy for 2021/22 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;
- The policy on borrowing in advance of need;
- Debt rescheduling;
- The investment strategy;
- The Creditworthiness policy;
- The policy on the 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.

The scope of the Council's investments currently includes only conventional treasury investments (the placing of residual cash from Council functions), following the withdrawal of the Commercial Property Investment Strategy which covered more commercial type investments. Commercial investment requires additional specialist advice and the Council will obtain this should it become necessary in the future.

Proposal

2.1 The Capital Affordability and Prudential Indicators 2021/22 to 2023/24

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 for the three years 2021/22 to 2023/24 are attached at Appendix 1 and these must be referred to Full Council for approval in accordance with the regulations.

Indicative indicators for 2024/25 and 2025/26 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 that they can be 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 2021/22 to 2023/24, including both those schemes agreed previously and those forming part of this budget cycle.

The Capital Programme now includes only "service-related" expenditure, following the Cabinet's proposal on 28 January to withdraw the Commercial Property Investment Strategy (CPIS) and the associated budget of £5m.

Capital Expenditure:	2021/22 Estimate £000s	2022/23 Estimate £000s	2023/24 Estimate £000s
Service Investment	10,868.3	4,022.5	2,581.0
Total Capital Expenditure	10,868.3	4,022.5	2,581.0

The table below analyses the capital expenditure plans by portfolio.

Portfolio Capital Expenditure:	2021/22 Estimate £000s	2022/23 Estimate £000s	2023/24 Estimate £000s
Housing, Health & Wellbeing	2,587.5	1,323.5	0.0
Public Protection	1,720.0	1,000.0	1,000.0
Environment	1,440.5	1,079.0	1,161.0
Growth & Regeneration	4,195.3	0.0	0.0
Resources & Reputation	925.0	450.0	250.0
Equipment Replacement	0.0	70.0	70.0
Development Bids	0.0	100.0	100.0
Total Capital Expenditure	10,868.3	4,022.5	2,581.0

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 borrowing need (all service related).

Financing of Capital Expenditure:	2021/22 Estimate £000s	2022/23 Estimate £000s	2023/24 Estimate £000s
Capital Expenditure (above):	10,868.3	4,022.5	2,581.0
Financed by:			
Capital receipts	610.9	610.1	610.9
Capital grants & contributions	2,842.4	1,000.0	1,000.0
S106 & CIL	882.8	0.0	0.0
Direct Revenue Financing	1,139.2	0.0	0.0
Net Borrowing Need	5,393.0	2,412.4	970.1

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)	2021/22 Estimate £000s	2022/23 Estimate £000s	2023/24 Estimate £000s
Closing CFR:	15,290.4	16,902.6	16,964.9
Movement in CFR within the year	+4,783.7	+1,612.2	+62.3
Represented by:			
Net financing need	+5,393.0	+2,412.4	+970.1
MRP	-609.3	-800.2	-907.8
Movement in CFR within the year	+4,783.7	+1,612.2	+62.3

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 close to this average.

Gearing:	2021/22 Estimate £000s	2022/23 Estimate £000s	2023/24 Estimate £000s
Estimated closing Long Term Assets: (Property, Plant, Equipment & Investment Assets)	45,240	48,263	49,844
Closing CFR (above)	15,290.4	16,902.6	16,964.9
Gearing Ratio	34%	35%	34%

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. Costs in 2021/22 include £1.392m of direct revenue financing, which increases the ratio significantly when compared to future years.

Financing costs and the net revenue stream:	2021/22 Estimate £000s	2022/23 Estimate £000s	2023/24 Estimate £000s
Net revenue stream	11,654.3	11,381.7	11,366.7
Financing costs (net)	2,062.9	1,152.6	1,273.1
Ratio to net revenue stream	17.70%	10.13%	11.20%

- **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. This allows flexibility for early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes. Please see 2.3.1 below.

The 2021/22 Capital Programme and Capital Investment Strategy report provides full details of the proposed capital programme. 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.

Maximum Gross Debt:	2021/22 Estimate £000s	2022/23 Estimate £000s	2023/24 Estimate £000s
Opening CFR (ie. closing CFR in preceding year)	10,506.7	15,290.4	16,902.6
Additions (only) in-year + following 2 years	6,458.2	1,674.5	133.3
Maximum Gross Debt	16,964.9	16,964.9	17,035.9
Estimated total GBC debt outstanding at 31 March	12,811.6	14,811.6	14,811.6
Under/(over) borrowing	4,153.3	2,153.3	2,224.3

All the estimated total debt figures above relate to service related activities.

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 2021/22:

MRP Statement 2021/22

- The Council will assess MRP in accordance with the recommendations within the guidance issued under section 21(1A) of the Local Government Act 2003.
- 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.
- 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 has been adopted in making this calculation, allowing for a slightly lower MRP charge in the early years than under the previously used 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. MHCLG guidance provides that any charge made over and above the statutory MRP, ie. a 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 2021/22, and neither has it done so in previous years.
- f. Based on the above policy, the net MRP charge for 2021/22 has been calculated as £609,300 as detailed below, and this sum has been included in the Council's 2021/22 budget proposals. The exact amount of MRP will be subject to change should capital financing decisions alter during the year.

Minimum Revenue Provision (MRP)	2021/22 £s
CFR Method - up to 31 March 2008	203,700
Asset Life Method (annuity approach) - from 1 April 2008	405,600
Total MRP	609,300

2.3 Treasury Strategy 2020/21 - Borrowing and Investment

The capital expenditure plans set out above provide details of the Council's service activity. The Treasury Management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this activity. This will involve both the organisation of the cash flow and, where necessary, the organisation of appropriate 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	2021/22 Estimate £000s	2022/23 Estimate £000s	2023/24 Estimate £000s
Estimated Debt 1 April	9,811.6	12,811.6	14,811.6
Estimated change in debt	3,000.0	2,000.0	0.0
Other long term liabilities	0.0	0.0	0.0
Estimated Gross Debt 31 March	12,811.6	14,811.6	14,811.6
Estimated Closing CFR	15,290.4	16,902.6	16,964.9
Under/Internal / (Over) borrowing	2,478.8	2,091.0	2,153.3
Internal borrowing as % of estimated closing CFR	16%	12%	13%

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 that Gedling's ratio is estimated to be between 16% and 12% over the next three years, ie. below the average, to lessen the risk of interest movements.

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 2.1.3 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 2021/22 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, 2020/21, 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 latest LAS forecast at 9 November, adjusted for the 1% reduction effective from 26 November following the conclusion of the HMT consultation. Further information on interest rates can be found at Appendix 2.

Link Group Interest Rate View		9.11.20											
These Link forecasts have been amended for the reduction in PWLB margins by 1.0% from 26.11.20													
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90	0.90	1.00	1.00	1.00	1.00
10 yr PWLB	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.30	1.30
25 yr PWLB	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80
50 yr PWLB	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60	1.60

The coronavirus outbreak has done huge economic damage to the UK and world economies. After the Bank of England took emergency action in March 2020 to cut Bank Rate first to 0.25% on 11 March, and then to 0.10% on 19 March, it left Bank Rate unchanged at its subsequent meetings to 16 December, although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently considers that such a move would do more damage than good, and that more quantitative easing (QE) is the favoured tool should further action become necessary. As shown in Link’s forecast table

above, no increase in Bank Rate is expected in the near-term as economic recovery is expected to be only gradual and, therefore, prolonged. These forecasts were based on an assumption that a Brexit trade deal would be agreed by 31 December 2020, and as this has now occurred, these forecasts do not need to be revised.

As the interest forecast table for PWLB certainty rates above shows, there is expected to be little upward movement in PWLB rates over the next two years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down period. From time to time, 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, (as shown on 9 November when the first results of a successful Covid-19 vaccine trial were announced). Such volatility could occur at any time during the forecast period.

Investment returns are likely to remain exceptionally low during 2021/22 with little increase in the next two years.

Borrowing rates fell to historically low rates as a result of the Covid-19 crisis and the QE operations of the Bank of England, indeed gilt yields up to 6 years were negative during most of the first half of 2020/21. The policy of avoiding borrowing by running down spare cash balances has served local authorities well over the last few years. The unexpected increase of 100 basis points in PWLB rates on top of the then current margin over gilt yields of 80 basis points in October 2019, required an initial major rethink of local authority treasury management strategy and risk management. However, on 25 November 2020, the Chancellor announced the conclusion of the HMT review of margins over gilt yields for PWLB rates. The standard and certainty margins were reduced by 1% but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had any purchase of assets for yield in its three year capital programme, hence the recent proposal to withdraw the Council's Commercial Property Investment Strategy (CPIS). The PWLB certainty rate, for which Gedling qualifies, has now returned to gilts plus 80 basis points.

As Link's long-term forecast for Bank Rate is 2.00%, and all PWLB rates are under 2.00%, there is value in borrowing from the PWLB for all types of capital expenditure for all maturity periods, especially as current rates are at historic lows. However, value can also be obtained by borrowing for shorter maturity periods, and the Council will assess its risk appetite in conjunction with budgetary pressures to reduce total interest costs. Longer-term borrowing could also be undertaken for the purpose of certainty, where that is desirable, or for flattening the profile of a heavily unbalanced maturity profile.

The Council is currently budgeting to take an additional £3m of new borrowing in 2021/22 to finance its capital programme. 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 2021/22

The Council is currently maintaining an under-borrowed position (see 2.3.1 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 2.3.5 below), caution will be adopted with the 2021/22 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 a risk 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. 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

Reasons for rescheduling to be considered include:

- The generation of cash savings and / or discounted cash flow savings
- Helping to fulfil the Treasury Strategy;
- Enhancement of the portfolio balance (amend the maturity profile and/or the balance of volatility).

When the current day PWLB rate for the same term is higher than that being paid on an existing loan there is the potential for a discount to be available if the loan is repaid prematurely. Rescheduling of current borrowing in the Council's debt portfolio is unlikely to be considered in 2021/22 as there is still a very large difference between premature redemption rates and new borrowing rates, even though the general margin of PWLB rates over gilts was reduced by 1% in November 2020.

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

2.3.7 New financial institutions as a source of borrowing

Currently the PWLB certainty rate is set at gilts plus 80 basis points, however consideration may be given to alternative sources of funding, including:

- Local authorities (primarily shorter dated maturities);
- Financial institutions (primarily insurance companies and pension funds but also some banks);

The Municipal Bond Agency is a public limited company currently owned by 56 local authority shareholders and the Local Government Association. It aims to provide Councils with access to market based borrowing via the issue of bonds, at rates lower than the PWLB. The Agency's first issue was made to Lancashire County Council during 2020. The Municipal Bond Agency is unlikely to be an option for the Council since it deals in multi-million pound advances, rather than the relatively small amounts that would be required by Gedling.

The extent to which these funding options may prove cheaper than PWLB is still evolving. The Council may make use of these sources of borrowing if appropriate, but only following advice from its advisers, LAS.

2.3.8 Annual Investment Strategy 2021/22

a. Investment Policy – management of risk

The MHCLG and CIPFA have extended the meaning of “investments” to include both financial (placement of surplus cash) and non-financial (primarily for financial return) investments. The TMSS report deals solely with financial investments managed by the Treasury Management team. Any non-financial investments, including the purchase of income-yielding assets such as commercial property, will be managed by the Property Services team should they be considered in the future.

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 2.3.8 (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 Investments” or “Non-Specified Investments” (see Appendix 3):

- **Specified Investments** are those with a high level of credit quality, subject to a maximum maturity limit of one year (365 days), 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 a lower credit quality, for periods in excess of one year (365 days), or more complex instruments, eg. property funds, which require greater consideration by Members and officers before being authorised for use. Once an investment is classified as non-specified it remains non-specified through to maturity, ie. an 18 month deposit would still be a non-specified investment even when it had only 11 months left until maturity. 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 2021/22 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.

A limit of **£4m** currently applies to Santander, which offers the Council preferential rates on its 95 and 180-day notice accounts, and has to give 60 days notice of any change. The Link methodology indicates that investments for up to 6 months are appropriate.

A limit of **£4m** also currently applies to CCLA, represented by a maximum of £3m in the PSDF money market fund, plus £1m in the LAPF property fund.

No limit is placed on deposits with the Debt Management Office (DMO), since these represent lending to the UK Government.

The CFO has delegated authority to amend investment limits as she 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 placed with an initial term longer than one year (365 days).
- vii. Investments will only be placed with approved counterparties from the UK, or those from other countries with a minimum sovereign rating (see Appendix 4).

- 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 denominated in sterling.
- x. As a result of a change in accounting standards in 2019/20 under IFRS9, whereby movements in the value of investments are charged immediately to the revenue accounts, the Council will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested, and resultant charges to the General Fund at the end of the year.

In November 2018, MHCLG concluded its consultation on a temporary override to allow English authorities time to adjust their portfolio of pooled investments by announcing a statutory override to delay the implementation of IFRS9 for 5 years commencing 1 April 2018, and currently due to end on 31 March 2023. The Council has an investment of £1m in the CCLA property fund which is subject to the statutory override. If the override is not extended, from 1 April 2023 all movements in the capital value of this investment, both positive and negative, will have to be charged to the General Fund, creating volatility which is a risk that will have to be carefully managed.

The alternative is to decide not to use pooled investments and withdraw the investment before 31 March 2023. This carries a risk of failing to recover the original value of £1m – depending on market performance and the fund's liquidity at the time the withdrawal request is made.

The initial value of the Council's £1m investment in the CCLA Property Fund in December 2017 was £936.7k. The latest value, at 31 December 2020, is £910.3k, which represents an improvement from a low of £895k in August. The fall in value has largely been the result of Covid-19 uncertainty, and indeed the LAPF was suspended from March to September 2020 due to the exceptional market conditions. Valuers could not be confident that their valuations truly reflected prevailing conditions, and where there is a material risk of disadvantage to either party, all transactions must be suspended until the required level of certainty is re-established.

An earmarked reserve has been set aside to mitigate the risk to the General Fund.

- 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. Regular monitoring of investment performance will be carried out during the year.

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 (yield).

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 she 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 order to improve resilience. 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 an entirely 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 – see 2.3.8(a) (x).

Property is not a liquid asset and it can take time to realise an investment. A 90-day notice period for redemptions from the CCLA LAPF was introduced during 2020 following the temporary suspension of the fund due to the Covid-19 pandemic. This was done to align the dealing terms of the fund with the liquidity of the underlying assets, and to ensure resilience during periods of market stress.

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.

Evidence to support the use of only core cash was clearly demonstrated on 4 December 2019 by the suspension of the M&G property fund, whereby investors were temporarily prevented from withdrawing their money from one of the UK's largest commercial property funds, worth some £2.5bn. The same fund was suspended for four months in 2016 following the EU referendum when money flooded out of property funds.

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 minus**. 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 she 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.

If it is thought that Bank Rate is likely to rise significantly within the relevant time horizon, consideration will be given to keeping most investments short term or variable. Conversely, if it is thought that Bank Rate is likely to fall, consideration will be given to locking in to the higher rates currently obtainable for longer periods.

Bank Rate is unlikely to rise from 0.1% for a considerable period. LAS consider that it is prudent to assume that investment earnings from market-related instruments will be sub 0.5% for the foreseeable future. They suggest a budgeted rate of 0.1% for 2021/22, however the Council benefits from both its property fund investment and the preferential rates offered by Santander, and the estimate for 2021/22 currently reflects 3% and 0.25% respectively.

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 to the upside but is subject to major uncertainty due to Covid-19 and how quickly successful vaccines become available and widely administered to the population. There is relatively little domestic risk of movements in Bank Rate and PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations.

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 26 January 2021 the Council's **total** non-specified investment is £1,000,000 - represented by the £1,000,000 investment in the CCLA property fund.

The treasury indicator and limit for new non-specified investments to be made in each of 2021/22, 2022/23 and 2023/24 is £3m, as detailed at Appendix 1 (treasury indicators) however 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). The overall individual counterparty limit of £3m or £4m (see 2.3.8 (v) above) also applies, including both specified and non-specified investments.

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 (the scrutiny role), 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 (Chief Financial 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.

3. Alternative Options

An alternative option is to fail to present a Treasury Management Strategy Statement (TMSS), however this would contravene the requirements of the relevant Regulations.

4. Financial Implications

No specific financial implications are attributable to this report.

5. Legal Implications

To comply with the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP guidance, the CIPFA Treasury Management Code and the MHCLG investment guidance, the Council is required to have a strategy as set out in this report.

6. Equalities Implications

There are no equalities implications arising from this report.

7. Carbon Reduction/Environmental Sustainability Implications

There are no carbon reduction/environmental sustainability implications arising from this report.

8. Appendices

1. Prudential and Treasury Indicators 2021/22 to 2023/24 for approval, and Indicative Indicators for 2024/25 and 2025/26;
2. Interest rate forecasts;
3. Specified and non-specified investments;
4. Approved countries for investment.

9. Background Papers

None identified.

10. 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.

Statutory Officer approval:

Approved by: Chief Financial Officer

Date: 03.02.21

Approved by: Monitoring Officer

Date: 02.02.21

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	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Indicative	2025/26 Indicative
<u>Prudential Indicators</u>					
a) Capital Expenditure:	£ 10,868,300	£ 4,022,500	£ 2,581,000	£ 2,000,000	£ 2,179,000
b) Capital Financing Requirement: (closing)	£ 15,290,400	£ 16,902,600	£ 16,964,900	£ 16,908,100	£ 16,979,100
c) Gearing	34%	35%	34%	33%	33%
d) <u>Ratio of Financing Costs to Net Revenue Stream</u>					
Service activity	17.70%	10.13%	11.20%	11.98%	12.11%
Commercial activity	0.00%	0.00%	0.00%	0.00%	0.00%
Total	17.70%	10.13%	11.20%	11.98%	12.11%
e) Ratio of Commercial Income to Net Revenue Stream	0.00%	0.00%	0.00%	0.00%	0.00%
f) Maximum Gross Debt	£ 16,964,900	£ 16,964,900	£ 17,035,900	£ 17,035,900	£ 17,035,900
g) Ratio of Internal Borrowing to CFR	16%	12%	13%	12%	13%
<u>Treasury Indicators</u>					
a) Operational Boundary for External Debt:					
Borrowing	£ 18,000,000	£ 18,000,000	£ 18,000,000		
Other Long Term Liabilities	£ 1,500,000	£ 1,500,000	£ 1,500,000		
Total Operational Boundary	£ 19,500,000	£ 19,500,000	£ 19,500,000		
b) Authorised Limit for External Debt:					
Borrowing	£ 19,000,000	£ 19,000,000	£ 19,000,000		
Other Long Term Liabilities	£ 1,500,000	£ 1,500,000	£ 1,500,000		
Total Authorised Limit	£ 20,500,000	£ 20,500,000	£ 20,500,000		
e) Upper limits for the maturity structure of o/s Borrowing during 2021/22 (Lower limit 0%)					
Under 1 Year	40%				
1 Year to 2 Years	40%				
2 Years to 5 Years	50%				
5 Years to 10 Years	50%				
Over 10 Years	100%				
f) Investment treasury indicator and limit Maximum NEW principal sums invested > 365 days (subject to overall individual counterparty limit AND total Non Specified Inv Limit)	£ 3,000,000	£ 3,000,000	£ 3,000,000		

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INTEREST RATE FORECASTS TO MARCH 2024 (as at 5 January 2021)

The PWLB rates below are based on the new margins over gilts announced on 26 November 2020. There are no changes to these forecasts as at 05.01.21

Link Group Interest Rate View		9.11.20 (The Capital Economics forecasts were done 11.11.20)											
These Link forecasts have been amended for the reduction in PWLB margins by 1.0% from 26.11.20													
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90	0.90	1.00	1.00	1.00	1.00
10 yr PWLB	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.30	1.30
25 yr PWLB	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80
50 yr PWLB	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60	1.60
Bank Rate													
Link	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Capital Economics	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	-	-	-	-	-
5yr PWLB Rate													
Link	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90	0.90	1.00	1.00	1.00	1.00
Capital Economics	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	-	-	-	-	-
10yr PWLB Rate													
Link	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.30	1.30
Capital Economics	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	-	-	-	-	-
25yr PWLB Rate													
Link	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80
Capital Economics	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	-	-	-	-	-
50yr PWLB Rate													
Link	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60	1.60
Capital Economics	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	-	-	-	-	-

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SPECIFIED INVESTMENTS 2021/22

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. <i>Custodial arrangement required prior to purchase</i>	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 <i>Custodial arrangement required prior to purchase</i>	No	Yes	Govt-backed	No	Buy and hold to maturity. To be used in-house after consultation/advice from LAS	365 days

LOCAL GOVERNMENT INVESTMENTS (England) page 2

SPECIFIED INVESTMENTS 2021/22 (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 Since early 2019 there are 3 structural options for MMFs, CNAV (Constant Net Asset Value) LVNAV (Low Volatility Net Asset Value) and VNAV (Variable Net Asset Value) <i>These funds do not have any maturity date</i>	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	<i>The period of investment may not be determined at the outset but would be subject to cash flow and liquidity requirements</i>
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 <i>Custodial arrangement required prior to purchase</i>	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 <i>Custodial arrangement required prior to purchase</i>	No	Yes	Govt-backed	No	Buy and hold to maturity. To be used in-house after consultation/advice from LAS	365 days

SPECIFIED INVESTMENTS 2021/22 (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 <i>Custodial arrangement required prior to purchase</i>	No	Yes	AAA	No	Buy and hold to maturity. To be used in-house after consultation/advice from LAS	365 days

NON-SPECIFIED INVESTMENTS 2021/22

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 the relevant prevailing TOTAL maximum investment limit per counterparty (ie. Specified plus Non-Specified).

<u>Investment</u>	<u>(A) Why use it?</u> <u>(B) Associated risks?</u>	<u>Share/ Loan Capital?</u>	<u>Repayable/ Redeemable within 12 months?</u>	<u>Security / Minimum credit rating</u>	<u>Capital Exp?</u>	<u>Circumstance of use</u>	<u>Maximum Investment</u>	<u>Maximum maturity of investment</u>
Term deposits with credit rated deposit takers (banks and building societies) with maturities <u>greater</u> than 1 year (365 days) <div>Page 46</div>	<p>(A) (i) Certainty of rate of return over period invested. (ii) No movement in capital value of deposit despite changes in interest rate environment.</p> <p>(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</p>	No	No	Adopt LAS creditworthiness methodology to assess usage, and duration of investments	No	In-house	£3m any ONE counterparty AND £5m in TOTAL. <u>AND</u> 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 <u>greater</u> than 1 year (365 days) <i>Custodial arrangement required prior to purchase</i>	<p>(A) (i) Although in theory tradable, are relatively illiquid.</p> <p>(B) (i) 'Market or interest rate risk' - Yield subject to movement during life of CD which could negatively impact on price of the CD.</p>	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

LOCAL GOVERNMENT INVESTMENT (England) page 5

NON-SPECIFIED INVESTMENTS 2021/22 (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 the relevant prevailing TOTAL maximum investment limit per counterparty (ie. Specified plus Non-Specified).

<u>Investment</u>	<u>(A) Why use it?</u> <u>(B) Associated risks?</u>	<u>Share/ Loan Capital?</u>	<u>Repayable/ Redeemable within 12 months?</u>	<u>Security / Minimum credit rating</u>	<u>Capital Exp?</u>	<u>Circumstance of use</u>	<u>Maximum investment</u>	<u>Maximum maturity of investment</u>
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 <i>Custodial arrangement required prior to purchase</i>	(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

LOCAL GOVERNMENT INVESTMENT (England) page 6

NON-SPECIFIED INVESTMENTS 2021/22 (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 the relevant prevailing TOTAL maximum investment limit per counterparty (ie. Specified plus Non-Specified).

<u>Investment</u>	<u>(A) Why use it?</u> <u>(B) Associated risks?</u>	<u>Share/</u> <u>Loan</u> <u>Capital?</u>	<u>Repayable/</u> <u>Redeemable</u> <u>within 12</u> <u>months?</u>	<u>Security /</u> <u>Minimum credit</u> <u>rating</u>	<u>Capital</u> <u>Exp?</u>	<u>Circumstance</u> <u>of use</u>	<u>Maximum</u> <u>Investment</u>	<u>Maximum</u> <u>maturity of</u> <u>investment</u>
Sovereign issues ex UK govt gilts - any maturity <i>Custodial arrangement required prior to purchase</i> <div>Page 48</div>	(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 <i>Custodial arrangement required prior to purchase</i>	(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

LOCAL GOVERNMENT INVESTMENT (England) page 7

NON-SPECIFIED INVESTMENTS 2021/22 (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 the relevant prevailing TOTAL maximum investment limit per counterparty (ie. Specified plus Non-Specified).

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 <i>Custodial arrangement required prior to purchase</i>	(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 CCLA Local Authority Property Fund is a local government investment scheme approved by the Treasury under the Trustee Investments Act 1961 (section 11). <i>These funds do not have any maturity date</i>	(A) Property Funds allow a property element to be introduced into an investment portfolio, without the direct purchase of assets and associated risks. (B) (i) 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. (B) (ii) 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 CCLA 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 2021/22 (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 the relevant prevailing TOTAL maximum investment limit per counterparty (ie. Specified plus Non-Specified).

<u>Investment</u>	<u>(A) Why use it?</u> <u>(B) Associated risks?</u>	<u>Share/</u> <u>Loan</u> <u>Capital?</u>	<u>Repayable/</u> <u>Redeemable</u> <u>within 12</u> <u>months?</u>	<u>Security /</u> <u>Minimum credit</u> <u>rating</u>	<u>Capital</u> <u>Exp?</u>	<u>Circumstance</u> <u>of use</u>	<u>Maximum</u> <u>Investment</u>	<u>Maximum</u> <u>maturity of</u> <u>investment</u>
Share capital or loan capital in a body corporate <div>Page 50</div>	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	<p>Use of these instruments is deemed to be capital expenditure, ie the application of capital resources.</p> <p>Advice will be sought on the appropriateness and associated risks of any share or loan capital investment.</p>	£3m	Acquisitions of share and loan capital do not have maturity dates.

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 each non-UK country at any time.

AAA

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

AA+

- Canada
- Finland
- USA

AA

- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Hong Kong
- Qatar
- **UK**

List provided by Link Asset Services as at 20 January 2021, based on the lowest rating from Fitch, Moody's and Standard & Poor's

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Report to Cabinet

Subject: Capital Programme and Capital Investment Strategy 2021/22 to 2025/26

Date: 11 February 2021

Author: Senior Leadership Team on behalf of the Leader

Wards Affected

All

Purpose

This report summarises:

- a) The proposed Capital Investment Strategy for 2021/22 to 2025/26; and
- b) The proposed Capital Programme for 2021/22 to 2023/24 for approval, and the indicative capital programme for 2024/25 to 2025/26, 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 2021 for final approval. The detailed capital programme proposals are shown in Appendix 2 to this report.

Key Decision

This is a Key Decision because the proposals will have a significant impact on all wards in the borough and include financial implications that are above the threshold of £0.5m determined by Council for decisions to be regarded as a Key Decision.

Recommendations

Members are recommended to:

1. Note the estimated capital financing available for 2021/22 to 2025/26;
2. Approve the Capital Investment Strategy 2021/22 to 2025/26 detailed at Appendix 1 and refer it to Council for approval on 4 March 2021;
3. Approve the Capital Programme for 2021/22 to 2023/24 detailed at Appendix 2 and refer it to Council for approval on 4 March 2021;
4. Note the indicative Capital Programme for 2024/25 to 2025/26.

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 undertaking 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 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 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 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), 2021/22 to 2025/26, 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 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 the 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. Capital Investment Strategy

- 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 Prudential Code details the indicators that Councils are required to set to demonstrate that capital plans are affordable and prudent. - - The required indicators are included in the Prudential and Treasury Indicators and Treasury Management Strategy Statement, an item elsewhere on this agenda.

Over recent years, there has been a significant rise in commercial property investment by local authorities, generally financed by large amounts of PWLB borrowing. The level of this indebtedness for commercial reasons had become a major concern for HM Treasury and accordingly it undertook a consultation with local authorities with a view to tightening the rules. The outcome of this consultation was published in November 2020. HM Treasury will no longer allow local authorities to borrow money from the PWLB to purchase commercial property if the aim is primarily to generate an income stream (i.e. debt for yield). This restriction is on a whole plan basis – i.e. even if the Council intends to buy investments assets primarily for yield at any point in the plan and to finance them other than by borrowing or alternative funding sources, the PWLB will not lend to it

The Commercial Property Investment Strategy (CPIS) was approved by Council in April 2019 and makes clear that its objectives are to invest in property to generate a return. Following the outcome of the HM Treasury consultation with local authorities the (CPIS) was reviewed and it was concluded that commercial property investment primarily for generation of a financial return was no longer possible in light of HM Treasury restrictions meaning to do so would preclude the Council from accessing any PWLB borrowing for its service and operational requirements. In addition to the above issues, the Covid-19 pandemic has emphasised the risks of property investment, and the ease with which Councils can expose themselves to unacceptable levels of risk. The current economic conditions simply do not make commercial property investment a prudent option. At its meeting on 28 January 2021, Cabinet supported a proposal to withdraw the CPIS for referral to full Council and approved the removal of the related budget from the capital programme.

2.4 Based on the recommendation to Council all reference to the Commercial property Investment Strategy has been removed from the capital strategy.

2.5 A copy of the proposed Capital Investment Strategy for 2021/22 to 2025/26 is attached at Appendix 1.

3. **Proposed Capital Programme**

3.1 The following table presents the proposed three year Capital Programme for 2021/22 to 2023/24 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.

Portfolio	Proposed Programme for Approval			Indicative Programme	
	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £
Housing, Health and Wellbeing	2,587,500	1,323,500	0	0	0
Public Protection	1,720,000	1,000,000	1,000,000	1,000,000	1,000,000
Environment	1,440,500	1,079,000	1,161,000	580,000	759,000
Growth and Regeneration	4,195,300	0	0	0	0
Resources and Reputation	925,000	450,000	250,000	250,000	250,000
Future Equipment Replacement	0	70,000	70,000	70,000	70,000
Future Service Development Bids	0.00	100,000	100,000	100,000	100,000
Total Capital Programme	10,868,300	4,022,500	2,581,000	2,000,000	2,179,000

3.2 The proposed capital programme is derived from the following:

a) **Schemes already approved as part of the 2020/21 budget setting process:**

- Carbon Reduction Initiatives **£100,000** in 2022/23. Part of this will be used to implement: the Bee/Pollinator Action Plan as approved at Council on 27 January 2021; and the development of a 'green lung' for residents improving connectivity via a walking route between Gedling Country Park and Digby Park.

b) **Proposed additions to existing schemes in the current approved capital programme:**

- An additional **£30,000** for the Provision of Public Toilets.

c) **Schemes re-profiled from 2020/21**

Schemes totalling **£5,367,800** approved for deferral by Cabinet to 2021/22:

Schemes Re-profiled from 2020/21	2021/22 £
Arnold Market	2,350,300
Calverton Enterprise Units	1,370,000
Hazleford Way Industrial Units	350,000
Vehicle Replacement Programme	342,000
Civic Centre Window Replacement	200,000
Lambley Lane Changing Rooms and Pitch Renovation	160,000
Provision of Public Toilets	90,000
Play Area Development	111,000
Carlton Square Development	100,000
Customer Service Improvements	100,000
Play Area Development - Onchan Park	74,500
Hazelford Way - Drainage	60,000
Arnold Leisure Centre - Replacement Theatre System	35,000
Carlton Square Service Yard	25,000
Total	5,367,800

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

- Disabled Facilities Grants **£1,000,000** per annum (subject to confirmation of grant funding via Better Care Fund).
- Future Service Development Bids **£100,000** per annum 2022/23-2025/26.

e) **Replacement Equipment/Vehicles and Asset Maintenance**

Replacement assets and maintenance to ensure continuation of existing service:

	Proposed Programme			Indicative Programme	
	2021/22	2022/23	2023/24	2024/25	2025/26
	£	£	£	£	£
Vehicle Programme	553,000	1,079,000	1,161,000	580,000	759,000
IT Licencing	100,000	100,000	100,000	100,000	100,000
Equipment Replacement	0	70,000	70,000	70,000	70,000
Civic Centre Fire Alarm	100,000	0	0	0	0
Arnot Hill House Fire Safety works	70,000	0	0	0	0
Civic Centre Lift Refurbishment	75,000	0	0	0	0
Leisure Management System	75,000	0	0	0	0
King George V Pavilion Refurbishment	50,000	0	0	0	0
General Asset Management	0	150,000	150,000	150,000	150,000
Total	1,023,000	1,399,000	1,481,000	900,000	1,079,000

The Leisure Management system will have an £18,000 ongoing revenue requirement.

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

The table below show schemes totalling **£4,671,000** 2021/22-2022/23 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.

A number of the development bids have been introduced in the table below and details are as follows:

- Temporary Accommodation - to target investment of £1,154,000 to enable the Council to meet its statutory requirements in respect of Homelessness whilst reducing reliance on Bed & Breakfast accommodation and reducing the overall cost and improving the quality of provision. A separate report will be presented to Cabinet for approval of the detailed scheme delivery and final business case prior to scheme progression;
- Burton and Station Road Developments – an investment of £2,647,000 over 2021/22 and 2022/23 (partially funded by external grants and contributions) to Design and Build 17 units of accommodation to meet the objectives of the Housing Strategy to deliver social housing and temporary accommodation. A separate report will be presented to Cabinet for approval of the detailed scheme delivery and final business case prior to scheme progression;
- Green Homes Grants Scheme £720,000 – Grants to eligible households to enable energy efficiency and carbon reduction works (subject to a successful grant bid);
- Sand Martin Bank and Bird Hide – Construction of two Bird Hides at Gedling Country Park of £60,000 to provide a sustainable nesting habitat for Sand Martins, creating a recreational space for the local community and educational groups to appreciate wildlife at a closer level and encourage interest in the environment (Externally funded by Grant & Contributions);

- Flood Alleviation Scheme – Investment of £50,000 as a contribution to a larger multi-agency scheme, which aims to progress works to alleviate the risk of flooding in some of the higher risk flood areas in the Borough. It is anticipated that further development bids will come forward in future years for the delivery of further flood alleviation works in conjunction with partners;
- Cemetery Plant Safe - £20,000 to provide a secure unit to store plant and equipment at Carlton Cemetery;
- Honour our Heroes Memorial - £20,000 contribution towards a Gedling Borough permanent memorial to honour NHS and Key Workers and pay tribute to the victims of the Covid-19 pandemic.

Description	Capital Budget	Capital Budget	Revenue Ongoing
	2021/22	2022/23	(Full Year Effect)
	£	£	£
Temporary Accommodation	1,154,000	0	(15,800)
Burton Road Development	778,500	778,500	(7,000)
Station Road Development	545,000	545,000	(11,000)
Green Homes Grant Scheme	720,000	0	0
Sand Martin Bird Hide	60,000	0	0
Arnold Flood Alleviation	50,000	0	0
Cemetery Plant Safe	20,000	0	0
Honour our Heroes Memorial	20,000	0	0
Total Capital Development Bids	3,347,500	1,323,500	(33,800)

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 2021/22 to 2025/26 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 Programme	
	2021/22	2022/23	2023/24	2024/25	2025/26
	£	£	£	£	£
Land Sales	560,900	560,100	560,900	0	0
General Capital Receipts	50,000	50,000	50,000	50,000	50,000
Total Capital Receipt Estimate	610,900	610,100	610,900	50,000	50,000

4.2 **Direct Revenue Financing**

The use of earmarked revenue reserves and revenue equipment budgets as contributions to specific capital schemes totalling **£1,139,200** in 2021/22 are

proposed as follows:

- a) £794,200 contribution from the Business Rates Pool Reserve for the Arnold Market Development;
- b) £150,000 contribution from the Business Rates Pool Reserve for the Calverton Enterprise Units extension (subject to securing grant funding for the project);
- c) £25,000 contribution from the Economic Development Fund for the Carlton Square service Yard;
- d) £100,000 contribution from the Economic Development Fund for Carlton Square Development;
- e) £70,000 from the asset management revenue reserve for the maintenance works at Arnot Hill House.

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:

	2021/22	2022/23 to 2025/26
	£	£
Disabled Facilities/Better Care Fund Grant (assumed £1m per annum ongoing 2021/22-2025/26)	1,000,000	1,000,000
S106 Contribution for Affordable Housing Projects on Station and Burton Road	789,000	0
Green Homes Grant Funding (subject to a successful grant bid)	720,000	0
LEP for Calverton Enterprise Units (subject to successful funding bid)	660,700	0
HCA for Affordable and Temporary Housing, Station Road, Carlton.	176,000	0
FCC Communities Foundation Grant Contributions for Play Area Development (subject to successful funding bid)	174,500	0
S106 Contribution for Lambley Lane Pitch & Changing Rooms Project	30,000	0
CIL Contribution Lambley Lane Pitch and Changing Rooms Project	45,000	0
Football Foundation Grant Funding for Lambley Lane Pitch and Changing Rooms Project (subject to a successful bid)	70,000	0
Seven Trent Community Fund for Sand Martin Bank Bird Hide	41,200	0
S106 Contribution for Sand Martin Bank Bird Hide	18,800	0
Total Grants and Contributions	3,725,200	1,000,000

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 2021/22 so an estimated grant amount of £1,000,000 is included for 2021/22 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 2021/22 to 2023/24 capital programme is £8.775m. It is currently estimated that a further £2.08m of borrowing will be required to finance the indicative capital programme for 2024/25 to 2025/26. The proposed borrowing amounts are detailed in paragraph 4.5 below.

The Council's Prudential Indicators in respect of both the proposed programme 2021/22 to 2023/24 and the indicative programme for 2024/25 to 2025/26 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 the proposed budget reduction and efficiency programme detailed in the Medium Term Financial Plan, included in the Revenue Budget report, an item elsewhere on this agenda.

4.5 Capital Resources Summary

An estimate of the resources for financing the 2021/22 to 2023/24 programme is summarised below:

	Proposed Programme			Indicative Programme	
Capital Resources	2021/22	2022/23	2023/24	2024/25	2025/26
	£	£	£	£	£
Use of Capital Receipts	610,900	610,100	610,900	50,000	50,000
Direct Revenue Financing	1,139,200	0	0	0	0
Grants and Contributions	3,725,200	1,000,000	1,000,000	1,000,000	1,000,000
Total Cash Resource	5,475,300	1,610,100	1,610,900	1,050,000	1,050,000
Prudential Borrowing	5,393,000	2,412,400	970,100	950,000	1,129,000
Total Financing	10,868,300	4,022,500	2,581,000	2,000,000	2,179,000

Alternative Options

- 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.

6. Financial Implications

As detailed in the report.

7. Legal Implications

Legal Implications, the Capital Strategy and Programme is prepared to ensure compliance with the Local Government Finance Act 2003 and the Codes introduced thereunder.

8. Equalities Implications

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. Carbon Reduction/ Environmental Sustainability Implications

There are three scheme mentioned in the report above which are specifically aimed at Carbon Reductions and Environmental Sustainability as detailed below:

1. Carbon Reduction Initiatives – a previously approved investment of £100,000 to identify and implement modification which will reduce the carbon footprint of the Council's operational buildings, and enable investment in community initiatives;
2. Green Homes Grants – An investment of £720,000 grant funding to domestic dwellings , which is targeted at the least energy efficient housing to help towards the cost of energy efficient improvements to their homes.
3. Flood Alleviation schemes - £50.000 investment towards a multi-agency programme to alleviate flooding in the borough's highest risk areas.

10. Appendices

1. Capital Investment Strategy 2021/21 – 2025/26
2. Proposed Capital Programme 2021/22 – 2023/24 (including Indicative Programme 2024/25 to 2025/26)

11. Background Papers

- Prudential and Treasury Indicators and Treasury Management Strategy Statement 2021/22
- Gedling Plan 2020-23

12. Reasons for Recommendations

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

Statutory Officer approval:

Approved by: Chief Financial Officer

Date: 2 February 2021

Approved by: Monitoring Officer

Date: 1 February 2021

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Appendix 2

Proposed Capital Programme 2021/22 - 2023/24 and Indicative Programme 2024/25 to 2025/26

	Capital Programme for Approval			Indicative programme	
	2021/22	2022/23	2023/24	2024/25	2025/26
<u>Housing Health and Wellbeing</u>	£	£	£	£	£
Temporary Accommodation	1,154,000				
Burton Road Affordable Housing	778,500	778,500			
Station Road Affordable Housing	545,000	545,000			
Leisure Management System	75,000				
ALC Theatre System	35,000				
Health Housing & Wellbeing Total	2,587,500	1,323,500	0	0	0
<u>Public Protection</u>					
Disabled Facilities Grant	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Green Homes Grant Scheme	720,000				
Public Protection Total	1,720,000	1,000,000	1,000,000	1,000,000	1,000,000
<u>Environment</u>					
Vehicle Replacement Programme	895,000	1,079,000	1,161,000	580,000	759,000
Play Area Development	111,000				
Play Area Development - Onchan Park	74,500				
Arnold Flood Alleviation	50,000				
Sand Martin Bank Bird Hide	60,000				
Cemetery Plant Safe	20,000				
Honour our Heroes Memorial	20,000				
King George V Pavilion Refurbishment	50,000				
Lambley Lane Pitch and Changing Rooms	160,000				
Environment Total	1,440,500	1,079,000	1,161,000	580,000	759,000
<u>Growth & Regeneration</u>					
Calverton Enterprise Units	1,370,000				
Arnold Market Development	2,350,300				
Carlton Square Development	100,000				
Carlton Square Yard	25,000				
Hazleford Way Business Unit Extension	350,000				
Growth & Regen Total	4,195,300	0	0	0	0
<u>Resources & Reputation</u>					
IT Licences	100,000	100,000	100,000	100,000	100,000
Asset Management Fund	0	150,000	150,000	150,000	150,000
Hazleford Way Drainage	60,000				
Arnot Hill House Fire Safety Works	70,000				
Civic Centre Window Replacement	200,000	200,000			
Civic Centre Fire Alarm	100,000				
Civic Centre Lift Refurbishment	75,000				
Carbon Reduction Initiatives	100,000				
Provision of Public Toilets	120,000				
Customer Service Improvements	100,000				
Future Resource Development Bids	0	100,000	100,000	100,000	100,000
Replacement Equipment	0	70,000	70,000	70,000	70,000
Resource & Reputation Total	925,000	620,000	420,000	420,000	420,000
Total Capital Budget	10,868,300	4,022,500	2,581,000	2,000,000	2,179,000

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Report to Cabinet

Subject: General Fund Revenue Budget 2021/22

Date: 11 February 2021

Author: Senior Leadership Team on behalf of Leader of the Council

Wards Affected

Borough wide.

Purpose

This report sets out revenue budget which aligns to the Gedling Plan priorities, objectives and top actions for the Council for the forthcoming year.

Key Decision

This is a Key Decision because the proposals will have a significant impact on all wards in the borough and include financial implications that are above the threshold of £0.5m determined by Council for decisions to be regarded as 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 2.5.5.

Cabinet is asked to recommend to Council on 4 March 2021:

- ii. that the financial threshold above which decisions will be regarded as Key Decisions be set at £0.5m for 2021/22;
- iii. a provisional Council Tax increase of 2.97% (£5.00) which balances the financing of a Net Council Tax Requirement of £6,471,100 in 2021/22. However, in recognition that the final local government finance settlement for 2021/22 will not be confirmed until 10 February 2021, the recommended Council Tax level will be confirmed at this meeting on 11 February 2021;
- iv. that the detailed budget for 2021/22, as detailed in Appendix 2 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 efficiencies.
- 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 2021/22 budget proposals together with the Gedling Plan will be presented to Budget Council on 4 March 2021. 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 2021/22 budget process.

Proposal

2. Proposed General Fund Budget 2021/22

- 2.1 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.

2.2 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.

2.3 **Central Government Spending Round 2020**

Members will recall that the 2019 Comprehensive Spending Review (CSR) was deferred due the uncertainties presented by Brexit and that this resulted in a one year only spending round. A full multi-year spending review was due to be conducted in 2020 to take into account the nature of Brexit and set out plans for long term reform.

However, in the autumn of 2020 the Chancellor announced that there would be no autumn Budget, focussing instead on continuing the Covid-19 support package. On 21 October the Chancellor confirmed that the planned 2020 CSR, originally launched to set government department budgets for 2021/22 to 2023/24, would not be implemented and instead another one year spending review would be completed.

On 25 November 2020, the Government announced the outcome of the Spending Round 2020. At national level, this announced an increase in the Core Spending Power for local authorities, equivalent to an average cash increase of 4.5% for 2021/22 which is mainly related to increases in funding for social care which is not a district council function.

Similar to the CSR, the Ministry of Housing, Communities and Local Government confirmed in April that the Fair Funding Review and the move to 75% Business Rates Retention would be deferred for a further year to allow councils to focus on meeting the public health challenge. This is the second year that the intended local government finance reforms have been deferred (see paragraph 2.4.9).

The ongoing delays in the CSR and the consequent one year only Local Government Finance Settlements, together with the ongoing deferral of local government finance reforms, means that Councils still have no clarity or certainty of how services will be funded beyond next year which presents incredible challenges, inhibiting meaningful financial planning and the development of a sustainable medium term financial plan. This is further exacerbated by the uncertainties resulting from Covid in terms of ongoing budget pressures, both additional costs and income losses, and how they will be financed.

2.4 **Local Government Finance Settlement (LGFS) 2021/22**

2.4.1 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 known as the Settlement Funding Assessment;
- Other Key Grants – e.g. New Homes Bonus; a new Lower Tier Service Grant.

The provisional settlement figures for 2021/22 were announced by the Secretary of State for Housing, Communities and Local Government (MHCLG) on 17 December 2020. The Government's assessment of the Core Spending Power of local authorities, its proposals for the referendum principles for managing excessive council tax increases, and a Covid-19 funding package were also announced as part the Settlement proposals.

A full analysis of the provisional settlement was completed by the Local Government Association and is attached at Appendix 1 for information. At the time of publishing this report the final settlement for 2021/22 had not been announced. An update on the final settlement will be provided at the meeting.

2.4.2 **Settlement Funding Assessment (SFA)**

The 2021/22 Settlement determines how much Revenue Support Grant central government will give to each local authority in England in 2021/22 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).

As detailed in 2.3 the Government announced a one year only Spending Round for 2021/22 and consequently is 'rolling forward' core components of the 2020/21 local government finance settlement without change to offer a one year local government finance settlement for 2021/22. The one year settlement means that there is still no clarity over funding levels after March 2022. This hampers meaningful financial planning at a time when demand pressures are increasing. There is still no detail available regarding when the Fair Funding Review will be relaunched or when the next stage of business rates retention consultation will commence.

As the 2021/22 figures represent a simple roll forward of the previous multi-year settlement period 2016/17 to 2019/20 and the one year settlement for 2020/21, they are presented with the previous periods for comparative purposes in the table below:

Year	Revenue Support Grant £	Business Rates £	Total SFA £	Cash (Reduction) /Increase £	Movement from Prev. Year	Movement from 2015/16 (last CSR)
2015/16	2,146,200	2,792,300	4,938,500			
2016/17	1,415,700	2,815,500	4,231,200	(707,300)	-14.3%	-14.3%
2017/18	780,500	2,873,000	3,653,500	(577,700)	-13.7%	-26.0%
2018/19	384,900	2,959,300	3,344,200	(309,300)	-8.5%	-32.3%
2019/20	0	3,027,100	3,027,100	(317,100)	-9.5%	-38.7%
2020/21	0	3,076,400	3,076,400	49,300	+1.6%	-37.7%
2021/22	0	3,076,400	3,076,400	0	0%	-37.7%

The total cumulative settlement reductions equate to 37.7% or £1.86m in cash terms over the spending review periods 2016/17-2021/22 compared to the base position of 2015/16. Total settlement reductions compared to the amount received in 2010/11 are £5.8m or 65% by 2021/22. This is the same position as last year.

SFA is reduced to 26% of Gedling's net budget for 2021/22, compared to 60% in 2010/11.

2.4.3 Business Rates Retention – Current 50% Retention Scheme

Business Rates growth compared to baseline funding levels of £3,076,400 for 2021/22 is estimated at **£726,800** giving total income from business rates of £3,803,200, 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 does not include the impact of the Government's one-off compensation scheme for Covid related Collection Fund losses in 2021/22, or the mandated spreading of Collection Fund deficits, further details of which are included in paragraph 2.5.9.

Growth amounts for the medium term are currently forecast at a prudent level of £700,000 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 2022/23 remain largely unknown (see paragraph 2.4.9 below);
- potential impacts of Covid-19 on the economy and related business closures.

2.4.4 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 in addition to the Settlement Funding Assessment.

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 for a number of specified years, initially set at six years.

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. However, since its introduction a number of changes have been made as summarised in the table below:

Scheme Period	Growth Level Awarded	Number of Years of Award
2011/12 – 2016/17	All	6
2017/18 – 2019/20	Above 0.4% Threshold	4
2020/21	Above 0.4% Threshold	1
2021/22	Above 0.4% Threshold	1

During 2016/17 the Government made changes to the NHB with the intention of delivering savings to fund pressures in social care. 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. For Gedling, this equates to 180 Band D properties before any payment is made. It was considered that the baseline could remove any incentive to grow in relatively low growth areas and penalise areas with limited opportunity to grow.

Last year the Secretary of State for MHCLG stated that it was not clear that the NHB in its current form is focussed on incentivising homes where they are needed most and announced that the government would consult on the future of the housing incentive in the spring. However, this consultation did not proceed due to Covid-19.

The Government have confirmed that NHB will continue for 2021/22 on the same basis as 2020/21, with no change to the way the NHB is calculated with the award being for one year only.

For the period measured for the 2021/22 New Homes Bonus i.e. October 2019 to October 2020, growth in Gedling was 142 band D equivalent houses, equivalent to 0.3% growth. This is below the national baseline of 0.4% and NHB has been confirmed at **zero** for 2021/22. The Council does receive the affordable homes premium based on a growth of 8 units in the period which amounts to **£2,200** which will be paid for one year.

The impact of the scheme changes has been 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					270	0	0
2021/22						2	
Total MTFP	2,400	1,660	857	482	383	106	93
Reduction from 2016/17		(740)	(1,543)	(1,918)	(2,017)	(2,294)	(2,307)

There remains considerable uncertainty surrounding the future of the NHB scheme. Following the consultation process announced by the Secretary of State it is likely that NHB will be considered in the context of the Fair Funding review and may even be removed as part of the next Comprehensive Spending Review. 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.

2.4.5 Lower Tier Services Grant

As part of the provisional local government finance settlement the Government announced a new un-ringfenced Lower Tier Services Grant for 2021/22. The grant allocation methodology is two-fold:

- The first part of the grant is allocated to all lower tier councils on the basis of the 2013/14 Settlement Funding Assessment as the best available relative needs assessment, and for Gedling this equates to **£131,000**;
- The second is a minimum floor funding to ensure that no authority sees an annual reduction in Core Spending Power (CSP) and there is a nominal and real terms increase in CSP when comparing 2020/21 funding to 2021/22 proposed funding. For Gedling this is **zero** because the Government's measure of our CSP is increased by 1.4% for 2021/22. The CSP measure assumes a maximum increase in Council Tax for 2021/22 but this remains a local decision for full Council (see paragraph 2.4.6). The Government is clear that this funding is in response to the current exceptional circumstances and is a one-off. There has though been no consideration of CSP reductions that have been suffered by Councils prior to 2020/21 and therefore appears to protect those Councils that have not previously suffered decreases in NHB irrespective of the already anticipated reductions in their NHB including legacy payments.

2.4.6 Core Spending Power 2021/22 Compared to 2015/16

As part of the Settlement announcements the Government includes its projection and comparison of Core Spending Power for each authority. This demonstrates the movements in spending power for the four year spending review period 2016/17 - 2019/20 together with the 2020/21 spending round and the 2021/22 spending round.

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, Lower Tier Services Grant and S31 grants and these are summarised in the table below:

Core Spending Power 2016/17 to 2021/22

Year	SFA and S31 Grant £m	Assumed Council Tax £m	New Homes Bonus £m	Lower Tier Service £m	Total £m	Movement from Prior Year	Movement from 2015/16
2015/16	5.0	5.5	2.0	0	12.5		-
2016/17	4.2	5.5	2.4	0	12.2	-2.6%	-2.6%
2017/18	3.7	5.7	1.7	0	11.1	-9.0%	-11.2%
2018/19	3.3	6.0	0.9	0	10.2	-7.7%	-18.4%
2019/20	3.1	6.0	0.5	0	9.6	-5.9%	-21.5%
2020/21	3.2	6.3	0.4	0	9.9	+2.3%	-21.3%
2021/22	3.3	6.5	0.1	0.1	10.0	+1.4%	-20.2%

As detailed in paragraph 2.3 the Government reported a 4.5% cash terms increase in Core Spending Power for Local Government as a whole in 2021/22. The table shows a cash terms increase of 1.4% for Gedling in 2021/22 which is 3.1% below the average received by the sector as a whole, predicated on a maximum increase in Council Tax locally of £5 for 2021/22 equating to a total increase in income of £243,700 when compared to 2020/21. However, this will assume increases in council tax base which have not happened. The actual maximum increase in Council Tax equates to £188,000 and so the reported 1.4% increase in CSP is in reality only 0.8%.

The Government's estimate of council tax receipts assumes that District/Borough Councils will increase Council Tax by the maximum possible. 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 2021/22 of 20.2% when compared to 2015/16, **making Gedling the worst affected Council in England for the second year running.**

2.4.7 Covid Funding Support Package

The Government published proposals for a Local Government Covid Support Package 2021/22 alongside the LGFS. The package covers 4 Covid-19 funding policies providing un-ringfenced grants as detailed below:

a) Covid-19 Expenditure Pressure Grant

Grant to cover all Covid related budget pressures in 2021/22, distributed on the basis of the Covid Relative Needs Formula. Gedling have been allocated **£534,700**;

b) Local Council Tax Support Grant

Funding to meet the additional costs of the local Council Tax Reduction Scheme (CTRS) arising from an increased caseload, to enable CTRS support to continue. The methodology for the grant allocation is subject to consultation. This indicative allocation for Gedling is **£117,700** which is expected to broadly cover the costs based on current estimates for increased caseload. Major preceptor will also receive funding directly to cover their share of CTRS costs.

At its meeting on 27 January 2021 Full Council committed to continuing its CTRS unchanged in 2021/22 to ensure support can continue for its financially vulnerable residents;

c) Local Tax Income Guarantee for 2020/21 losses

Funding to compensate local authorities for 75% of irrecoverable losses in Council Tax and Business Rates income in respect of 2020/21. Funding will be based on a comparison of expected income prior to Covid and actual collection. Further details of the current estimate for the funding is provided

at paragraph 2.5.9. The local tax income compensation grant funding is estimated at **£718,000** which will part fund the estimated total collection fund losses of £898,000 which results in a net losses of **£180,000** to be funded by the taxpayer. There is no mention of compensation for irrecoverable losses relating to 2021/22 collection which may also be adversely affected as the impacts of the pandemic continue in the economy;

d) Sales, Fees and Charges (SFC) Compensation Scheme Extension

An extension of the current 2020/21 compensation scheme to cover 75% (after accounting first for a 5% deductible of budgeted income) of irrecoverable income losses for the first **3 months** of 2021/22 which is estimated at **£268,000**. The current estimate for sales, fees and charges income losses included in the 2021/22 budget, relating to leisure centres, totals **£1,056,000**. Income losses are expected to continue throughout 2021/22 with full recovery to pre-pandemic levels not anticipated until summer of 2022/23. After accounting for the SFC compensation for the announced 3 month period the net income reductions in the General Fund total of **£788,000**.

Whilst the Covid funding support package is welcome, it was announced before the most recent lockdown restrictions were implemented and the current proposals do not cover Gedling's estimated income losses for 2021/22.

The 2021/22 budget assumes full allocation of the Expenditure Pressure Grant of £534,700 to cover some of the remaining income losses not covered by SFC scheme or the Local Tax Income compensation scheme, leaving a **net cost to the General Fund of £453,300**. Therefore, in the absence of additional government funding, any further Covid pressures arising during 2021/22 will need to be accommodated from savings or cuts in other Council services.

The Council's response to the consultation on the Covid funding package asked Government to consider the ongoing impact of Covid and to extend its support in response to the changing circumstances, in particular, in respect of the SFC scheme to extend it beyond 3 months.

2.4.8 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 the referendum limit for 2021/22 for Shire Districts at 2% or £5 whichever is higher. For Gedling the £5 cash limit equates to 2.97% in 2021/22. 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.

2.4.9 **Local Government Financing from 2022/23**

Fair Funding Review

Alongside the local government finance settlement in 2018/19, the Government announced its intention to implement the Fair Funding Review in April 2020, this was deferred for a year due to Brexit and it has been confirmed that this will be delayed for a second year due to Covid-19. It is now expected that the review will be relaunched with a conclusion expected in time for the next Comprehensive Spending Review in 2021. The objective of the Fair Funding Review is to deliver a sustainable funding allocation formula for local government.

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.

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 current funding available to each local authority. This should mean that no authority will see its funding reduce as a result of the new system in the first instance. 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.

Whilst the need for a transition period is usual in these circumstances there is a risk that the funding reductions of 20.2% that Gedling have suffered since 2015/16, as detailed in the CSP measure, will be locked in for a period if:

- a) the outcome of the review is that Gedling's funding is currently too low based on relative needs, which may be the case given that the disproportionate £2.5m funding reductions we have faced are mainly due to the NHB scheme which takes no account of relative needs; and

- b) the current CSP is used as the comparative measure to apply protection similar to its use in the new 2021/22 Lower Tier Services Grant floor funding as detailed in paragraph 2.4.5.

Gedling will take an active part in the consultation process to ensure its position is understood and views are represented.

Future of Business Rates and Business Rates Retention

The Government states that it will revisit the priorities for reform of the local government finance system, taking account of wider work on the future of the business rates and on the Adult Social Care system. Final decisions will be taken in the context of next year's Spending Review.

In the summer 2020 HM Treasury launched a consultation 'fundamental review of business rates: call for evidence'. This sought views from all stakeholders on how the business rates system currently works, issues to be addressed, ideas for change and a number of alternative taxes. The Local Government Association (LGA) response to the review stated that 'although property continues to provide a good basis for a local tax on business, we cannot look to business rates to form such a substantial part of local government funding in the future and alternative means of funding councils will be needed instead of, or as well as, a reformed business rates system'.

As part of the 2020 Spending Review, it was announced that there will be no reset of the business rates baseline for 2021/22 which provides some funding certainty for next year i.e. it was anticipated that some existing business rates growth could be removed upon reset, reducing income levels. In his statement to the House of Commons, the Secretary of State confirmed that the Government will work with the sector and Members across the House to seek a new consensus for broader reforms to local government, including the business rates reset, and will ensure that councils are set on a long-term trajectory of sustainable growth and fair resources. It is unclear where this leaves proposals for increasing Business Rates Retention which intended to increase the current 50% retention, initially to 75%, and then to 100%.

2.5 General Fund Budget 2021/22 Summary

- 2.5.1 The following table summarises the proposed General Fund Budget for 2021/22. The detailed budgets are presented at Appendix 2 together with an explanation of major variances between the original estimate for 2020/21 and the estimate for 2021/22. 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 3. These have been included in both the annual base budget and MTFP calculations.

General Fund Budget Summary 2021/22

Portfolio	Original Budget 2020/21 £	Base Budget 2021/22 £	Variance £
Community Development	1,526,200	1,409,700	(116,500)
Housing, Health and Wellbeing	2,347,500	3,098,700	751,200
Public Protection	1,609,400	1,362,400	(247,000)
Environment	4,844,500	4,749,400	(95,100)
Growth and Regeneration	853,200	780,900	(72,300)
Resources and Reputation	2,174,100	1,503,800	(670,300)
Net Portfolio Budget	13,354,900	12,904,900	(450,000)
Transfer to/(from) Earmarked Reserves	(1,752,200)	(1,250,600)	501,600
Net Council Budget	11,602,700	11,654,300	51,600

2.5.2. 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, with the exception of loss of income related to the COVID19 Pandemic;

- Loss of income across all Leisure Centres due to the ongoing impact of the COVID19 Pandemic restrictions is expected to be £1,056,000, which will be partially offset with Grant from the Governments Income Compensation Scheme of £268,000;
- Pay Award of 2% £272,000 has been included pending notification from the National Joint Council of any award to be given;
- An increase in Rent Allowances of £184,000 due to the expectation that overpayment recoveries will be significantly lower in 2021/22;
- Reduction in major planning applications of £100,000, an expected decrease due to planned housing developments in the local plan being completed.

2.5.3 Major Budget Reductions – Efficiency Programme

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).

The Council's efficiency programme has been developed in accordance with the themes contained in the approved Efficiency Strategy 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.

Efficiency Programmes – Progress Update

Since 2014/15 Council have approved four separate efficiency programmes totalling £6.5m net of risk provision. Previous progress has been positive and budget reductions achieved have been in line with the profiled estimate.

Progress with the delivery of the remaining 2020/21 to 2022/23 programme of £1.705m (net of risk provision) has been fully reviewed as part of 2020/21 budget monitoring and the 2021/22 budget process. It has always been recognised that there is risk in delivering the full amount of the savings, mainly due to uncertainties inherent in a more innovative commercial approaches and alternative delivery models and this risk has been somewhat exacerbated by Covid-19, for example, in the review of leisure provision which has been significantly adversely affected meaning options for leisure provision will now be considered when the market position has stabilised. As a result non-deliverable efficiencies have now been identified, within the current programme totalling £605,000 (net of risk provision) leaving £1.1m of which £0.5m is expected for delivery in 2020/21, leaving £0.6m still to be delivered in 2021/22 to 2022/23. A new efficiency programme is being proposed as part of this budget report, which broadly replaces the amounts that remain undeliverable from the current efficiency programme as detailed below.

Efficiency Proposals – New Proposal 2021/22 to 2024/25

Due to the reduced delivery of the existing efficiency programme and new budget pressures arising e.g. additional pay award 0.75% above that estimated in 2020/21, a new cumulative efficiency target of £584,000 is proposed for approval and included in the MTFP, made up of the following annual ongoing targets: **2021/22 £254,200; 2022/23 £162,300; and 2023/25 £167,500.** The inclusion of this target maintains the level of efficiencies that are broadly in line with previous expectations and contribute to the achievement of a balanced budget.

The tables below summarise the proposed budget reductions analysed by Portfolio and Reduction type, a detailed list is included in Appendix 6.

Summary of Budget Reduction Proposals

Inclusion in 2021/22 Budgets and MTFP				
Portfolio	2021/22 £	2022/23 £	2023-25 £	Total £
Community Development	31,000	0	0	31,000
Housing Health & Wellbeing	28,000	68,000	0	96,000
Public Protection	0	0	54,500	54,500
Environment	62,400	0	113,000	175,400
Growth & Regeneration	45,000	40,000	0	85,000
Resources & Reputation	87,800	54,300	0	142,100
Total	254,200	162,300	167,500	584,000

Budget Reduction Proposals Summarised by Type

Summary 2021/22 - 2024/25	Service Cut £	Efficiency and Effectiveness £	Income £	Total £
Community Development	0	31,000	0	31,000
Housing, Health & Wellbeing	0	76,000	20,000	96,000
Public Protection	0	0	54,500	54,500
Environment	0	175,400	0	175,400
Growth & Regeneration	0	85,000	0	85,000
Resources & Reputation	0	107,200	34,900	142,100
Total	0	474,600	109,400	584,000

2.5.4 Proposed Revenue Resource Developments 2021/22

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

The table below shows 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) Revenue Resource Developments 2021/22

Scheme	Revenue Bid 2021/22	Ongoing
	£	£
Tree Management Officer <i>(to manage and mitigate the risks presented by the Council's tree stocks on Council land as identified on the Corporate Risk Register)</i>	32,000	32,000
Total Revenue Bids	32,000	32,000

*In addition to the above development bid a review of the Neighbourhood Warden role has been considered in the context of the contribution made to the Council's carbon reduction and climate change agenda and the support provided to the community in that respect. A Neighbourhood Warden post is currently vacant and in order to bring an improved focus to the delivery of Council's own carbon reduction projects and to support wider community initiatives it is proposed that this post be re-designated as a **Climate Change Officer** which will be approved by the Head of Paid Service under normal delegation arrangements.*

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

(b) General Fund Ongoing Revenue Implications of the Proposed Capital Development and Asset Replacement Proposals (excluding borrowing costs)

Description	Capital Budget – For Information	Revenue Costs 2021/22	Ongoing Full Year Effect
	£	£	£
Temporary Accommodation Property Acquisition	1,154,000	0	(15,800)
Burton Road/Station Road Housing Development	2,647,000	0	(18,000)
Leisure Management System Replacement	75,000	18,000	18,000
Total Ongoing Revenue Costs/(Saving)		18,000	(15,800)

2.5.5 **Discretionary Income Inflation**

The Medium Term Financial Plan includes income inflation at 3% on discretionary income, (excluding leisure DNA memberships, trade waste, building control, town centre car parking), which equates to £88,500, and the increase per Portfolio is shown in the table below. Each additional 1% increase will raise a further £29,500.

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	(80,900)	(900)	(2,600)
Housing, Health & Wellbeing	(1,492,200)	(14,900)	(44,600)
Public Protection	(612,200)	(6,100)	(18,400)
Environment	(703,500)	(7,000)	(21,200)
Growth & Regeneration	(2,200)	0	0
Resources & Reputation	(56,500)	(600)	(1,700)
Total	(2,947,500)	(29,500)	(88,500)

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.

2.5.6 **Summary of Significant Budget Changes 2021/22**

In summary, the table below highlights the areas of significant variance in expenditure/income which have been reflected in the base budget 2021/22.

	Budget Impact 2021/22	
	£	£
Original Net Council Budget 2020/21		11,602,700
Revenue Budget Pressures		
Reduction in Leisure Centre Income (phased recovery from COVID19)	1,056,000	
Partially offset with Covid Income compensation scheme 3 months (Leisure)	(268,000)	
Provisional 2021/22 Pay Award 2%	272,000	
Additional Pay Award 2020/21 0.75%	101,600	
Increase in Rent Allowances	184,000	
Reduction in Major Planning Applications Income	100,000	
Increased Contribution to IT Replacement Reserve	40,000	
Reduced Investment Interest	35,000	
Increase in Electoral Register Postage Costs	27,300	
Reduction in Housing Benefit Administration Grants	26,800	
Reduced Market Income due to development	10,000	
Other minor variances (net)	(300)	
Total Pressures		1,584,700
Revenue Budget Growth		
Establishment of Tree Inspector Post	32,000	
Leisure Management System ongoing maintenance	18,000	
Total Growth		50,000
Efficiency/Budget Reduction Programmes		
Previously Approved Programmes	(171,300)	
Removal of 2020/21 Risk Provision	(100,000)	
Removal of Transformation Fund (one off)	(250,000)	
New Proposed Efficiency Programme	(254,200)	
Total Efficiency Programme (net impact)		(775,500)
Provisions		
Covid-19 Expenditure Pressures Government Grant	(534,700)	
Total Provision		(534,700)
Other Base Budget Reductions		
Removal of Asset Management Fund (one off)	(100,000)	
Fees and Charges Income Inflation (see para 3.6.5)	(88,500)	
Increase in Vacancy Provision	(30,000)	
Bestwood Country Park Contract Variation	(15,000)	
Increase in Civic Centre Rental Income	(39,400)	
Total Other Budget Reductions		(272,900)
Net Increase in Budget 2021/22		51,600
Proposed 2021/22 Net Council Budget		11,654,300

Note: In addition to the above 2021/22 budget changes and future inflationary increases the MTFP includes the following:

- Elections costs in 2023/24 £133,500;
- 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 £25,000 in 2022/23 rising to £100,000 by 2025/26.

2.5.7 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 £1m. This is a change from previous years when the minimum balance was set at 7.5% of the Net Council Budget but as the net budget continues to reduce this methodology was setting the minimum at a level which, in the currently climate, is now considered to be too low (e.g. £870,000 for 2020/21) to manage emerging risks, for example ongoing uncertainties related to Covid. The General Fund balance is currently projected to be in excess of the minimum by £1.4m at 31 March 2022. The medium term projection on the General Fund Balance is detailed in the Medium Term Financial Plan summary at paragraph 3 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 2020/21 and 2021/22 are detailed at Appendix 4 and show expected balances of £3.47m at 31 March 2022. Whilst the majority is set aside to cover specific risk issues e.g. insurance risks, to support approved capital projects, to support ongoing service provision, including ring-fenced partner funds and grants, they may be diverted to support general expenditure should the need arise. In the region of £400,000-£500,000 remains that does not have specific approved plans which could be reclassified for general use. If spending pressures did arise in those 'earmarked' areas, in-year additional savings would need to be identified at that time. The MTFP at paragraph 3 assumes that the reclassification of £500,000 earmarked reserves will be required in 2022/23 to support the budget. This will be kept under review and considered in the light of the outturn position for 2020/21 and detailed recommendations made for reclassification if required.

2.5.8 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 2021/22 to 2025/26. 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.

2.5.9 **Collection Fund**

Council Tax

On 15 January each year, the Council is statutorily obliged to prepare an estimate of its Collection Fund transactions for Council Tax, and its expected position at 31 March. This estimate enables Gedling and the three major precepting authorities to take account of any anticipated surplus or deficit on the Fund when they set their own authority budgets.

As detailed in Appendix 5 a deficit of £515k was declared on 15 January 2021, for the estimated position at 31 March 2021. This is net of the “spreading adjustment” of £414k, which represents 2/3 of the in-year deficit of £622k, which is largely due to the impact of Covid-19 on the Council Tax collection fund, and ensures that the full financial impact of the deficit does not fall on a single year’s accounts. The spreading adjustment is required by regulations which came into force on 1 December 2020. The declared deficit of £515k will be shared by the preceptors, with the sum of £48k falling on the General Fund in 2021/22.

To mitigate the exceptional deficit due to Covid-19, the Government is to provide Local Tax Income Loss Compensation to local authorities (as detailed in paragraph 2.4.7). A calculation will be made on 31 March 2021 to measure the difference between the actual Council Tax receivable for 2020/21 (adjusted for the originally expected collection rate) and the Council Tax Requirement used for the 2020/21 budget setting in March 2020. Income Loss Compensation will be calculated as 75% of this amount. The shortfall in income receivable for 2020/21 has been estimated at £879k, and compensation as £659k. Gedling’s share of this compensation is estimated to be £61k.

Business Rates

The Business Rates Collection Fund balance at 31 March 2020 was slightly better than forecast and resulted in a deficit of only £0.671m being carried forward, compared to the estimated deficit of £0.789m declared in January 2020 for collection in 2020/21 - a decrease of £0.118m.

An estimated deficit of £12.135m at 31 March 2021 was declared in January 2021 for the anticipated position at 31 March 2021, however this is mitigated by additional S31 grant of £11.555m paid to the General Fund in respect of the expanded retail relief due to Covid 19 in 2020/21. As with Council Tax, the remaining exceptional in-year deficit is subject to a spreading adjustment to ensure that the full impact does not fall on a single year’s accounts. The net deficit declared (excluding S31) is £582k, of which Gedling’s share of 40% is £233k, and this will fall on the General Fund in 2021/22.

To mitigate the exceptional deficit due to Covid-19, the Government is to provide Income Loss Compensation to local authorities. A calculation will be made on 31 March 2021 to measure the difference between the actual Rating income (adjusted for the additional S31 grant) and the estimated rating income

in January 2020. Compensation will be calculated as 75% of this amount. The shortfall in rating income receivable for 2020/21 has been estimated at £2.190m, and compensation as £1.642m. Gedling's share of this compensation is estimated to be £657k.

Note: Business Rates Reliefs

As detailed above the addition reliefs provided by the Government due to Covid will be fully funded by s31 grant from Government. However, due to the technical accounting requirements there will be a timing difference between the receipt of the grant which must be accounted for in 2020/21 and the collection fund deficit created by the awarding of the reliefs which will not need to be paid until 2021/22 (this element of the collection fund deficit cannot be spread over 3 years). Therefore, at the 2020/21 year end there will be a surplus in the General Fund balance of approx. £4.6m (Gedling's share) which must be retained for payment of the £4.6m deficit in 2021/22.

2.5.10 Business Ratepayers Consultation

There is a statutory requirement to consult with business ratepayers on the budget proposal. The consultation has commenced and any responses will be reported at the meeting.

3. MEDIUM TERM FINANCIAL PLAN

- 3.1 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 (MTFP) over a 5 year horizon and this is still considered the appropriate period for this authority.
- 3.2 The MTFP 2021/22 to 2025/26 is presented against a backdrop of major and unprecedented uncertainty, primarily due to the Covid-19 pandemic, which has resulted in difficulties in forecasting both funding and spending pressures beyond next year, namely:
- One year Government Spending Round and one year Local Government Finance Settlement;
 - A further deferral in planned local government finance reforms, the Fair Funding Review and Business Rates Retention, now expected to be announced with Settlement late in 2021;
 - Covid expenditure pressures and income reductions are uncertain;
 - Downward pressure on pay awards (see note below).

3.3 The following table identifies the impact of all the proposals and assumptions that are contained in this report:

- Planned budget reductions and efficiency savings (paragraph 2.5.3)
- The incremental increase in base revenue expenditure from 2020/21 and budget growth items (paragraph 2.5.4);
- Pay Award of 2% per annum 2021/26. It should be noted that the Chancellor of the Exchequer announced a 2021/22 pay freeze for public sector workers earning above £24,000 pa and 1% for those earning less (excluding NHS staff). The Local Government pay award is not determined by Central Government and is subject to separate negotiation. Whilst the Central Government pay award usually indicates similar restraint in local government these are not normal times. Local Government staff have also been key workers at the forefront of Covid support to its communities and that, together with previous pay restraint over the long period of austerity still meaning many have not received a real terms increase in pay since that time, and the Government's target for inflation remaining at 2% for the MTFP period, it is considered prudent to retain this as the pay award forecast.
- Fees and charges to be increased by an average 3% (paragraph 2.5.5);
- Anticipated cost of borrowing to finance the capital programme for 2021/2026;
- A £5 Band D Council Tax increase (42p per month for a Band D property and 28p per month for a Band A property) has been assumed for 2021/22. Beyond that a £5 or 2% 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;
- Reclassification of Earmarked Reserves back to General Fund Balance in 2022/23 £500,000 (subject to review as detailed in paragraph 2.5.7)

Based on the current information available, in order to achieve a balanced MTFP and ensure the Council's balances do not fall below the minimum required, additional ongoing budget reductions or funding increases of £600,000 will be required in the following profile: **£500,000 in 2022/23; £100,000 in 2024/25** and these are included in the summary MTFP table below. Any new demand pressures arising will require an increase in these budget reduction/savings projections to maintain a balanced budget.

Whilst these budget reductions are not yet supported by outline business plans meaning this aspect of the financial plan is less robust, given the prevailing backdrop of funding uncertainty detailed in paragraph 3.2 and that the first savings are not proposed for delivery until year 2 of the MTFP this gives the Council a good lead in time for developing detailed plans if required. The Council will not be complacent and will consider options for potential budget reduction options during 2021/22 which can be implemented from 2022/23 in

the event that additional funding is not available in the next Local Government Finance Settlement.

The table below demonstrates a balanced medium term plan with a projected surplus on balances at the end of year 5 (2025/26). Whilst the budget still requires a contribution from balances in year 5, the inclusion of a higher savings projection to that detailed above is not recommended due to the uncertainties surrounding the future of local government funding. Given the many variables in the medium term financial plan there will be sufficient time to address any future imbalance that may arise.

MEDIUM TERM FINANCIAL PLAN 2021/22 TO 2025/26 - HIGH LEVEL SUMMARY

	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £
Net Council Budget	11,654,300	11,381,700	11,366,700	11,410,600	11,672,700
Financed by					
SFA Business Rates Baseline	(3,076,400)	(3,138,000)	(3,200,700)	(3,264,800)	(3,330,000)
SFA – Revenue Support Grant	0	0	0	0	0
Lower Tier Grant	(131,000)	0	0	0	0
NNDR Growth/ Collection Fund(Surplus)/Deficit/ S31 Grant	(726,800)	(520,000)	(520,000)	(700,000)	(700,000)
NNDR Losses Grant	(656,900)	0	0	0	0
NDR Deficit re Reliefs 2020/21	4,621,000	0	0	0	0
Council Tax Deficit/Losses Grant/CTRS Support	(131,000)	19,100	19,100	0	0
New Home Bonus - Current	(2,200)	0	0	0	0
New Homes Bonus - Legacy	(104,300)	(93,100)	0	0	0
Less: Amount (from)/to Balances	(4,975,600)	(924,900)	(673,600)	(183,500)	(114,900)
Council Tax Requirement	6,471,100	6,724,800	6,991,500	7,262,300	7,527,800
Council Tax increase	£5 (2.97%)	£5 (2.89%)	£5 (2.81%)	£5 (2.73%)	£5 (2.66%)
Tax Base	37,390	37,765	38,190	38,615	38,990

The MTFP above assumes that a £5 increase will be applied between 2021/22 and 2025/26 but the actual increase will be determined on an annual basis by Council.

Expected balances at year end	2,398,700	1,973,800	1,300,200	1,116,600	1,001,800
Required balance	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
(Surplus)/Deficit on required balances	(1,398,700)	(973,800)	(300,200)	(116,600)	(1,800)

Note: Actual General Fund Balance at 1 April 2020 was £3,909,200 and the estimated balance at 1 April 2021 is £7,374,300 which includes the s31 grant for the funding of 2020/21 business rates reliefs, which will fund the related Collection Fund deficit of £4,621,000 (as detailed in 2.5.9 and the table above). Estimated balances assumed the reclassification of £500,000 of Earmarked Reserves back to General Fund Balance in 2022/23.

4. **COUNCIL TAX**

- 4.1 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 2021/22.
- 4.2 Gedling's share of the council tax for a band D property for 2020/21 is £168.07. The level of council tax for 2021/22 depends on the extent of service reductions/developments and financial risk issues (see paragraph 5 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 £62,800. In the above MTFP a £5 (equivalent to 2.97%) increase has been assumed for 2021/22. **The MTFP at paragraph 3.2 assumes that a £5 increase will be applied for the whole period of the plan but the actual increase will be determined on an annual basis by Council.** The maximum council tax increase that a shire district can apply without triggering a referendum is £5 or 2%, whichever is greater. To illustrate the impact of the £5 increase, the overall position in terms of the increase for the year ahead on each band would be 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

5. **ROBUSTNESS OF ESTIMATES**

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

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

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

The key strategic risks in considering the 2021/22 revenue budget proposals and Capital Programme in the context of the Medium Term Financial Plan are detailed in paragraphs 5.2 to 5.8 below.

5.2 **Financial Settlement/Funding Streams**

The originally planned 2019 Comprehensive Spending Review was deferred due to Brexit and the subsequently intended 2020 Comprehensive Spending Review has been deferred due to the Covid-19 pandemic resulting a second, one year only Local Government Finance Settlement. The deferral of the CSR

for 2 years has had a knock on impact onto the timing of the planned local government finance reforms i.e. Fair Funding Review and Business Rates Retention with these also being deferred. This means that Councils still have no clarity or certainty of how services will be funded beyond next year which presents incredible challenges, inhibiting meaningful financial planning and the development of a sustainable medium term financial plan. This is further exacerbated by the uncertainties resulting from Covid in terms of ongoing budget pressures and how they will be financed.

Prior to the announced deferral of the 2020 Comprehensive Spending Review in March the Treasury indicated that the Spending Review envelope would be less generous than the 2020/21 spending round and that the Chancellor would increase funds for the NHS but few other areas, and in launching the Spending Review he was clear that given the impact on the economy there will need to be tough choices in other areas of spending asking departments to identify opportunities to reprioritise and deliver savings, indicating that there will be no significant increase in funding. Whilst ultimately the 2020 Spending Round announced a 4.5% real terms increase in Core Spending Power for the local government sector in 2021/22, this has not applied to Gedling which only reported a 1.4% cash (i.e. not real terms) increase. There is also no commitment to full funding for Covid-related pressures. 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/Fair Funding Review:** The extension of the business rates retention scheme and implementation of the Fair Funding Review was planned for 2020/21 but this has now been delayed for a second year until 2022/23 to coincide with the next spending review period with announcements on wider local government finance reforms expected in time for the Local Government Finance Settlement 2022/23. The Government continues to pilot the 100% business rates retention scheme but has not introduced and new pilots in 2021/22.

The 2021/22 settlement is for a another one year period only and it is a concern that there is no clarity over funding levels after March 2022. 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 2.4.4, 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 significantly reduced awards since 2016/17.

In line with the line with the one year only local government finance settlement, the NHB award has continued on a one year only basis for 2021/22. Previously the government has stated that it is no longer clear that the NHB in its current form is focussed on incentivising homes where they are needed most and they plan to consult on the future of the housing incentive in the spring which has been deferred due to Covid-19. Following the consultation process it is likely that the future of NHB will be considered in the context of the Fair Funding review and may even be removed as part of the 2021 Comprehensive Spending Review.

Whilst there may still be an opportunity to receive NHB in the future it is considered that there is a significant downside risk to this arising and it is not prudent to rely on this funding stream to support the revenue budget. This risk came to fruition for 2021/22 as Gedling received a zero award because growth was below the threshold. Therefore the MTFP assumes future payments will be zero. In the event that the Council does receive some NHB in the future, this will be used to support projects or be transferred to balances to support future budget setting.

- **Council Tax**: The Government's Core Spending Power figures are based on the assumption that Council Tax will be increased by 2% or £5 per annum whichever is greater and that growth in the tax base will recover from the adverse impact of Covid due to the increased Council Tax Reduction Scheme caseload and will increase 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 increase will be applied between 2021/22 and 2025/26 but the actual increase will be determined on an annual basis by Council. In the absence of additional ongoing funding in the local government finance settlement, any Council Tax increase below the £5 will require an increase in the efficiency/budget reduction targets to ensure that a balanced MTFP is secured.
- **COVID19**: There remains a significant amount of uncertainty and risk around the financial impact of Covid-19 in the medium terms in respect of the ongoing response work that may be required, increased demand pressures arising from the economic downturn e.g. increased business closures and unemployment, and the ongoing impact on income for

Council services e.g. leisure, and local tax collection reductions. There remains a risk that the Covid financial impacts are higher than estimated and in the absence of additional government funding these will need to be met from an increase in savings/budget reductions in other Council services.

- **Economic Growth/Inflation**: The Chancellor announced that there would be no autumn budget and a one year only spending review for 2020 to enable a focus on managing the Covid-19 pandemic. Covid-19 has had a major adverse impact on the economy and the related ongoing uncertainty creates major challenges for economic forecasting. With effective vaccines the economic outlook is improved which may allow GDP to rise back to pre-pandemic levels late in 2022, a year earlier than expected and meaning that unemployment might peak at 7% in 2021 rather than 9%. The final Brexit trade agreement was reached in December 2020 eliminating a significant downside risk for the UK economy. There is further work to be done on to reach a permanent agreement in respect of the services sector. Without a multi-year settlement or an understanding of what the Fair Funding Review or business rates retention will bring any future pressure arising from an economic downturn e.g. business closures, additional support for the vulnerable, would need to be managed within local resources i.e. from further budget reductions or efficiencies.

Inflation assumptions have been incorporated in the MTFP as detailed in Appendix 3, including pay award. The Chancellor removed the 1% public sector pay cap in 2018/19 and since then pay increases equated to an average 3% for 2018/19, 3.1% for 2019/20 and 2.75% in 2020/21. These increases still do not represent a real terms increase at a level that recovers the pay freezes experienced through the previous years of austerity. The Chancellor of the Exchequer has announced a 2021/22 pay freeze for public sector workers earning above £24,000 pa and 1% for those earning less (excluding NHS staff). The Local Government pay award is not determined by Central Government and is subject to separate negotiation. Whilst the Central Government pay award usually indicates similar restraint in local government these are not normal times and with the Government's target for inflation remaining at 2% for the MTFP period, it is considered prudent to retain this as the pay award forecast. However, given the uncertainties in the economy present there is an upside financial risk that future awards could be lower than 2% if a period of public sector austerity ensues and is reflected in local government finance reforms and Settlement.

- 5.3 A minimum balance of £1m 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.

- 5.4 The (surplus)/deficit on balances in the MTFP table in 3.2 shows amounts (above)/below the recommended minimum General Fund balance in any one year. Current spending plans show a surplus of £1,398,700 in 2021/22 declining to £1,800 by the end of 2025/26. Achievement of this position is reliant upon efficiency plans being progressed and delivered during the period of the MTFP or additional funding being made available via the local government finance reforms. 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/savings 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 2.5.3. Whilst risk provisions and transformation funds have previously been approved, (which mitigate the risk of non-delivery) and in the main the delivery of the programme has gone well, more recently difficulties have been experienced particularly with regards to projects that contain uncertainties inherent in more innovative commercial approaches and the impacts of Covid-19 which presents an increasing downside risk to successful delivery. Programmes are regularly monitored and progress reported to Cabinet to manage this risk and as detailed in paragraph 2.5.3 new efficiency proposals recommended to ensure this downside risk is effectively managed.

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.

- 5.5 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. Increased public building maintenance budgets have been included in the capital budget proposals to mitigate this risk;
 - 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.
- 5.6 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 families initiatives, homelessness and those with specialist housing need.

- 5.7 There is an increased risk arising from these assumptions and it has been necessary to increase minimum balances to £1m from 7.5% of net projected expenditure (approx. £850,000). 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.
- 5.8 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 funding reductions following the implementation of the Fair Funding Review.

6. **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	<p>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.</p> <p>Efficiency plans to meet the approved targets will continue to be implemented over the next 4 years to help balance the MTFP.</p>

Viability	Medium	The ongoing deferral of the Comprehensive Spending Review (CSR) and local government finance reforms and resulting one year only Settlement, together with the reduction in New Homes Bonus and ongoing impacts of Covid19, increases the risks to the finances of the Council; Whilst it has reserves to cushion the impact, these are quickly reducing and delivery of the approved efficiency programmes will be essential.
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 increased year on year to offset the momentum of continual reductions in available budgets. Covid19 presents an additional risk to income levels for which the recovery period is uncertain
Profile	Medium	The achievement of a balanced and sustainable MTFP is reliant upon the effective delivery of the efficiency programme, with £1.2m planned for delivery 2021/22 to 2024/25. In the absence of additional funding following the next CSR, further budget reductions of £0.6m over 2022/23 to 2024/25 will be required.
Adaptability	High	Working with partners will be essential to successfully respond to the challenges that face the Council. The joint work with the DWP has provided a positive model of partnership working and Gedling is working more closely with the Police and the local Clinical Commissioning Group to work laterally across the sector.

7. **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.

8. 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 2021/22.

9. 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 2021/22. 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.

10. Financial Implications

As detailed in the report.

11. Legal Implications

It is a statutory requirement under Local Government Finance Act 1992 that the budget is presented to Council for approval. The budget has been prepared taking into account the Council's Gedling Plan priorities and Council objectives for the coming year, as well as with regard to statutory requirements.

12. Carbon Reduction/Environmental Sustainability Implications

The Council has committed through the Gedling Plan to promote a sustainable environment, recognising the responsibility it has to safeguard the local environment by reducing its own Carbon Footprint, and working with the local community to reduce global warming. This commitment impacts on the budget in terms of investments and expenditure required to deliver such changes, and in considering the risk of climate change to the Council in terms of impact on its residents and delivery of services.

13. Appendices

- Appendix 1 - Local Government Association Settlement Briefing
- Appendix 2 - Detailed Gedling Plan Portfolio Budgets 2021/22
- Appendix 3 - Major Price Indices – Medium Term Financial Plan
- Appendix 4 - Movement on Earmarked Reserves
- Appendix 5 - Council Tax Collection Fund Estimate 2021/22
- Appendix 6 - Summary of Budget Reduction Proposals 2021/22 – 2024/25

14. Background Papers

- Central Government Report – Local Government Finance Report 2021/22
- Prudential and Treasury Indicators and Treasury Management Strategy Statement 2021/22
- Capital Programme and Capital Investment Strategy 2021/22 to 2025/26
- Gedling Plan 2020/21 to 2022/23

15. Reasons for Recommendations

To obtain approval of the General Fund Revenue Budget 2021/22 for referral to Council.

Statutory Officer approval:

Approved by: Chief Financial Officer

Date: 2 February 2021

Approved by: Monitoring Officer

Date: 2 February 2021

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Local Government Association

Provisional Local Government Finance Settlement 2021/22

On the Day Briefing

17 December 2020



Introduction

The local government finance settlement is the annual determination of funding to local government from central government. This briefing covers the provisional local government finance settlement for 2021/22. We expect the final 2021/22 settlement to be laid before the House of Commons, for its approval, in late January or early February 2021.

The LGA [has issued a media statement](#) responding to today's statement.

Key messages

- The settlement indicates that core spending on local services has the potential to increase by £2.2 billion in 2020/21, an increase of 4.5 per cent. Extra money to meet COVID-19 costs, new funding for adult and children's social care and for councils with responsibility for services such as homelessness, planning, recycling and refuse collection will help meet cost and demand pressures next year.
- However, more than 85 per cent of the potential core funding increase next year is dependent on councils increasing council tax by up to 5 per cent next year. This leaves councils facing the tough choice about whether to increase bills to bring in desperately needed funding to protect services at a time when we are acutely aware of the significant burden that could place on some households.
- Council tax rises – particularly the adult social care precept – have never been the solution to the long-term pressures faced by councils, particularly in social care which is desperately in need of reform. Increasing council tax raises different amounts of money in different parts of the country, unrelated to need.
- Councils also need clarity and certainty about how all local services will be funded over the next few years and beyond. Next year we need a multi-year settlement and meaningful progress towards a long-term, sustainable solution to the funding crisis our adult social care services continue to face. There must be no further delays to the process of reform.
- It is vital that the Government guarantees the financial challenge facing councils as a result of COVID-19 will be met in full, including funding for cost pressures and full compensation for lost income and local tax losses.

Briefing

Laura Johnson, Public Affairs and Campaigns Adviser
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- The Government must urgently publish next year's public health grant settlement so councils can get on with the job of helping keep their communities healthy and resilient, in the face of the ongoing pandemic.
- The Government needs to work closely with councils during its review of the New Homes Bonus as soon as possible to allow them to plan their 2022/23 budgets and into the future.
- The impact of the pandemic has not changed the way general Government grants are distributed between councils which remains complex, opaque and out of date. We are calling on the Government to resume the Fair Funding Review, but with a guarantee that the transitional mechanisms ensure that no councils experience a loss of income.
- The Government must use its review of business rates to determine the future of the tax - which accounts for around a quarter of all council spending power - and shift attention towards developing new sources of finance for councils and different ways of incentivising growth.
- We will continue to promote the role councils play in making a huge difference to the lives of our residents and communities. As we prepare our response to the 2021 Budget and look ahead to the Spending Review, we will be campaigning for local services to be provided with a long-term, sustainable future which gives councils clarity and certainty over their funding. This will allow local government to play our full part as we improve outcomes and value for money in public services, rebuild our economy, get people back to work, level up inequalities some face and create new hope in our communities.

Council Tax Referendum Principles

The following council tax referendum principles were announced:

- a core principle of up to 2 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 3 per cent flexibility available for social care authorities on top of the core principle. This can be spread over two years.
- 2 per cent or £5, whichever is higher, for shire district councils.
- £15 for Police and Crime Commissioners.
- no referendum principle for Mayoral Combined Authorities or town and parish councils.

The settlement in detail

The Ministry for Housing Communities and Local Government (MHCLG) has announced the [provisional local government finance settlement for 2021/22](#).

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 2021/22 announced in the 2020 [Spending Review](#) in November 2020.

The closing date for responses to the [consultation document](#) to MHCLG is 16 January 2021. We expect the final settlement to be published in late January / early February 2021.

The 2021 Annual Local Government Finance Conference will take place online in two parts on 7 and 12 January 2021 and will provide further analysis of the settlement. During these webinars, you will have the chance to explore the latest developments in local government finance and what their implications are for local authorities, as well as the opportunity to share your views directly with central government. You will need to make two separate bookings if you wish to participate in the [webinar on 7 January 2021 \(Part I\)](#) and the [webinar on 12 January 2021 \(Part II\)](#).

Core Spending Power

The Government figures indicate that Core Spending Power will rise by an average 4.5 per cent in 2021/22 in cash terms. These Government forecasts are on the assumption that every local authority will raise their council tax by the maximum permitted without a referendum.

Core Spending Power in 2021/22 consists of:

- Settlement Funding Assessment (which consists of Revenue Support Grant, which will increase by £12.8 million and the baseline funding level (BFL) which is unchanged for 2021/22);
- Compensation for under-indexing the business rates multiplier; this relates to the multiplier freeze for 2021/22 as announced in the Spending Review as well as historic caps on multiplier increases and uprating the multiplier by the Consumer Price Index instead of the Retail Price Index;
- Income from the New Homes Bonus;
- The Social Care Grant for 2021/22;
- Improved Better Care Fund;
- A new Lower Tier Services Grant;
- Rural Services Delivery Grant;
- Income from council tax assuming that the tax base grows, and councils increase council tax by the 2 per cent basic referendum limit in 2021/22 as well as the maximum possible social care precept in 2021/22, and the additional flexibilities for shire districts.

Detailed Core Spending Power figures are included in Annex A.

LGA view:

- It is good that the Settlement has provided a potential increase of 4.5 per cent in council core spending power to support vital local services. However, this assumes that council tax bills will rise by maximum allowable levels, including 5 per cent for social care authorities, next year, and this will place a significant financial burden on households in a year of economic uncertainty. If councils choose to spread the increase in the adult social care precept over two years the increase will be less than 4.5 per cent.
- The ability to raise extra council tax remains a sticking plaster and not a long-term solution.
- We look forward to working with the Government to ensure that the 2021 Spending Review provides sustainable long-term funding for local services.

COVID-19 Funding

As part of package of support to local authorities in England for COVID-19 pressures in 2021/22 the Government:

- Confirmed allocations of the £1.55 billion of unringfenced funding to meet expenditure pressures in 2021/22, distributed using the COVID-19 Relative Needs Formula. This formula includes population and deprivation factors, as well as an area cost adjustment to account for the differing costs of delivering services across the country. The additional funding for COVID-19 pressures next year is not included in Core Spending Power.
- Set out how losses in scope of the guarantee to compensate for 75 per cent compensation of irrecoverable 2020/21 business rates and council tax losses will be measured. For council tax, this is broadly a comparison of each authority's council tax requirement and an adjusted Net Collectable Debit. For business rates, this is broadly a comparison of income as calculated in the National Non-Domestic Rates ('NNDR') statistical collection forms 1 and 3.

The Government is consulting on the other financial support measures included in the COVID-19 2021/22 package:

- The Government intends to distribute the £670 million to support households least able to afford council tax payments in 2021/22 based on the proportion of working-age local council tax support caseload using data from quarter 1 and quarter 2 of 2020/21, adjusted to reflect the average bill per dwelling in the area. Under this methodology the Government plans to pay allocations as section 31 grants directly into the general funds of billing and major precepting authorities in April. Provisional allocations of this funding and a detailed methodology note will be published [here](#) shortly.

- The Government has proposed a continuation of the Sales, Fees, and Charges compensation scheme for the first three months of 2021/22 and to use a quarter of each council's 2020/21 budgeted income as the baseline from which to assess losses.

The consultation, as well full details on the COVID-19 funding package for local government in 2021/22 published today, is available [here](#). The consultation deadline is 14 January.

In the consultation document accompanying the provisional settlement, the Government confirms that it will, once the pandemic is over, continue to work with local government to understand the lasting impact the COVID-19 pandemic has had on both service demands and revenue raising.

LGA view:

- Council services have been critical in the fight against COVID-19 and it is good that the Chancellor has provided further funding for councils to manage the cost pressures and income losses they face as a result of the pandemic.
- The Chancellor's pledge to compensate for 75 per cent of irrecoverable council tax and business rates income, and to extend the scheme to fund a portion of councils lost income from fees and charges during the early part of the next year provide some much-needed stability but will need to be reviewed and probably extended.
- We welcome the Government's commitment to work with local government on the lasting impact of the COVID-19 pandemic. It is vital that the Government guarantees the financial challenge facing councils as a result of COVID-19 will be met in full, including funding for cost pressures and full compensation for lost income and local tax losses.

Council tax

The basic referendum principle for 2021/22 is proposed to be 2 per cent, with the exception of shire district authorities, for which the higher of either 2 per cent or £5 (on a Band D bill) applies.

As previously announced, social care authorities will be able to levy a 3 per cent adult social care precept (in addition to the existing basic referendum threshold of 2 per cent referred to above). This can be spread over two years.

There will be no referendum principles for mayoral combined authorities (MCAs).

The Government will continue with its policy of not setting referendum limits for parish and town councils. It will take account of the increases set by parishes in 2021/22 when reviewing the matter ahead of next year's settlement.

As announced in the Spending Review, Police and Crime Commissioners (PCC), including the Police element of Greater London Authority, and the PCC component of the Greater Manchester Combined Authority precept will be allowed to increase by £15.

The Government is awaiting proposals from the Mayor of London, as part of the responses to this consultation, on the GLA referendum principle.

LGA view:

- Whilst it is good that there will be flexibility for councils to raise the adult social care precept by a further 3 per cent in 2021/22, this is not a sustainable solution to funding adult social care.
- An increase in council tax of up to 5 per cent will place a significant burden on households. In addition, increasing council tax raises different amounts of money in different parts of the country, unrelated to need.
- We have always maintained that the council tax referendum limit should 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.
- We agree that districts should have the extra flexibility but in view of the proposed £15 threshold proposed for Police and Crime Commissioners, we would call for a higher limit than £5.

Adult and children's social care

The Government has confirmed there will be an additional Social Care Grant of £300 million for adult and children's services. This is in addition to all existing social care funding continuing in 2021/22.

Of this £300 million, £60 million will be distributed on the basis of the 2013/14 adult social care relative needs formula, with £240 million used to adjust for the funding that could potentially be raised through the adult social care precept in 2021/22.

As mentioned above, the Government is also consulting on a 3 per cent adult social care precept. This 3 per cent flexibility can be phased in over two years.

LGA view:

- The additional funding for adult and children's social care is welcome, as is that the funding will not be ringfenced, providing councils with flexibility on how their allocations are best used locally. However, the £300 million sum is not significant in comparison to the cost pressures that these vital services face. It is disappointing that the improved Better Care Fund has been frozen.

- Councils have increased children's social care budgets year on year at the expense of other services, but have been unable to keep up with increasing demand. Additional funding is urgently needed to ensure children are safe and well, and to reinvest in the important preventative services that can prevent children and families reaching crisis point.
- The adult social care precept provides limited means to raise additional funding, but it is not sustainable. It raises different amounts of money in different parts of the country, is unrelated to need and adds an extra financial burden on households. Nearly 10 per cent of the average council tax bill is now made up of the precept.
- Overall, this is a continuation of the sticking plaster approach to funding adult and children's social care. For example, the Prime Minister promised to 'fix adult social care' in July 2019 and everyone connected to adult social care is frustrated by the lack of progress on this crucial agenda; there must be no further delays to the process of reform.

District-level services

The Government has announced a new £111 million 'lower tier services' grant.

£86 million will be allocated to district councils and unitary authorities in line with their shares of the 'lower-tier' element of the settlement funding assessment. The remaining £25 million will be allocated to district councils to ensure that no council sees its core spending power reduce in 2021/22.

The announcement states that this £25 million funding is in response to the current exceptional circumstances and is a one-off and that no local authority should take this funding floor as guaranteeing similar funding floors in future years, including in future finance reforms.

LGA View:

- Councils receiving this funding will welcome the additional resource, but full compensation for covid-19 related costs, including lost income, is required.

New Homes Bonus

The provisional amount of £622 million for the New Homes Bonus (NHB) has been included in Core Spending Power in 2021/22. The bonus consists of the legacy payments for 2018/19 and 2019/20 and the new money for 2021/22, as well as the Affordable Homes Premium across those years. The England total of allocations for 2021/22 is £196 million.

As previously announced, there is no legacy payment in respect of 2020/21, and there will be no legacy payment in respect of 2021/22 in forthcoming years. The threshold over which the bonus is paid remains at 0.4 per cent.

The Government has set out its intention to hold a consultation on the future of the New Homes Bonus, with a view to implementing reform in 2022/23.

LGA view:

- The New Homes Bonus makes up a considerable part of funding for some councils, particularly shire district authorities.
- The Government needs to work closely with councils as part of its review of the NHB in order to ensure it helps us deliver more homes and works for local government.
- It is important that sufficient clarity about the outcome of the review is provided to councils as soon as possible to allow them to plan their 2022/23 budgets and beyond.

Education and children

In a written [Ministerial statement the Secretary of State for Education](#) confirmed school and early years revenue funding allocations for 2021/22.

In the 2020 Spending Review the Government confirmed that schools budget will increase by £2.2 billion from £47.6 billion in 2020/21 to £49.8 billion in 2021/22. The Government has also confirmed that high needs funding to support children with Special Educational Needs and Disabilities (SEND) will increase by £730 million or 10 per cent for 2021/22.

In the 2020 Spending Review the Government also confirmed an additional £44 million for early years education in 2021/22 to increase the hourly rate paid to childcare providers for the Government's free hours offer.

LGA view

- The LGA welcomes the Government's announcement to increase schools budgets by £2.2 billion for 2021/22. It is however disappointing that further funding has not been made available to help cover the exceptional costs incurred by schools in responding to COVID-19 since they reopened in September, and new expectations continue to be introduced such as the testing announcements just today.
- The additional high needs funding for 2021/22 is also welcome; the Government must use the on-going review of Special Educational Needs and Disability (SEND) to give councils the powers and long-term certainty of funding to support children and young people with SEND.
- The LGA has repeatedly raised concerns about the underfunding of the early entitlements, so additional funding is welcome. However, with many early years providers struggling in the light of COVID-19, it is disappointing that this is not a more significant and immediate investment to support providers during this time. It is crucial we retain the good quality early education and childcare that improves children's outcomes and reduces the disadvantage gap.

Public health

The settlement includes no information about the national total, or individual council allocations, of the public health grant for 2021/22.

LGA view:

- We call on government to provide councils with clarity on the funding available in 2021/22 as a matter of urgency. The current delay to the announcement is making it extremely difficult for councils to plan effectively at a time when public health services are vital to the fight against COVID-19.
- Sufficient ongoing funding is needed to ensure all local authorities can continue to meet their public health responsibilities beyond COVID-19 as well. The Government should match the growth in public health grant to growth in overall NHS funding under the Long Term Plan. This means the public health grant would have to increase to at least £3.9 billion by 2024/25.

Business rates and business rates retention

The Government states that it will revisit the priorities for reform of the local government finance system, taking account of wider work on the future of the business rates tax and on the Adult Social Care system. Final decisions will be taken in the context of next year's Spending Review.

As announced in the Spending Review, there will be no reset of the business rates baseline for 2021/22. In his statement to the House of Commons, the Secretary of State confirmed that the Government will work with the sector and Members across the House to seek a new consensus for broader reforms to local government, including the Fair Funding Review and the business rates reset, and will ensure that councils are set on a long-term trajectory of sustainable growth and fair resources.

There are no new business rates pilots in 2021/22. The business rates pilots for areas with ratified devolution deals and the GLA will continue. These are: Greater Manchester, Liverpool City Region, Cornwall Council, the Combined Authorities of the West of England and the West Midlands. In addition, the London retention percentage will stay at 67 per cent, of which 30 per cent is for the boroughs and City of London and 37 per cent for the Greater London Authority.

MHCLG is consulting on 26 business rates pools.

As announced in the 2020 Spending Review, the business rates multiplier will be frozen for 2021/22. It will remain at 49.9p (small business multiplier) and 51.2p (national business multiplier). Councils will receive £650 million in compensation in 2021/22 for under-indexing of the business rates multiplier.

LGA view:

- In our [response to the Call for Evidence for the Business Rates Review](#), we stated that although property continues to provide a good basis for a local tax on business, we cannot look to business rates to form such a substantial part of local government funding in the future and alternative means of funding councils will be needed instead or as well as a reformed business rates system.
- The move to 75 per cent business rates retention should only be revisited, if appropriate, once the business rates review concludes.
- Not resetting the business rates baseline will provide councils with some of the funding certainty and stability they need for next year.
- We welcome the fact that local government will be fully compensated for the freezing of the business rates multiplier in 2021/22. However, this decision reduces buoyancy in the business rates system, and without alternative means of funding, council income would reduce in the medium term.

The Fair Funding Review

In the consultation document accompanying the provisional settlement, the Government confirms that it will, once the pandemic is over, continue to work with local government to understand the lasting impact the COVID-19 pandemic has had on both service demands and revenue raising.

In his statement to the House of Commons, the Secretary of State confirmed that the Government will work with the sector and Members across the House to seek a new consensus for broader reforms to local government finance, including the Fair Funding Review and the business rates reset, and will ensure that councils are set on a long-term trajectory of sustainable growth and fair resources.

LGA view:

- We are calling on the Government to resume the Fair Funding Review, but with a guarantee that the transitional mechanisms ensure that no councils experience a loss of income.
- When the Fair Funding Review is relaunched, it is right that the Government reviews progress made to date to ensure that it is still fit for purpose, or flexible enough to deal with shifts in council service models as a result of COVID-19.

Rural Services Funding

The Rural Services Delivery Grant will be £85 million in 2021/22. This is an increase

of £4 million compared to 2020/21. The Government is minded to retain the current method of distributing the grant and has included a consultation question on this.

LGA view:

- Councils in rural areas will welcome this additional funding.
- We encourage affected local authorities to respond to the consultation.

Fire Funding

As set out above, Fire and Rescue Authorities will be able to raise their precept by 2 per cent in 2021/22. In line with councils, fire authorities will also receive an increase in their revenue support grant in line with inflation and an increase in the compensation grant for under-indexing the business rates multiplier. Some fire and rescue authorities will receive a share of the £4 million increase in the rural services delivery grant.

LGA view:

- After a number of years where there have been reductions in Fire and Rescue Authorities' funding, a further inflationary increase for 2021/22 following on from the inflationary increase in 2020/21 is helpful.
- However fire and rescue services need to be funded to take account of the full range of risks, demands and cost pressures they face. While we would prefer council tax referendum limits to be removed, in view of the flexibility given to Police and Crime Commissioners, an increase in the precept flexibility for Fire and Rescue Authorities would assist.
- The outcomes of the cases brought about discriminatory practices in the fire fighters pension scheme will have implications for the pension administrative costs and employer contributions to be made by Fire and Rescue Authorities. Unless these additional cost pressures are funded by government they will have a significant impact on Fire and Rescue Authority budgets in 2021/22 and beyond.
- As has been identified in Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services reviews greater investment is needed in fire and rescue services protection teams and to meet the recommendations arising from reviews of building safety after the Grenfell fire and implementation of the provisions in the Building Safety Bill. £20 million was made available to the sector in 2020/21 for enhanced protection activity, with a further £10 million made available to respond to the recommendations of the Phase 1 report of the Grenfell Tower Inquiry. Additional funding needs to be made available to the sector in 2021/22 to further enhance protection activity, respond to any further recommendations from the Grenfell Tower inquiry, and so services are better placed to work alongside the Health and Safety Executive in its new role as the Building Safety Regulator.
- We will continue to work with the Home Office and the National Fire Chiefs Council ahead of the 2021 Spending Review, and we will be making the

case for additional funding to be made available to enable fire and rescue services to drive transformation in the way they deliver their services, as well as for the capital funding issues faced by some services to be addressed.

Police Funding

The [Provisional Police Grant Report \(England and Wales\) 2021/22](#) was published by the Home Office today in [a written Ministerial statement](#). Funding to Police and Crime Commissioners (PCCs) will increase next year by up to an additional £703 million (5.4 per cent), assuming full take-up of precept flexibility. PCCs will be able to increase their Band D precept by up to £15 in 2021/22 (which could raise up to £288 million), without the need to call a local referendum. In addition to this, the Government announced that PCCs will receive some of the £670 million of additional grant funding announced for local council tax support as part of the Spending Review 2020.

The Government has [announced](#) today that an additional £20 million will be available for a second round of the Safer Streets Fund 2021/22.

LGA view:

- Further funding to help local areas improve community safety through the Safer Street Fund is welcome and we will be seeking further details about this funding announcement. Given the key role that councils have in supporting safer and stronger communities, we will be calling for the second round of funding to also be open to councils to bid directly into.

Redmond Review

Alongside the settlement, The Secretary of State announced the [Government's response to the Independent review of Local authority financial reporting and external audit](#) (the [Redmond Review](#)). This included the following:

- The deadline for audits will be put back to September 30th for two years in 2021 and 2022.
- £15 million will be provided for councils in 2021/22 to pay for additional costs arising from new reporting requirements recommended by the Redmond review and expected increases audit fees driven by additional audit requirements arising from the new NAO code of practice.

The Government is still considering whether structural changes are required to the procurement and regulatory arrangements for local audit and will make a decision on that in 2021.

LGA view

- We will review the full response in detail and continue discussions with central government and the sector. The change to the audit deadline is something that we called for and is welcome and we also called for any

increases in costs as a result of the review recommendations or changes in audit requirements to be fully funded.

Other topics included in the Secretary of State's speech

The Secretary of State re-announced a number of funds available to local authorities, including the UK Shared Prosperity Fund, Levelling Up Fund, the Troubled Families Programme, Domestic Abuse Bill implementation and rough sleeping, as set out in the Spending Review on 25th November.

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.

For further information on the content of this briefing please contact Mike Heiser, Senior Adviser (Finance) (mike.heiser@local.gov.uk / 020 7664 3265) and Laura Johnson, Public Affairs Adviser (laura.johnson@local.gov.uk / 07921 604235).

Annex A: Core Spending Power

	2015/16 £ million	2016/17 £ million	2017/18 £ million	2018/19 £ million	2019/20 £ million	2020/21 £ million	2021/22 £ million
Settlement Funding Assessment	21,249.9	18,601.7	16,632.6	15,574.2	14,559.6	14,796.9	14,809.7
Compensation for under-indexing the business rates multiplier	165.1	165.1	175.0	275.0	400.0	500.0	650.0
Improved Better Care Fund	0.0	0.0	1,115.0	1,499.0	1,837.0	2,077.0	2,077.0
Rural Services Delivery Grant	15.5	80.5	65.0	81.0	81.0	81.0	85.0
Transition Grant	0.0	150.0	150.0	0.0	0.0	0.0	0.0
Adult Social Care Support Grant	0.0	0.0	241.1	150.0	0.0	0.0	0.0
New Homes Bonus	1,167.6	1,461.9	1,227.4	947.5	917.9	907.3	622.1
New Homes Bonus - returned funding	32.4	23.1	24.5	0.0	0.0	0.0	0.0
Winter pressures Grant	0.0	0.0	0.0	240.0	240.0	0.0	0.0
Social Care Support Grant	0.0	0.0	0.0	0.0	410.0	1,410.0	1,710.0
Lower Tier Services Grant	0.0	0.0	0.0	0.0	0.0	0.0	111.0
Council Tax	22,035.9	23,247.3	24,665.8	26,331.6	27,767.8	29,226.9	31,145.3
Core Spending Power	44,666.5	43,729.5	44,296.5	45,098.3	46,213.3	48,999.1	51,210.2
Year-on-year Change (£ million)		-937.0	567.0	801.8	1,115.0	2,785.8	2,211.1
Year-on-year Change (%)		-2.1%	1.3%	1.8%	2.5%	6.0%	4.5%

Source: [Core Spending Power: Supporting Information](#)

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.
Affordable Homes Premium	As part of the New Homes Bonus, affordable homes delivered in an area attract an additional £350 per unit on top of the standard Bonus grant.
Area Cost Adjustment (ACA)	A factor to reflect the differences in service cost delivery in different areas. The current ACA reflects differences in wages (the 'Labour Cost Adjustment') and differences in rateable values (the 'Rates Cost Adjustment') between local authorities across the country.
Business rates baseline	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.
Business rates baseline funding level (BFL)	The amount of the settlement funding assessment (SFA) provided through the local share of business rates.
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 2023.
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
COVID-19 Relative Needs Formula	The COVID-19 Relative Needs Formula (RNF) is a formula used to allocate some COVID-19 related funding grants to Local Government. The formula uses deprivation, population and an Area Cost Adjustment. The weightings for these factors have been determined using regression analysis of the financial pressures reported by local authorities.
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 that has to be included within the Better Care Fund plans.
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.

Lower Tier Services Grant	A grant introduced in 2021/22 to provide funding for shire district councils and unitary authorities providing shire district-level services (so called 'lower tier services' by the Government).
(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.
Net Collectable Debit	The total amount that authorities expect to collect if every taxpayer paid the full amount for which they are liable for the current financial year after discounts and benefits.
New Homes Bonus (NHB)	A grant paid to reward local authorities for the number of homes built and brought back into use.
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 2021/22 this level is set at 7.5 per cent for authorities with 50 per cent business rates retention and 3 per cent for authorities with 100 per cent business rates retention.
Sales Fees and Charges Reimbursement Scheme	A scheme set up by the Government to compensate councils for part of their lost sales, fees and charges as a result of the COVID-19 pandemic.
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 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 non-ringfenced grant for adult and children's social care services.
Top-Ups and Tariffs	The difference between an authority's business rates baseline (the amount expected to be collected through the local share of business rates) and its baseline funding level (the amount of SFA provided through the local share). Tariff authorities make a payment and top-up authorities receive a payment. Tariffs and top-ups are self-funding at the outset of the scheme and uprated in line with the small business rates multiplier each year, except for recalculation so that authorities do not have gains or losses solely due to business rates revaluation.
Under-indexing grant	A grant provided by the Ministry for Housing, Communities and Local Government to compensate councils for the impact of the Government's decisions to increase the business rates multiplier by lower than the Retail Prices Index (so-called 'underindexing'). This is intended to make sure that councils do not experience funding reductions as a result of this policy.

Portfolio Summary - Revenue Budget 2021-22

	Actual 2019-20 £	Original Budget 2020-21 £	Original Budget 2021-22 £	Variance to Original Budget 2020-21 £
Portfolio				
Community Development	1,818,629	1,526,200	1,409,700	(116,500)
Housing, Health & Well-being	2,418,471	2,347,500	3,098,700	751,200
Public Protection	1,636,371	1,609,400	1,362,400	(247,000)
Environment	4,995,586	4,844,500	4,749,400	(95,100)
Growth & Regeneration	811,290	853,200	780,900	(72,300)
Resources & Reputation	866,034	2,174,100	1,503,800	(670,300)
Net Portfolio Budget	12,546,381	13,354,900	12,904,900	(450,000)
Transfer to(from) Earmarked Reserves	(812,946)	(1,752,200)	(1,250,600)	501,600
Net Council Budget	11,733,435	11,602,700	11,654,300	51,600
	Actual 2019-20 £	Original Budget 2020-21 £	Original Budget 2021-22 £	Variance to Original Budget 2020-21 £
Consisting of				
Employee Expenses	14,674,433	14,558,100	14,324,700	(233,400)
Premises Related Expenses	2,021,997	1,896,300	1,897,800	1,500
Transport Related Expenses	594,551	595,500	587,500	(8,000)
Supplies & Services	6,451,468	4,751,000	4,187,100	(563,900)
Third Party Payments	395,266	311,100	311,100	0
Transfer Payments	21,621,448	18,141,500	17,155,000	(986,500)
Capital Interest	1,093,010	2,337,500	2,122,900	(214,600)
Revenue Income	(34,305,792)	(29,236,100)	(27,681,200)	1,554,900
Controllable	12,546,381	13,354,900	12,904,900	(450,000)
Consisting of				
Premises Related Recharges	116,532	157,200	144,600	(12,600)
Transport Related Recharges	1,565,500	1,674,500	1,659,800	(14,700)
Supplies & Services Related Recharges	257,197	250,000	257,000	7,000
Central Support and Service Admin	5,517,648	5,889,700	5,236,100	(653,600)
Internal Recharges	(7,456,876)	(7,971,400)	(7,297,500)	673,900
Recharges	0	0	0	0
Consisting of				
Capital Financing Charges	3,878,262	2,961,200	2,833,000	(128,200)
Capital Entries	(3,878,262)	(2,961,200)	(2,833,000)	128,200
Capital	0	0	0	0
Net Portfolio Revenue Budget	12,546,381	13,354,900	12,904,900	(450,000)
Consisting of				
Transfer to Reserves	858,900	202,400	340,900	138,500
Transfer from Reserves	(1,671,846)	(1,954,600)	(1,591,500)	363,100
Reserves	(812,946)	(1,752,200)	(1,250,600)	501,600
Transfer to(from) Earmarked Reserves	(812,946)	(1,752,200)	(1,250,600)	501,600
Net Council Budget	11,733,435	11,602,700	11,654,300	51,600

Community Development

	Actual 2019-20 £	Original Budget 2020-21 £	Original Budget 2021-22 £	Variance to Original Budget 2020-21 £
Division				
Democratic Mgt & Representation	692,339	695,100	662,900	(32,200)
Localities	148,312	158,000	145,500	(12,500)
Community Grants	575,139	278,800	252,600	(26,200)
The Arts & Tourism	46,142	49,100	49,400	300
Community Centres	208,557	213,600	196,900	(16,700)
Events	148,140	131,600	102,400	(29,200)
Total Community Development Portfolio Budget	1,818,629	1,526,200	1,409,700	(116,500)
Transfer to(from) Earmarked Reserves				
Community Development	(52,597)	(38,000)	(18,000)	20,000
Total Reserves	(52,597)	(38,000)	(18,000)	20,000
TOTAL	1,766,032	1,488,200	1,391,700	(96,500)
	Actual 2019-20 £	Original Budget 2020-21 £	Original Budget 2021-22 £	Variance to Original Budget 2020-21 £
Consisting of				
Employee Expenses	511,631	534,200	522,800	(11,400)
Premises Related Expenses	79,849	64,000	54,100	(9,900)
Transport Related Expenses	5,193	6,800	6,800	0
Supplies & Services	652,668	609,400	581,000	(28,400)
Revenue Income	(145,299)	(135,900)	(137,800)	(1,900)
Controllable	1,104,042	1,078,500	1,026,900	(51,600)
Consisting of				
Premises Related Recharges	9,167	13,100	12,300	(800)
Supplies & Services Related Recharges	4,906	5,000	4,800	(200)
Central Support and Service Admin	347,183	373,200	315,600	(57,600)
Recharges	361,256	391,300	332,700	(58,600)
Consisting of				
Capital Financing Charges	553,163	56,400	50,100	(6,300)
Capital Entries	(199,832)	0	0	0
Capital	353,331	56,400	50,100	(6,300)
Total Community Development	1,818,629	1,526,200	1,409,700	(116,500)
Consisting of				
Transfer to Reserves	14,494	0	0	0
Transfer from Reserves	(67,091)	(38,000)	(18,000)	20,000
Reserves	(52,597)	(38,000)	(18,000)	20,000
Transfer to(from) Earmarked Reserves	(52,597)	(38,000)	(18,000)	20,000
TOTAL	1,766,032	1,488,200	1,391,700	(96,500)

				Variance to
	Actual	Original	Original	Original
R140 Democratic Mgt & Representation	2019-20	Budget	Budget	Budget
	2020-21	2020-21	2021-22	2020-21
	£	£	£	£
Employee Expenses	119,409	122,600	131,400	8,800
Transport Related Expenses	3,942	5,500	5,500	0
Supplies & Services	340,306	338,200	338,200	0
Revenue Income	(1,400)	(10,000)	(10,200)	(200)
Controllable	462,257	456,300	464,900	8,600
Supplies & Services Related Recharges	1,243	1,300	1,100	(200)
Central Support and Service Admin	228,839	237,500	196,900	(40,600)
Recharges	230,082	238,800	198,000	(40,800)
Total	692,339	695,100	662,900	(32,200)

				Variance to
	Actual	Original	Original	Original
R210 Localities	2019-20	Budget	Budget	Budget
	2020-21	2020-21	2021-22	2020-21
	£	£	£	£
Employee Expenses	99,562	101,100	104,600	3,500
Premises Related Expenses	10,833	9,900	0	(9,900)
Transport Related Expenses	784	1,000	1,000	0
Supplies & Services	26,090	16,200	13,200	(3,000)
Revenue Income	(13,500)	0	0	0
Controllable	123,769	128,200	118,800	(9,400)
Supplies & Services Related Recharges	963	1,000	1,000	0
Central Support and Service Admin	23,580	28,800	25,700	(3,100)
Recharges	24,543	29,800	26,700	(3,100)
Transfer to Reserves	7,004	0	0	0
Transfer from Reserves	0	0	0	0
Reserves	7,004	0	0	0
Total	155,316	158,000	145,500	(12,500)

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	2020-21	2020-21	2021-22	2020-21
	£	£	£	£
R420 Community Grants				
Employee Expenses	76,565	78,700	82,600	3,900
Transport Related Expenses	123	0	0	0
Supplies & Services	181,101	168,600	143,600	(25,000)
Revenue Income	(7,490)	0	0	0
Controllable	250,298	247,300	226,200	(21,100)
Supplies & Services Related Recharges	695	700	700	0
Central Support and Service Admin	24,146	30,800	25,700	(5,100)
Recharges	24,840	31,500	26,400	(5,100)
Transfer to Reserves	7,490	0	0	0
Transfer from Reserves	(42,110)	(35,000)	(15,000)	20,000
Reserves	(34,620)	(35,000)	(15,000)	20,000
Capital Financing Charges	499,832	0	0	0
Capital Entries	(199,832)	0	0	0
Capital	300,000	0	0	0
Total	540,519	243,800	237,600	(6,200)

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	2020-21	2020-21	2021-22	2020-21
	£	£	£	£
R765 The Arts & Tourism				
Employee Expenses	30,123	30,800	33,700	2,900
Transport Related Expenses	179	100	100	0
Supplies & Services	4,908	4,500	4,100	(400)
Controllable	35,209	35,400	37,900	2,500
Supplies & Services Related Recharges	278	300	300	0
Central Support and Service Admin	10,655	13,400	11,200	(2,200)
Recharges	10,933	13,700	11,500	(2,200)
Total	46,142	49,100	49,400	300

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R775 Community Centres				
Employee Expenses	138,709	153,500	150,100	(3,400)
Premises Related Expenses	69,015	54,100	54,100	0
Transport Related Expenses	58	200	200	0
Supplies & Services	6,710	7,400	7,400	0
Revenue Income	(105,254)	(110,700)	(111,900)	(1,200)
Controllable	109,240	104,500	99,900	(4,600)
Premises Related Recharges	9,167	13,100	12,300	(800)
Supplies & Services Related Recharges	1,307	1,300	1,300	0
Central Support and Service Admin	35,513	38,300	33,300	(5,000)
Recharges	45,987	52,700	46,900	(5,800)
Transfer from Reserves	(16,151)	0	0	0
Reserves	(16,151)	0	0	0
Capital Financing Charges	53,331	56,400	50,100	(6,300)
Capital	53,331	56,400	50,100	(6,300)
Total	192,406	213,600	196,900	(16,700)

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R780 Events				
Employee Expenses	47,262	47,500	20,400	(27,100)
Transport Related Expenses	107	0	0	0
Supplies & Services	93,553	74,500	74,500	0
Revenue Income	(17,655)	(15,200)	(15,700)	(500)
Controllable	123,268	106,800	79,200	(27,600)
Supplies & Services Related Recharges	421	400	400	0
Central Support and Service Admin	24,451	24,400	22,800	(1,600)
Recharges	24,871	24,800	23,200	(1,600)
Transfer from Reserves	(8,830)	(3,000)	(3,000)	0
Reserves	(8,830)	(3,000)	(3,000)	0
Total	139,310	128,600	99,400	(29,200)

Housing, Health & Well-being

	Actual 2019-20 £	Original Budget 2020-21 £	Original Budget 2021-22 £	Variance to Original Budget 2020-21 £
Division				
Housing Needs	518,670	390,100	408,800	18,700
Leisure Services Division	122,490	0	0	0
Calverton Leisure Centre	229,370	273,300	336,200	62,900
Carlton Forum Leisure Centre	199,583	228,800	501,900	273,100
Redhill Leisure Centre	218,865	222,100	345,000	122,900
Arnold Theatre	129,504	158,300	189,600	31,300
Arnold Leisure Centre	311,579	363,400	516,800	153,400
Richard Herrod Centre	319,169	346,600	331,400	(15,200)
Health & Wellbeing	(52,215)	(4,000)	(3,800)	200
Council Tax Benefits	(6,946)	(9,500)	(4,000)	5,500
Rent Allowances	(27,538)	(135,000)	49,000	184,000
Housing Benefit Administration	451,162	508,400	415,300	(93,100)
Rent Rebates	4,779	5,000	12,500	7,500
Total Housing, Health & Well-being Portfolio Budget	2,418,471	2,347,500	3,098,700	751,200
Transfer to(from) Earmarked Reserves				
Housing, Health & Well-being	(204,484)	18,000	(37,700)	(55,700)
Total Reserves	(204,484)	18,000	(37,700)	(55,700)
TOTAL	2,213,987	2,365,500	3,061,000	695,500
	Actual 2019-20 £	Original Budget 2020-21 £	Original Budget 2021-22 £	Variance to Original Budget 2020-21 £
Consisting of				
Employee Expenses	3,196,153	3,311,500	3,257,300	(54,200)
Premises Related Expenses	858,541	889,700	891,900	2,200
Transport Related Expenses	4,445	5,100	5,100	0
Supplies & Services	1,761,515	867,800	858,700	(9,100)
Transfer Payments	21,621,448	18,141,500	17,155,000	(986,500)
Capital Interest	561	0	0	0
Revenue Income	(26,382,635)	(22,374,100)	(20,425,700)	1,948,400
Controllable	1,060,028	841,500	1,742,300	900,800
Consisting of				
Premises Related Recharges	34,693	45,200	42,100	(3,100)
Supplies & Services Related Recharges	25,712	25,800	27,500	1,700
Central Support and Service Admin	987,305	1,097,500	1,001,500	(96,000)
Recharges	1,047,710	1,168,500	1,071,100	(97,400)
Consisting of				
Capital Financing Charges	310,733	337,500	285,300	(52,200)
Capital	310,733	337,500	285,300	(52,200)
Total Housing, Health & Well-being	2,418,471	2,347,500	3,098,700	751,200
Consisting of				
Transfer to Reserves	180,374	18,000	18,000	0
Transfer from Reserves	(384,857)	0	(55,700)	(55,700)
Reserves	(204,484)	18,000	(37,700)	(55,700)
Transfer to(from) Earmarked Reserves	(204,484)	18,000	(37,700)	(55,700)
TOTAL	2,213,987	2,365,500	3,061,000	695,500

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R630 Housing Needs				
Employee Expenses	285,002	316,300	323,900	7,600
Premises Related Expenses	33,573	33,100	34,300	1,200
Transport Related Expenses	430	600	600	0
Supplies & Services	855,868	194,400	303,200	108,800
Revenue Income	(798,605)	(300,100)	(382,500)	(82,400)
Controllable	376,268	244,300	279,500	35,200
Premises Related Recharges	2,511	2,000	1,800	(200)
Supplies & Services Related Recharges	2,670	2,700	2,900	200
Central Support and Service Admin	125,841	130,400	111,800	(18,600)
Recharges	131,023	135,100	116,500	(18,600)
Transfer from Reserves	(168,251)	0	(36,000)	(36,000)
Reserves	(168,251)	0	(36,000)	(36,000)
Capital Financing Charges	11,380	10,700	12,800	2,100
Capital	11,380	10,700	12,800	2,100
Total	350,419	390,100	372,800	(17,300)

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R700 Leisure Services Division				
Employee Expenses	33,398	0	0	0
Transport Related Expenses	59	0	0	0
Supplies & Services	118,311	0	0	0
Revenue Income	(29,652)	0	0	0
Controllable	122,116	0	0	0
Supplies & Services Related Recharges	374	0	0	0
Recharges	374	0	0	0
Transfer from Reserves	(29,848)	0	0	0
Reserves	(29,848)	0	0	0
Total	92,642	0	0	0

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R725 Calverton Leisure Centre				
Employee Expenses	332,452	376,800	375,900	(900)
Premises Related Expenses	127,432	124,900	125,400	500
Transport Related Expenses	441	600	600	0
Supplies & Services	59,077	78,000	69,600	(8,400)
Capital Interest	47	0	0	0
Revenue Income	(370,085)	(395,900)	(317,900)	78,000
Controllable	149,363	184,400	253,600	69,200
Premises Related Recharges	4,338	4,600	4,600	0
Supplies & Services Related Recharges	2,722	2,700	3,000	300
Central Support and Service Admin	66,457	75,800	70,800	(5,000)
Recharges	73,517	83,100	78,400	(4,700)
Transfer to Reserves	21,701	0	0	0
Transfer from Reserves	0	0	0	0
Reserves	21,701	0	0	0
Capital Financing Charges	6,490	5,800	4,200	(1,600)
Capital	6,490	5,800	4,200	(1,600)
Total	251,071	273,300	336,200	62,900

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R730 Carlton Forum Leisure Centre				
Employee Expenses	787,329	789,400	815,900	26,500
Premises Related Expenses	259,134	264,500	265,000	500
Transport Related Expenses	920	800	800	0
Supplies & Services	170,382	185,500	177,100	(8,400)
Capital Interest	314	0	0	0
Revenue Income	(1,249,321)	(1,257,800)	(979,000)	278,800
Controllable	(31,243)	(17,600)	279,800	297,400
Premises Related Recharges	6,765	7,300	7,300	0
Supplies & Services Related Recharges	5,582	6,000	6,200	200
Central Support and Service Admin	166,606	181,900	159,900	(22,000)
Recharges	178,952	195,200	173,400	(21,800)
Transfer to Reserves	14,848	0	0	0
Transfer from Reserves	0	0	(19,700)	(19,700)
Reserves	14,848	0	(19,700)	(19,700)
Capital Financing Charges	51,873	51,200	48,700	(2,500)
Capital	51,873	51,200	48,700	(2,500)
Total	214,430	228,800	482,200	253,400

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R735 Redhill Leisure Centre				
Employee Expenses	352,466	388,900	391,000	2,100
Premises Related Expenses	109,762	132,800	132,800	0
Transport Related Expenses	602	200	200	0
Supplies & Services	82,881	94,600	86,200	(8,400)
Capital Interest	4	0	0	0
Revenue Income	(439,135)	(533,100)	(385,200)	147,900
Controllable	106,581	83,400	225,000	141,600
Premises Related Recharges	2,785	4,600	4,600	0
Supplies & Services Related Recharges	2,606	2,600	2,900	300
Central Support and Service Admin	85,301	96,600	88,500	(8,100)
Recharges	90,692	103,800	96,000	(7,800)
Transfer to Reserves	20,994	18,000	18,000	0
Transfer from Reserves	0	0	0	0
Reserves	20,994	18,000	18,000	0
Capital Financing Charges	21,592	34,900	24,000	(10,900)
Capital	21,592	34,900	24,000	(10,900)
Total	239,858	240,100	363,000	122,900

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R740 Arnold Theatre				
Employee Expenses	150,614	159,700	163,900	4,200
Premises Related Expenses	46,333	33,900	33,900	0
Transport Related Expenses	102	100	100	0
Supplies & Services	111,170	98,100	101,700	3,600
Capital Interest	17	0	0	0
Revenue Income	(245,784)	(206,200)	(165,800)	40,400
Controllable	62,452	85,600	133,800	48,200
Premises Related Recharges	0	300	300	0
Supplies & Services Related Recharges	1,090	1,100	1,100	0
Central Support and Service Admin	53,159	59,100	53,600	(5,500)
Recharges	54,249	60,500	55,000	(5,500)
Capital Financing Charges	12,803	12,200	800	(11,400)
Capital	12,803	12,200	800	(11,400)
Total	129,504	158,300	189,600	31,300

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R745 Arnold Leisure Centre				
Employee Expenses	430,872	446,700	449,500	2,800
Premises Related Expenses	165,155	167,100	167,100	0
Transport Related Expenses	486	900	900	0
Supplies & Services	50,293	46,200	39,900	(6,300)
Capital Interest	84	0	0	0
Revenue Income	(533,339)	(521,900)	(344,500)	177,400
Controllable	113,551	139,000	312,900	173,900
Premises Related Recharges	7,703	11,400	10,800	(600)
Supplies & Services Related Recharges	3,351	3,400	3,800	400
Central Support and Service Admin	78,318	87,800	79,600	(8,200)
Recharges	89,372	102,600	94,200	(8,400)
Transfer from Reserves	(5,000)	0	0	0
Reserves	(5,000)	0	0	0
Capital Financing Charges	108,655	121,800	109,700	(12,100)
Capital	108,655	121,800	109,700	(12,100)
Total	306,579	363,400	516,800	153,400

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R750 Richard Herrod Centre				
Employee Expenses	292,061	294,500	292,300	(2,200)
Premises Related Expenses	117,153	133,400	133,400	0
Transport Related Expenses	350	600	600	0
Supplies & Services	63,926	65,300	56,900	(8,400)
Capital Interest	94	0	0	0
Revenue Income	(337,027)	(347,500)	(328,700)	18,800
Controllable	136,559	146,300	154,500	8,200
Premises Related Recharges	10,591	15,000	12,700	(2,300)
Supplies & Services Related Recharges	2,257	2,300	2,300	0
Central Support and Service Admin	71,823	82,100	76,800	(5,300)
Recharges	84,670	99,400	91,800	(7,600)
Capital Financing Charges	97,940	100,900	85,100	(15,800)
Capital	97,940	100,900	85,100	(15,800)
Total	319,169	346,600	331,400	(15,200)

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R770 Health & Wellbeing				
Employee Expenses	50,496	50,600	54,000	3,400
Transport Related Expenses	359	800	800	0
Supplies & Services	30,668	5,100	3,000	(2,100)
Revenue Income	(143,960)	(73,000)	(73,300)	(300)
Controllable	(62,437)	(16,500)	(15,500)	1,000
Supplies & Services Related Recharges	449	400	500	100
Central Support and Service Admin	9,773	12,100	11,200	(900)
Recharges	10,222	12,500	11,700	(800)
Transfer to Reserves	63,155	0	0	0
Transfer from Reserves	(12,912)	0	0	0
Reserves	50,243	0	0	0
Total	(1,972)	(4,000)	(3,800)	200

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R877 Council Tax Benefits				
Transfer Payments	1,083	500	500	0
Revenue Income	(8,029)	(10,000)	(4,500)	5,500
Controllable	(6,946)	(9,500)	(4,000)	5,500
Total	(6,946)	(9,500)	(4,000)	5,500

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R880 Rent Allowances				
Supplies & Services	104,759	70,500	(9,000)	(79,500)
Transfer Payments	21,481,158	18,003,000	16,949,000	(1,054,000)
Revenue Income	(21,613,455)	(18,208,500)	(16,891,000)	1,317,500
Controllable	(27,538)	(135,000)	49,000	184,000
Transfer from Reserves	(85,203)	0	0	0
Reserves	(85,203)	0	0	0
Total	(112,741)	(135,000)	49,000	184,000

				Variance to
	Actual	Original	Original	Original
R882 Housing Benefit Administration	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
Employee Expenses	481,463	488,600	390,900	(97,700)
Transport Related Expenses	696	500	500	0
Supplies & Services	114,635	30,100	30,100	0
Revenue Income	(480,270)	(387,100)	(360,300)	26,800
Controllable	116,524	132,100	61,200	(70,900)
Supplies & Services Related Recharges	4,610	4,600	4,800	200
Central Support and Service Admin	330,028	371,700	349,300	(22,400)
Recharges	334,639	376,300	354,100	(22,200)
Transfer to Reserves	59,676	0	0	0
Transfer from Reserves	(83,643)	0	0	0
Reserves	(23,967)	0	0	0
Total	427,195	508,400	415,300	(93,100)

				Variance to
	Actual	Original	Original	Original
R885 Rent Rebates	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
Supplies & Services	(455)	0	0	0
Transfer Payments	139,207	138,000	205,500	67,500
Revenue Income	(133,973)	(133,000)	(193,000)	(60,000)
Controllable	4,779	5,000	12,500	7,500
Total	4,779	5,000	12,500	7,500

Public Protection

	Actual 2019-20 £	Original Budget 2020-21 £	Original Budget 2021-22 £	Variance to Original Budget 2020-21 £
Division				
Licencing & Hackney Carriages	28,496	79,700	71,900	(7,800)
Environmental Protection	302,731	317,900	311,500	(6,400)
Food, Health & Safety	226,853	241,200	234,600	(6,600)
Comm Protection & Dog Control	668,953	638,000	606,300	(31,700)
Public Sector Housing	409,339	332,600	138,100	(194,500)
Total Public Protection Portfolio Budget	1,636,371	1,609,400	1,362,400	(247,000)
Transfer to(from) Earmarked Reserves				
Public Protection	(16,000)	(142,900)	67,000	209,900
Total Reserves	(16,000)	(142,900)	67,000	209,900
TOTAL	1,620,371	1,466,500	1,429,400	(37,100)

	Actual 2019-20 £	Original Budget 2020-21 £	Original Budget 2021-22 £	Variance to Original Budget 2020-21 £
Consisting of				
Employee Expenses	1,291,040	1,274,000	1,189,700	(84,300)
Premises Related Expenses	258	0	0	0
Transport Related Expenses	9,385	11,400	11,400	0
Supplies & Services	235,539	196,300	176,000	(20,300)
Third Party Payments	18,629	19,000	19,000	0
Revenue Income	(943,590)	(773,100)	(881,600)	(108,500)
Controllable	611,261	727,600	514,500	(213,100)
Consisting of				
Transport Related Recharges	23,414	22,500	28,500	6,000
Supplies & Services Related Recharges	132,354	129,100	129,700	600
Central Support and Service Admin	631,866	726,400	689,700	(36,700)
Internal Recharges	(5,800)	(5,800)	(5,800)	0
Recharges	781,834	872,200	842,100	(30,100)
Consisting of				
Capital Financing Charges	1,035,392	909,600	905,800	(3,800)
Capital Entries	(792,115)	(900,000)	(900,000)	0
Capital	243,276	9,600	5,800	(3,800)
Total Public Protection	1,636,371	1,609,400	1,362,400	(247,000)

Consisting of				
Transfer to Reserves	70,700	29,300	134,800	105,500
Transfer from Reserves	(86,700)	(172,200)	(67,800)	104,400
Reserves	(16,000)	(142,900)	67,000	209,900
Transfer to(from) Earmarked Reserves	(16,000)	(142,900)	67,000	209,900
TOTAL	1,620,371	1,466,500	1,429,400	(37,100)

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R100 Licencing & Hackney Carriages				
Employee Expenses	195,803	204,500	193,300	(11,200)
Premises Related Expenses	258	0	0	0
Transport Related Expenses	82	0	0	0
Supplies & Services	35,707	56,900	56,900	0
Revenue Income	(661,348)	(681,900)	(688,500)	(6,600)
Controllable	(429,499)	(420,500)	(438,300)	(17,800)
Supplies & Services Related Recharges	122,980	119,700	119,900	200
Central Support and Service Admin	335,014	380,500	390,300	9,800
Recharges	457,995	500,200	510,200	10,000
Total	28,496	79,700	71,900	(7,800)

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R200 Environmental Protection				
Employee Expenses	224,292	226,300	227,600	1,300
Transport Related Expenses	1,127	1,600	1,600	0
Supplies & Services	70,199	18,600	18,600	0
Third Party Payments	0	2,000	2,000	0
Revenue Income	(68,376)	(22,200)	(22,400)	(200)
Controllable	227,242	226,300	227,400	1,100
Transport Related Recharges	6,603	6,400	8,400	2,000
Supplies & Services Related Recharges	1,985	2,000	2,100	100
Central Support and Service Admin	72,700	89,000	79,400	(9,600)
Internal Recharges	(5,800)	(5,800)	(5,800)	0
Recharges	75,488	91,600	84,100	(7,500)
Total	302,731	317,900	311,500	(6,400)

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R205 Food, Health & Safety				
Employee Expenses	176,748	181,300	180,600	(700)
Transport Related Expenses	2,370	3,700	3,700	0
Supplies & Services	4,180	6,700	6,700	0
Revenue Income	(1,879)	(7,100)	(7,900)	(800)
Controllable	181,420	184,600	183,100	(1,500)
Supplies & Services Related Recharges	1,524	1,500	1,600	100
Central Support and Service Admin	43,909	55,100	49,900	(5,200)
Recharges	45,433	56,600	51,500	(5,100)
Total	226,853	241,200	234,600	(6,600)

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R215 Comm Protection & Dog Control				
Employee Expenses	392,871	357,200	373,700	16,500
Transport Related Expenses	539	1,600	1,600	0
Supplies & Services	114,915	99,900	74,900	(25,000)
Third Party Payments	18,629	17,000	17,000	0
Revenue Income	(17,274)	(11,200)	(11,200)	0
Controllable	509,680	464,500	456,000	(8,500)
Transport Related Recharges	16,811	16,100	20,100	4,000
Supplies & Services Related Recharges	3,381	3,400	3,200	(200)
Central Support and Service Admin	130,756	144,400	121,200	(23,200)
Recharges	150,948	163,900	144,500	(19,400)
Transfer to Reserves	29,300	29,300	29,300	0
Transfer from Reserves	(68,600)	(55,000)	(35,100)	19,900
Reserves	(39,300)	(25,700)	(5,800)	19,900
Capital Financing Charges	8,325	9,600	5,800	(3,800)
Capital	8,325	9,600	5,800	(3,800)
Total	629,653	612,300	600,500	(11,800)

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R600 Public Sector Housing				
Employee Expenses	301,325	304,700	214,500	(90,200)
Transport Related Expenses	5,267	4,500	4,500	0
Supplies & Services	10,538	14,200	18,900	4,700
Revenue Income	(194,712)	(50,700)	(151,600)	(100,900)
Controllable	122,418	272,700	86,300	(186,400)
Supplies & Services Related Recharges	2,483	2,500	2,900	400
Central Support and Service Admin	49,487	57,400	48,900	(8,500)
Recharges	51,970	59,900	51,800	(8,100)
Transfer to Reserves	41,400	0	105,500	105,500
Transfer from Reserves	(18,100)	(117,200)	(32,700)	84,500
Reserves	23,300	(117,200)	72,800	190,000
Capital Financing Charges	1,027,067	900,000	900,000	0
Capital Entries	(792,115)	(900,000)	(900,000)	0
Capital	234,951	0	0	0
Total	432,639	215,400	210,900	(4,500)

Environment

	Actual 2019-20 £	Original Budget 2020-21 £	Original Budget 2021-22 £	Variance to Original Budget 2020-21 £
Division				
Waste Management	2,220,172	2,157,300	2,137,900	(19,400)
Trade Waste	(176,720)	(160,600)	(162,200)	(1,600)
Street Care	940,531	963,200	903,800	(59,400)
Public Conveniences	30,537	22,100	21,800	(300)
Direct Services Service Support	1,212	0	(0)	(0)
Building Services	719	0	(0)	(0)
Car Parks	113,278	80,900	77,400	(3,500)
Fleet Management	0	(0)	(0)	0
Parks	1,787,446	1,823,800	1,841,500	17,700
Parks - External Works	137,589	(1,700)	24,700	26,400
Cemeteries	(59,177)	(40,500)	(95,500)	(55,000)
Total Environment Portfolio Budget	4,995,586	4,844,500	4,749,400	(95,100)
Transfer to(from) Earmarked Reserves				
Environment	(116,291)	(8,400)	(11,400)	(3,000)
Total Reserves	(116,291)	(8,400)	(11,400)	(3,000)
TOTAL	4,879,295	4,836,100	4,738,000	(98,100)

	Actual 2019-20 £	Original Budget 2020-21 £	Original Budget 2021-22 £	Variance to Original Budget 2020-21 £
Consisting of				
Employee Expenses	3,944,201	4,006,500	4,023,600	17,100
Premises Related Expenses	446,883	371,200	374,200	3,000
Transport Related Expenses	548,148	547,300	539,300	(8,000)
Supplies & Services	679,678	650,900	631,600	(19,300)
Third Party Payments	307,773	271,300	271,300	0
Revenue Income	(2,788,877)	(3,068,600)	(3,024,300)	44,300
Controllable	3,137,804	2,778,600	2,815,700	37,100
Consisting of				
Premises Related Recharges	26,262	35,100	35,000	(100)
Transport Related Recharges	1,539,794	1,647,600	1,628,600	(19,000)
Supplies & Services Related Recharges	32,778	32,700	35,000	2,300
Central Support and Service Admin	1,084,392	1,081,400	987,600	(93,800)
Internal Recharges	(1,968,501)	(2,078,100)	(2,017,700)	60,400
Recharges	714,725	718,700	668,500	(50,200)
Consisting of				
Capital Financing Charges	1,143,056	1,347,200	1,265,200	(82,000)
Capital	1,143,056	1,347,200	1,265,200	(82,000)
Total Environment	4,995,586	4,844,500	4,749,400	(95,100)
Consisting of				
Transfer to Reserves	21,287	43,100	43,100	0
Transfer from Reserves	(137,578)	(51,500)	(54,500)	(3,000)
Reserves	(116,291)	(8,400)	(11,400)	(3,000)
Transfer to(from) Earmarked Reserves	(116,291)	(8,400)	(11,400)	(3,000)
TOTAL	4,879,295	4,836,100	4,738,000	(98,100)

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R500 Waste Management				
Employee Expenses	1,633,909	1,652,200	1,683,200	31,000
Transport Related Expenses	0	400	400	0
Supplies & Services	105,983	76,800	69,400	(7,400)
Third Party Payments	13,429	12,700	12,700	0
Revenue Income	(900,307)	(902,700)	(939,800)	(37,100)
Controllable	853,014	839,400	825,900	(13,500)
Transport Related Recharges	914,683	911,100	922,400	11,300
Supplies & Services Related Recharges	12,894	12,800	13,800	1,000
Central Support and Service Admin	433,731	388,100	369,900	(18,200)
Recharges	1,361,308	1,312,000	1,306,100	(5,900)
Capital Financing Charges	5,850	5,900	5,900	0
Capital	5,850	5,900	5,900	0
Total	2,220,172	2,157,300	2,137,900	(19,400)

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R503 Trade Waste				
Employee Expenses	58,615	61,400	64,300	2,900
Supplies & Services	264,900	292,900	292,900	0
Revenue Income	(572,897)	(588,100)	(588,100)	0
Controllable	(249,382)	(233,800)	(230,900)	2,900
Transport Related Recharges	51,959	48,800	53,200	4,400
Supplies & Services Related Recharges	522	500	600	100
Central Support and Service Admin	73,180	77,200	68,200	(9,000)
Internal Recharges	(52,999)	(53,300)	(53,300)	0
Recharges	72,662	73,200	68,700	(4,500)
Total	(176,720)	(160,600)	(162,200)	(1,600)

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	2020-21	2020-21	2021-22	2020-21
	£	£	£	£
R505 Street Care				
Employee Expenses	606,689	599,900	580,700	(19,200)
Premises Related Expenses	7,237	6,700	6,700	0
Transport Related Expenses	52	400	400	0
Supplies & Services	84,933	70,900	70,900	0
Third Party Payments	2,380	2,200	2,200	0
Revenue Income	(27,058)	(26,500)	(27,300)	(800)
Controllable	674,232	653,600	633,600	(20,000)
Transport Related Recharges	217,228	258,200	226,000	(32,200)
Supplies & Services Related Recharges	5,237	5,000	5,400	400
Central Support and Service Admin	41,327	43,900	38,800	(5,100)
Recharges	263,792	307,100	270,200	(36,900)
Transfer from Reserves	(15,357)	0	0	0
Reserves	(15,357)	0	0	0
Capital Financing Charges	2,507	2,500	0	(2,500)
Capital	2,507	2,500	0	(2,500)
Total	925,174	963,200	903,800	(59,400)

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	2020-21	2020-21	2021-22	2020-21
	£	£	£	£
R510 Public Conveniences				
Premises Related Expenses	22,107	13,000	13,200	200
Supplies & Services	1	0	0	0
Controllable	22,108	13,000	13,200	200
Premises Related Recharges	234	700	300	(400)
Central Support and Service Admin	4,382	4,600	4,200	(400)
Recharges	4,616	5,300	4,500	(800)
Capital Financing Charges	3,813	3,800	4,100	300
Capital	3,813	3,800	4,100	300
Total	30,537	22,100	21,800	(300)

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R514 Direct Services Service Support				
Employee Expenses	142,955	132,900	101,100	(31,800)
Transport Related Expenses	244	100	100	0
Supplies & Services	2,183	1,100	1,000	(100)
Controllable	145,382	134,100	102,200	(31,900)
Supplies & Services Related Recharges	1,212	1,200	1,300	100
Central Support and Service Admin	24,887	27,000	24,900	(2,100)
Internal Recharges	(170,269)	(162,300)	(128,400)	33,900
Recharges	(144,170)	(134,100)	(102,200)	31,900
Total	1,212	0	0	0

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R520 Building Services				
Employee Expenses	79,148	80,900	82,800	1,900
Transport Related Expenses	81	100	100	0
Supplies & Services	3,507	5,200	3,200	(2,000)
Controllable	82,736	86,200	86,100	(100)
Supplies & Services Related Recharges	719	700	800	100
Central Support and Service Admin	24,785	25,600	22,900	(2,700)
Internal Recharges	(110,649)	(115,600)	(109,800)	5,800
Recharges	(85,146)	(89,300)	(86,100)	3,200
Capital Financing Charges	3,129	3,100	0	(3,100)
Capital	3,129	3,100	0	(3,100)
Total	719	0	0	0

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	2020-21	2020-21	2021-22	2020-21
	£	£	£	£
R540 Car Parks				
Employee Expenses	18,585	18,700	19,200	500
Premises Related Expenses	132,416	129,700	132,000	2,300
Transport Related Expenses	742	800	800	0
Supplies & Services	8,691	5,700	5,700	0
Third Party Payments	238,503	223,900	223,900	0
Revenue Income	(333,494)	(347,900)	(347,900)	0
Controllable	65,443	30,900	33,700	2,800
Premises Related Recharges	1,004	3,700	3,700	0
Supplies & Services Related Recharges	167	200	200	0
Central Support and Service Admin	41,279	40,700	37,500	(3,200)
Recharges	42,450	44,600	41,400	(3,200)
Transfer to Reserves	13,187	35,000	35,000	0
Transfer from Reserves	0	0	(3,000)	(3,000)
Reserves	13,187	35,000	32,000	(3,000)
Capital Financing Charges	5,386	5,400	2,300	(3,100)
Capital	5,386	5,400	2,300	(3,100)
Total	126,466	115,900	109,400	(6,500)

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	2020-21	2020-21	2021-22	2020-21
	£	£	£	£
R555 Fleet Management				
Employee Expenses	291,543	312,600	316,000	3,400
Premises Related Expenses	661	0	0	0
Transport Related Expenses	545,478	543,200	535,200	(8,000)
Supplies & Services	38,406	32,400	30,400	(2,000)
Third Party Payments	120	0	0	0
Revenue Income	(59,160)	(44,600)	(44,600)	0
Controllable	817,048	843,600	837,000	(6,600)
Premises Related Recharges	2,749	2,800	3,200	400
Transport Related Recharges	68,255	68,300	74,300	6,000
Supplies & Services Related Recharges	2,527	2,500	2,700	200
Central Support and Service Admin	99,172	107,100	98,800	(8,300)
Internal Recharges	(1,618,484)	(1,724,200)	(1,703,500)	20,700
Recharges	(1,445,782)	(1,543,500)	(1,524,500)	19,000
Transfer from Reserves	(3,750)	(7,500)	(7,500)	0
Reserves	(3,750)	(7,500)	(7,500)	0
Capital Financing Charges	628,734	699,900	687,500	(12,400)
Capital	628,734	699,900	687,500	(12,400)
Total	(3,750)	(7,500)	(7,500)	0

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R715 Parks				
Employee Expenses	628,477	594,200	650,500	56,300
Premises Related Expenses	228,269	172,600	172,900	300
Transport Related Expenses	615	1,000	1,000	0
Supplies & Services	122,684	129,200	123,400	(5,800)
Third Party Payments	48,142	25,000	25,000	0
Revenue Income	(132,026)	(140,200)	(131,400)	8,800
Controllable	896,162	781,800	841,400	59,600
Premises Related Recharges	8,079	12,400	13,000	600
Transport Related Recharges	198,840	235,400	236,300	900
Supplies & Services Related Recharges	4,636	4,900	5,000	100
Central Support and Service Admin	223,817	244,400	218,100	(26,300)
Recharges	435,371	497,100	472,400	(24,700)
Transfer to Reserves	8,100	8,100	8,100	0
Transfer from Reserves	(118,471)	(44,000)	(44,000)	0
Reserves	(110,371)	(35,900)	(35,900)	0
Capital Financing Charges	455,912	544,900	527,700	(17,200)
Capital	455,912	544,900	527,700	(17,200)
Total	1,677,074	1,787,900	1,805,600	17,700

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R717 Parks - External Works				
Employee Expenses	295,679	360,100	332,300	(27,800)
Premises Related Expenses	34,106	26,900	27,100	200
Transport Related Expenses	10	100	100	0
Supplies & Services	40,226	32,400	30,400	(2,000)
Third Party Payments	2,929	3,500	3,500	0
Revenue Income	(330,129)	(561,300)	(474,200)	87,100
Controllable	42,822	(138,300)	(80,800)	57,500
Premises Related Recharges	1,342	700	700	0
Transport Related Recharges	48,664	73,800	69,200	(4,600)
Supplies & Services Related Recharges	3,147	3,200	3,400	200
Central Support and Service Admin	50,424	57,300	47,600	(9,700)
Internal Recharges	(16,099)	(22,700)	(22,700)	0
Recharges	87,478	112,300	98,200	(14,100)
Capital Financing Charges	7,290	24,300	7,300	(17,000)
Capital	7,290	24,300	7,300	(17,000)
Total	137,589	(1,700)	24,700	26,400

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	2020-21	2020-21	2021-22	2020-21
	£	£	£	£
R720 Cemeteries				
Employee Expenses	188,600	193,600	193,500	(100)
Premises Related Expenses	22,086	22,300	22,300	0
Transport Related Expenses	926	1,200	1,200	0
Supplies & Services	8,164	4,300	4,300	0
Third Party Payments	2,270	4,000	4,000	0
Revenue Income	(433,806)	(457,300)	(471,000)	(13,700)
Controllable	(211,760)	(231,900)	(245,700)	(13,800)
Premises Related Recharges	12,855	14,800	14,100	(700)
Transport Related Recharges	40,166	52,000	47,200	(4,800)
Supplies & Services Related Recharges	1,717	1,700	1,800	100
Central Support and Service Admin	67,409	65,500	56,700	(8,800)
Recharges	122,148	134,000	119,800	(14,200)
Capital Financing Charges	30,435	57,400	30,400	(27,000)
Capital	30,435	57,400	30,400	(27,000)
Total	(59,177)	(40,500)	(95,500)	(55,000)

Growth & Regeneration

	Actual	Original	Original	Variance to
	2019-20	Budget	Budget	Original
	£	2020-21	2021-22	Budget
		£	£	2020-21
				£
Division				
Development Service Support	822	0	0	0
Development Management	(40,880)	(28,500)	13,400	41,900
Planning Policy	301,773	366,200	361,300	(4,900)
Building Control Account	52,537	49,800	49,700	(100)
Building Control Fee Earning Account	12,718	700	(24,800)	(25,500)
Land Charges	8,659	(8,500)	(8,700)	(200)
Economic Development	350,476	330,600	247,000	(83,600)
Housing Strategy	125,187	142,900	143,000	100
Total Growth & Regeneration Portfolio Budget	811,290	853,200	780,900	(72,300)

Transfer to(from) Earmarked Reserves

Growth & Regeneration	(60,367)	(45,200)	(53,200)	(8,000)
Total Reserves	(60,367)	(45,200)	(53,200)	(8,000)

TOTAL	750,924	808,000	727,700	(80,300)
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	Actual	Original	Original	Variance to
	2019-20	Budget	Budget	Original
	£	2020-21	2021-22	Budget
		£	£	2020-21
				£
Consisting of				
Employee Expenses	1,262,645	1,368,500	1,285,800	(82,700)
Transport Related Expenses	16,791	15,200	15,200	0
Supplies & Services	203,744	128,800	121,800	(7,000)
Third Party Payments	62,064	13,600	13,600	0
Revenue Income	(1,182,996)	(1,145,100)	(1,075,100)	70,000
Controllable	362,248	381,000	361,300	(19,700)

Consisting of

Supplies & Services Related Recharges	17,860	17,800	18,900	1,100
Central Support and Service Admin	557,354	588,000	526,600	(61,400)
Internal Recharges	(127,172)	(134,600)	(126,900)	7,700
Recharges	448,042	471,200	418,600	(52,600)

Consisting of

Capital Financing Charges	1,000	1,000	1,000	0
Capital	1,000	1,000	1,000	0

Total Growth & Regeneration	811,290	853,200	780,900	(72,300)
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Consisting of

Transfer to Reserves	47,446	0	0	0
Transfer from Reserves	(107,813)	(45,200)	(53,200)	(8,000)
Reserves	(60,367)	(45,200)	(53,200)	(8,000)

Transfer to(from) Earmarked Reserves	(60,367)	(45,200)	(53,200)	(8,000)
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TOTAL	750,924	808,000	727,700	(80,300)
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				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R105 Development Service Support				
Employee Expenses	88,705	97,800	92,900	(4,900)
Supplies & Services	3,539	3,700	3,700	0
Controllable	92,244	101,500	96,600	(4,900)
Supplies & Services Related Recharges	822	800	900	100
Central Support and Service Admin	34,928	32,300	29,400	(2,900)
Internal Recharges	(127,172)	(134,600)	(126,900)	7,700
Recharges	(91,422)	(101,500)	(96,600)	4,900
Total	822	0	0	(0)

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R110 Development Management				
Employee Expenses	432,238	472,400	478,100	5,700
Transport Related Expenses	3,824	3,500	3,500	0
Supplies & Services	43,854	30,400	15,400	(15,000)
Revenue Income	(768,888)	(798,500)	(718,500)	80,000
Controllable	(288,973)	(292,200)	(221,500)	70,700
Supplies & Services Related Recharges	4,012	4,000	4,500	500
Central Support and Service Admin	244,080	259,700	230,400	(29,300)
Recharges	248,093	263,700	234,900	(28,800)
Transfer from Reserves	0	(7,800)	(7,800)	0
Reserves	0	(7,800)	(7,800)	0
Total	(40,880)	(36,300)	5,600	41,900

				Variance to
	Actual	Original	Original	Original
R115 Planning Policy	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
Employee Expenses	240,175	245,500	238,000	(7,500)
Transport Related Expenses	922	600	600	0
Supplies & Services	5,787	31,700	39,700	8,000
Third Party Payments	12,064	13,600	13,600	0
Revenue Income	(32,211)	(600)	(600)	0
Controllable	226,737	290,800	291,300	500
Supplies & Services Related Recharges	2,194	2,200	2,300	100
Central Support and Service Admin	71,842	72,200	66,700	(5,500)
Recharges	74,036	74,400	69,000	(5,400)
Transfer to Reserves	32,146	0	0	0
Transfer from Reserves	(9,340)	(30,000)	(38,000)	(8,000)
Reserves	22,806	(30,000)	(38,000)	(8,000)
Capital Financing Charges	1,000	1,000	1,000	0
Capital	1,000	1,000	1,000	0
Total	324,579	336,200	323,300	(12,900)

				Variance to
	Actual	Original	Original	Original
R120 Building Control Account	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
Employee Expenses	43,200	37,300	38,100	800
Transport Related Expenses	2,684	3,000	3,000	0
Supplies & Services	518	2,100	2,100	0
Revenue Income	(655)	0	0	0
Controllable	45,748	42,400	43,200	800
Supplies & Services Related Recharges	387	400	300	(100)
Central Support and Service Admin	6,402	7,000	6,200	(800)
Recharges	6,789	7,400	6,500	(900)
Total	52,537	49,800	49,700	(100)

		Original	Original	Variance to
	Actual	Budget	Budget	Original
R121 Building Control Fee Earning Account	2019-20	2020-21	2021-22	2020-21
	£	£	£	£
Employee Expenses	158,173	166,500	159,500	(7,000)
Transport Related Expenses	6,954	7,000	7,000	0
Supplies & Services	3,676	4,000	4,000	0
Revenue Income	(218,172)	(245,900)	(255,900)	(10,000)
Controllable	(49,370)	(68,400)	(85,400)	(17,000)
Supplies & Services Related Recharges	1,409	1,400	1,600	200
Central Support and Service Admin	60,679	67,700	59,000	(8,700)
Recharges	62,088	69,100	60,600	(8,500)
Transfer from Reserves	(10,130)	0	0	0
Reserves	(10,130)	0	0	0
Total	2,588	700	(24,800)	(25,500)

		Original	Original	Variance to
	Actual	Budget	Budget	Original
R172 Land Charges	2019-20	2020-21	2021-22	2020-21
	£	£	£	£
Employee Expenses	0	0	2,800	2,800
Supplies & Services	26,991	24,400	24,400	0
Revenue Income	(80,880)	(100,100)	(100,100)	0
Controllable	(53,890)	(75,700)	(72,900)	2,800
Supplies & Services Related Recharges	5,800	5,800	6,100	300
Central Support and Service Admin	56,748	61,400	58,100	(3,300)
Recharges	62,548	67,200	64,200	(3,000)
Total	8,659	(8,500)	(8,700)	(200)

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R175 Economic Development				
Employee Expenses	189,181	239,000	162,500	(76,500)
Transport Related Expenses	1,242	500	500	0
Supplies & Services	118,597	31,900	31,900	0
Third Party Payments	50,000	0	0	0
Revenue Income	(66,500)	0	0	0
Controllable	292,521	271,400	194,900	(76,500)
Supplies & Services Related Recharges	2,247	2,200	2,200	0
Central Support and Service Admin	55,708	57,000	49,900	(7,100)
Recharges	57,955	59,200	52,100	(7,100)
Transfer to Reserves	15,300	0	0	0
Transfer from Reserves	(88,343)	(7,400)	(7,400)	0
Reserves	(73,043)	(7,400)	(7,400)	0
Total	277,433	323,200	239,600	(83,600)

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R640 Housing Strategy				
Employee Expenses	110,973	110,000	113,900	3,900
Transport Related Expenses	1,165	600	600	0
Supplies & Services	783	600	600	0
Revenue Income	(15,688)	0	0	0
Controllable	97,232	111,200	115,100	3,900
Supplies & Services Related Recharges	988	1,000	1,000	0
Central Support and Service Admin	26,967	30,700	26,900	(3,800)
Recharges	27,955	31,700	27,900	(3,800)
Total	125,187	142,900	143,000	100

Resources & Reputation

	Actual 2019-20	Original Budget 2020-21	Original Budget 2021-22	Variance to Original Budget 2020-21
	£	£	£	£
Division				
Organisational Development	2,309	(0)	(0)	(0)
Corporate Management	1,107,948	1,098,900	980,100	(118,800)
Health & Safety and Emergency Planning	19,207	7,800	7,800	(0)
Legal Services	3,635	0	(0)	(0)
Central Print Room	58	0	0	(0)
Registration Of Electors	143,573	153,400	183,100	29,700
Elections	184,251	1,600	1,600	0
Estates & Valuation	1,214	0	0	0
Public Land & Buildings	57,569	(108,900)	67,600	176,500
Information Technology	(82,765)	0	(0)	(0)
Communications & Publicity	1,546	(0)	0	0
Corporate Officers	69,102	41,400	20,500	(20,900)
Business Units	(4,746)	(18,600)	(27,100)	(8,500)
Public Offices	23,467	1,100	(4,400)	(5,500)
Financial Services	(460)	0	0	0
Customer Services	7,214	(0)	(0)	0
Insurance Premiums	5,853	0	0	0
Revenues-Local Taxation	327,964	541,300	521,600	(19,700)
Central Provisions Account	53,807	134,100	(514,700)	(648,800)
Non Distributed Costs	274,527	124,600	119,000	(5,600)
Corporate Income & Expenditure	(440,906)	326,900	333,200	6,300
Movement in Reserves (MiRs)	(888,334)	(129,500)	(184,500)	(55,000)
Total Resources & Reputation Portfolio Budget	866,034	2,174,100	1,503,800	(670,300)

Transfer to(from) Earmarked Reserves

Resources & Reputation	(363,208)	(1,535,700)	(1,197,300)	338,400
Total Reserves	(363,208)	(1,535,700)	(1,197,300)	338,400

TOTAL	502,827	638,400	306,500	(331,900)
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	Actual 2019-20	Original Budget 2020-21	Original Budget 2021-22	Variance to Original Budget 2020-21
	£	£	£	£
Consisting of				
Employee Expenses	4,468,764	4,063,400	4,045,500	(17,900)
Premises Related Expenses	636,466	571,400	577,600	6,200
Transport Related Expenses	10,591	9,700	9,700	0
Supplies & Services	2,918,324	2,297,800	1,818,000	(479,800)
Third Party Payments	6,800	7,200	7,200	0
Capital Interest	1,092,449	2,337,500	2,122,900	(214,600)
Revenue Income	(2,862,396)	(1,739,300)	(2,136,700)	(397,400)
Controllable	6,270,998	7,547,700	6,444,200	(1,103,500)

Consisting of				
Premises Related Recharges	46,410	63,800	55,200	(8,600)
Transport Related Recharges	2,292	4,400	2,700	(1,700)
Supplies & Services Related Recharges	43,587	39,600	41,100	1,500
Central Support and Service Admin	1,909,547	2,023,200	1,715,100	(308,100)
Internal Recharges	(5,355,404)	(5,752,900)	(5,147,100)	605,800
Recharges	(3,353,568)	(3,621,900)	(3,333,000)	288,900

Consisting of				
Capital Financing Charges	834,918	309,500	325,600	16,100
Capital Entries	(2,886,314)	(2,061,200)	(1,933,000)	128,200
Capital	(2,051,396)	(1,751,700)	(1,607,400)	144,300

Total Resources & Reputation	866,034	2,174,100	1,503,800	(670,300)
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Consisting of				
Transfer to Reserves	524,600	112,000	145,000	33,000
Transfer from Reserves	(887,807)	(1,647,700)	(1,342,300)	305,400
Reserves	(363,208)	(1,535,700)	(1,197,300)	338,400

Transfer to(from) Earmarked Reserves	(363,208)	(1,535,700)	(1,197,300)	338,400
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TOTAL	502,827	638,400	306,500	(331,900)
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				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R130 Organisational Development				
Employee Expenses	264,282	257,900	225,100	(32,800)
Transport Related Expenses	234	700	700	0
Supplies & Services	18,223	25,200	24,000	(1,200)
Revenue Income	(36,752)	(24,100)	(24,500)	(400)
Controllable	245,988	259,700	225,300	(34,400)
Supplies & Services Related Recharges	2,309	2,300	2,400	100
Central Support and Service Admin	57,544	64,000	43,700	(20,300)
Internal Recharges	(303,532)	(326,000)	(271,400)	54,600
Recharges	(243,678)	(259,700)	(225,300)	34,400
Transfer from Reserves	0	(4,700)	(4,700)	0
Reserves	0	(4,700)	(4,700)	0
Total	2,309	(4,700)	(4,700)	(0)

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R145 Corporate Management				
Employee Expenses	624,630	592,100	480,600	(111,500)
Transport Related Expenses	4,148	3,400	3,400	0
Supplies & Services	179,655	171,500	185,100	13,600
Revenue Income	(58,428)	0	(7,000)	(7,000)
Controllable	750,006	767,000	662,100	(104,900)
Supplies & Services Related Recharges	5,499	5,600	4,400	(1,200)
Central Support and Service Admin	590,930	624,500	521,700	(102,800)
Internal Recharges	(238,487)	(298,200)	(208,100)	90,100
Recharges	357,942	331,900	318,000	(13,900)
Total	1,107,948	1,098,900	980,100	(118,800)

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R150 Health & Safety and Emergency Planning				
Employee Expenses	63,549	64,600	84,400	19,800
Transport Related Expenses	283	300	300	0
Supplies & Services	30,430	18,000	18,000	0
Third Party Payments	6,800	7,200	7,200	0
Controllable	101,061	90,100	109,900	19,800
Supplies & Services Related Recharges	486	500	500	0
Central Support and Service Admin	23,772	29,700	27,500	(2,200)
Internal Recharges	(106,112)	(112,500)	(130,100)	(17,600)
Recharges	(81,854)	(82,300)	(102,100)	(19,800)
Transfer from Reserves	(18,945)	(7,500)	(7,500)	0
Reserves	(18,945)	(7,500)	(7,500)	0
Total	262	300	300	0

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R160 Legal Services				
Employee Expenses	349,052	368,700	279,300	(89,400)
Transport Related Expenses	721	800	800	0
Supplies & Services	39,567	38,200	29,700	(8,500)
Revenue Income	(51,779)	(99,700)	(97,400)	2,300
Controllable	337,561	308,000	212,400	(95,600)
Supplies & Services Related Recharges	3,635	2,900	3,500	600
Central Support and Service Admin	50,796	57,400	43,000	(14,400)
Internal Recharges	(388,357)	(368,300)	(258,900)	109,400
Recharges	(333,926)	(308,000)	(212,400)	95,600
Transfer from Reserves	(15,801)	(5,000)	0	5,000
Reserves	(15,801)	(5,000)	0	5,000
Total	(12,167)	(5,000)	(0)	5,000

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R165 Central Print Room				
Employee Expenses	6,078	6,600	6,500	(100)
Transport Related Expenses	13	0	0	0
Supplies & Services	16,462	15,100	15,100	0
Revenue Income	(49)	0	0	0
Controllable	22,504	21,700	21,600	(100)
Supplies & Services Related Recharges	58	100	100	0
Central Support and Service Admin	1,757	1,700	1,700	0
Internal Recharges	(24,260)	(23,500)	(23,400)	100
Recharges	(22,445)	(21,700)	(21,600)	100
Transfer to Reserves	10,000	10,000	3,000	(7,000)
Reserves	10,000	10,000	3,000	(7,000)
Total	10,058	10,000	3,000	(7,000)

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R170 Postages				
Supplies & Services	47,448	50,200	50,200	0
Revenue Income	0	(700)	(700)	0
Controllable	47,448	49,500	49,500	0
Internal Recharges	(47,448)	(49,500)	(49,500)	0
Recharges	(47,448)	(49,500)	(49,500)	0
Total	0	0	0	0

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R177 Registration Of Electors				
Employee Expenses	75,477	84,300	95,300	11,000
Transport Related Expenses	111	200	200	0
Supplies & Services	57,779	23,700	51,000	27,300
Revenue Income	(36,000)	(1,900)	(1,900)	0
Controllable	97,367	106,300	144,600	38,300
Supplies & Services Related Recharges	492	500	700	200
Central Support and Service Admin	45,715	46,600	37,800	(8,800)
Recharges	46,207	47,100	38,500	(8,600)
Total	143,573	153,400	183,100	29,700

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R180 Elections				
Employee Expenses	197,937	99,900	99,500	(400)
Premises Related Expenses	41,769	16,500	16,500	0
Transport Related Expenses	198	0	0	0
Supplies & Services	263,826	80,500	80,500	0
Revenue Income	(327,396)	(200,000)	(200,000)	0
Controllable	176,334	(3,100)	(3,500)	(400)
Supplies & Services Related Recharges	6,328	3,100	3,500	400
Recharges	6,328	3,100	3,500	400
Transfer from Reserves	(3,000)	0	0	0
Reserves	(3,000)	0	0	0
Capital Financing Charges	1,589	1,600	1,600	0
Capital	1,589	1,600	1,600	0
Total	181,251	1,600	1,600	0

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R182 Estates & Valuation				
Employee Expenses	138,923	138,900	152,800	13,900
Transport Related Expenses	124	300	300	0
Supplies & Services	33,664	17,700	17,700	0
Controllable	172,711	156,900	170,800	13,900
Supplies & Services Related Recharges	1,214	1,200	1,300	100
Central Support and Service Admin	42,331	46,900	41,200	(5,700)
Internal Recharges	(215,043)	(205,000)	(213,300)	(8,300)
Recharges	(171,497)	(156,900)	(170,800)	(13,900)
Transfer to Reserves	10,800	0	0	0
Transfer from Reserves	(25,000)	0	0	0
Reserves	(14,200)	0	0	0
Total	(12,986)	0	0	0

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R185 Public Land & Buildings				
Employee Expenses	5,744	4,200	4,600	400
Premises Related Expenses	28,432	30,800	34,900	4,100
Transport Related Expenses	7	0	0	0
Supplies & Services	8,744	18,400	14,300	(4,100)
Revenue Income	(167,320)	(340,700)	(164,800)	175,900
Controllable	(124,393)	(287,300)	(111,000)	176,300
Premises Related Recharges	9,917	12,900	11,100	(1,800)
Supplies & Services Related Recharges	97	100	0	(100)
Central Support and Service Admin	167,969	161,200	142,100	(19,100)
Recharges	177,982	174,200	153,200	(21,000)
Capital Financing Charges	3,979	4,200	25,400	21,200
Capital	3,979	4,200	25,400	21,200
Total	57,569	(108,900)	67,600	176,500

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R300 Information Technology				
Employee Expenses	299,124	332,300	341,200	8,900
Transport Related Expenses	543	500	500	0
Supplies & Services	760,849	825,900	739,600	(86,300)
Revenue Income	(2,892)	(8,100)	(8,100)	0
Controllable	1,057,623	1,150,600	1,073,200	(77,400)
Premises Related Recharges	2,300	2,800	2,600	(200)
Supplies & Services Related Recharges	2,723	2,700	3,400	700
Central Support and Service Admin	56,298	57,900	26,000	(31,900)
Internal Recharges	(1,212,762)	(1,325,000)	(1,235,000)	90,000
Recharges	(1,151,441)	(1,261,600)	(1,203,000)	58,600
Transfer to Reserves	111,300	67,000	107,000	40,000
Transfer from Reserves	(244,546)	(203,700)	(109,700)	94,000
Reserves	(133,246)	(136,700)	(2,700)	134,000
Capital Financing Charges	11,053	111,000	129,800	18,800
Capital	11,053	111,000	129,800	18,800
Total	(216,011)	(136,700)	(2,700)	134,000

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R340 Communications & Publicity				
Employee Expenses	162,370	165,000	150,500	(14,500)
Transport Related Expenses	363	200	200	0
Supplies & Services	57,882	57,200	57,200	0
Revenue Income	(1,854)	(21,300)	(21,300)	0
Controllable	218,760	201,100	186,600	(14,500)
Supplies & Services Related Recharges	1,546	1,500	1,700	200
Central Support and Service Admin	57,752	65,500	48,100	(17,400)
Internal Recharges	(276,512)	(268,100)	(236,400)	31,700
Recharges	(217,215)	(201,100)	(186,600)	14,500
Total	1,546	0	0	0

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R350 Corporate Officers				
Employee Expenses	86,666	86,300	66,800	(19,500)
Transport Related Expenses	94	0	0	0
Supplies & Services	0	5,000	5,000	0
Revenue Income	0	0	(20,000)	(20,000)
Controllable	86,760	91,300	51,800	(39,500)
Supplies & Services Related Recharges	746	700	400	(300)
Central Support and Service Admin	1,716	1,700	1,400	(300)
Internal Recharges	(20,120)	(52,300)	(33,100)	19,200
Recharges	(17,658)	(49,900)	(31,300)	18,600
Transfer from Reserves	0	(41,400)	(20,500)	20,900
Reserves	0	(41,400)	(20,500)	20,900
Total	69,102	0	0	0

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R410 Business Units				
Premises Related Expenses	102,946	110,400	113,700	3,300
Supplies & Services	1,000	1,000	1,000	0
Revenue Income	(193,454)	(215,000)	(223,000)	(8,000)
Controllable	(89,508)	(103,600)	(108,300)	(4,700)
Premises Related Recharges	5,866	6,000	2,900	(3,100)
Central Support and Service Admin	51,154	49,400	50,500	1,100
Recharges	57,020	55,400	53,400	(2,000)
Capital Financing Charges	27,742	29,600	27,800	(1,800)
Capital	27,742	29,600	27,800	(1,800)
Total	(4,746)	(18,600)	(27,100)	(8,500)

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R560 Public Offices				
Employee Expenses	140,366	155,100	155,200	100
Premises Related Expenses	445,714	397,200	393,300	(3,900)
Supplies & Services	28,990	26,700	26,700	0
Revenue Income	(328,666)	(334,700)	(374,200)	(39,500)
Controllable	286,404	244,300	201,000	(43,300)
Premises Related Recharges	28,327	42,100	38,600	(3,500)
Supplies & Services Related Recharges	1,447	1,400	1,600	200
Central Support and Service Admin	78,546	81,900	78,200	(3,700)
Internal Recharges	(499,118)	(510,500)	(464,800)	45,700
Recharges	(390,798)	(385,100)	(346,400)	38,700
Transfer from Reserves	(31,000)	0	0	0
Reserves	(31,000)	0	0	0
Capital Financing Charges	127,861	141,900	141,000	(900)
Capital	127,861	141,900	141,000	(900)
Total	(7,533)	1,100	(4,400)	(5,500)

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R805 Financial Services				
Employee Expenses	599,949	640,700	597,100	(43,600)
Transport Related Expenses	468	100	100	0
Supplies & Services	88,700	137,300	87,300	(50,000)
Revenue Income	(42,045)	(44,400)	(45,000)	(600)
Controllable	647,072	733,700	639,500	(94,200)
Supplies & Services Related Recharges	5,868	5,900	6,000	100
Central Support and Service Admin	134,260	151,500	134,900	(16,600)
Internal Recharges	(808,820)	(912,300)	(780,400)	131,900
Recharges	(668,692)	(754,900)	(639,500)	115,400
Transfer from Reserves	0	(54,000)	0	54,000
Reserves	0	(54,000)	0	54,000
Capital Financing Charges	21,160	21,200	0	(21,200)
Capital	21,160	21,200	0	(21,200)
Total	(460)	(54,000)	(0)	54,000

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R820 Customer Services				
Employee Expenses	749,420	796,300	738,800	(57,500)
Transport Related Expenses	1,635	2,700	2,700	0
Supplies & Services	13,869	13,000	9,900	(3,100)
Revenue Income	(9,500)	(18,300)	(18,700)	(400)
Controllable	755,424	793,700	732,700	(61,000)
Supplies & Services Related Recharges	7,214	7,200	7,400	200
Central Support and Service Admin	169,558	181,300	149,900	(31,400)
Internal Recharges	(924,982)	(982,200)	(890,000)	92,200
Recharges	(748,210)	(793,700)	(732,700)	61,000
Transfer from Reserves	0	(9,300)	(9,300)	0
Reserves	0	(9,300)	(9,300)	0
Total	7,214	(9,300)	(9,300)	(0)

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R825 Insurance Premiums				
Supplies & Services	259,932	272,600	272,600	0
Revenue Income	(14,562)	0	0	0
Controllable	245,370	272,600	272,600	0
Internal Recharges	(239,518)	(272,600)	(272,600)	0
Recharges	(239,518)	(272,600)	(272,600)	0
Transfer to Reserves	35,160	35,000	35,000	0
Transfer from Reserves	(6,013)	0	0	0
Reserves	29,147	35,000	35,000	0
Total	35,000	35,000	35,000	0

				Variance to
	Actual	Original	Original	Original
R835 Revenues-Local Taxation	2019-20	Budget	Budget	Budget
	2019-20	2020-21	2021-22	2020-21
	£	£	£	£
Employee Expenses	430,669	421,800	428,800	7,000
Transport Related Expenses	1,651	500	500	0
Supplies & Services	207,864	90,600	133,100	42,500
Revenue Income	(647,553)	(335,000)	(335,000)	0
Controllable	(7,369)	177,900	227,400	49,500
Transport Related Recharges	2,292	4,400	2,700	(1,700)
Supplies & Services Related Recharges	3,925	3,900	4,200	300
Central Support and Service Admin	379,450	402,000	367,400	(34,600)
Internal Recharges	(50,334)	(46,900)	(80,100)	(33,200)
Recharges	335,333	363,400	294,200	(69,200)
Transfer to Reserves	322,340	0	0	0
Transfer from Reserves	(96,523)	(900)	(51,400)	(50,500)
Reserves	225,817	(900)	(51,400)	(50,500)
Total	553,781	540,400	470,200	(70,200)

				Variance to
	Actual	Original	Original	Original
R872 Central Provisions Account	2019-20	Budget	Budget	Budget
	2019-20	2020-21	2021-22	2020-21
	£	£	£	£
Employee Expenses	0	(275,900)	20,000	295,900
Supplies & Services	88,775	410,000	0	(410,000)
Revenue Income	(34,968)	0	(534,700)	(534,700)
Controllable	53,807	134,100	(514,700)	(648,800)
Transfer to Reserves	35,000	0	0	0
Transfer from Reserves	(199,679)	0	0	0
Reserves	(164,679)	0	0	0
Total	(110,872)	134,100	(514,700)	(648,800)

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R875 Non Distributed Costs				
Employee Expenses	274,527	124,600	119,000	(5,600)
Controllable	274,527	124,600	119,000	(5,600)
Transfer from Reserves	(68,500)	0	0	0
Reserves	(68,500)	0	0	0
Total	206,027	124,600	119,000	(5,600)

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R890 Corporate Income & Expenditure				
Premises Related Expenses	17,605	16,500	19,200	2,700
Supplies & Services	749,367	0	0	0
Capital Interest	342,835	405,800	374,400	(31,400)
Revenue Income	(909,178)	(95,400)	(60,400)	35,000
Controllable	200,628	326,900	333,200	6,300
Capital Entries	(641,534)	0	0	0
Capital	(641,534)	0	0	0
Total	(440,906)	326,900	333,200	6,300

				Variance to
	Actual	Original	Original	Original
	2019-20	Budget	Budget	Budget
	£	2020-21	2021-22	2020-21
		£	£	£
R891 Movement in Reserves (MiRs)				
Supplies & Services	(34,702)	0	0	0
Capital Interest	749,614	1,931,700	1,748,500	(183,200)
Controllable	714,912	1,931,700	1,748,500	(183,200)
Transfer from Reserves	(178,800)	(1,321,200)	(1,139,200)	182,000
Reserves	(178,800)	(1,321,200)	(1,139,200)	182,000
Capital Financing Charges	641,534	0	0	0
Capital Entries	(2,244,780)	(2,061,200)	(1,933,000)	128,200
Capital	(1,603,246)	(2,061,200)	(1,933,000)	128,200
Total	(1,067,134)	(1,450,700)	(1,323,700)	127,000

Community Development Portfolio

Revenue Budget Summary 2021-22

Major Variances in Net Controllable Expenditure

Major variances within Employee Expenses are mainly due to the pay award, senior management restructure incremental changes and increase vacancy provision. Other major variances are detailed below.

Democratic Management & Representation

No major variances

Localities

Variances mainly due to agreed efficiencies on alternate delivery of programmes.

Community Grants

Variances mainly due to the removal of budgets for Youth Engagement and VE and VJ day event offset with reduced contribution from reserves

The Arts & Tourism

No major variances

Community Centres

No major variances

Events

Variances due to agreed efficiencies on alternate delivery of the events programme

Housing, Health & Well-being Portfolio

Revenue Budget Summary 2021-22

Major Variances in Net Controllable Expenditure

Major variances within Employee Expenses are mainly due to the pay award, senior management restructure incremental changes and increase vacancy provision.

Other major variances are detailed below.

Housing Needs

Variance mainly due to increase in Homelessness grant, offset by associated expenditure.

Leisure Centres

Variance due to loss of income across all Leisure Centres due to the ongoing effect of the Covid-19 pandemic restrictions partially offset with Grant from the Governments Income Compensation Scheme.

Other variances across all Leisure Centres are due to due agreed efficiencies from new ways of working and utility inflation

Health & Wellbeing

Variances due to agreed efficiencies on new ways of working.

Council Tax Benefits

No major variances

Rent Allowances

Rent Allowance expenditure is expected to fall significantly as cases transfer to Universal Credit, most of this is subsidised at 100%. Overpayments are also expected to drop as expenditure falls. Estimated overpayment recoveries and bad debt provisions have been reassessed in line with performance in 2020/21, and are expected to be significantly lower in 2021/22, increasing the net cost to the General Fund.

Housing Benefit Administration

Variance due to agreed efficiencies in employee expenses.

Rent Rebates

No major variances

Revenue Budget 2021-22

Major Variances in Net Controllable Expenditure:

Major variances within Employee Expenses are mainly due to the pay award, senior management restructure, incremental changes and increase in superannuation rates.

Other major variances are detailed below.

Licencing & Hackney Carriages

Variance mainly due to the removal of staffing cost from Phase 1 Management restructure.

Environmental Protection

No Major Variance.

Food, Health & Safety

No Major Variance.

Community Protection & Dog Control

Variance mainly due to employee efficiencies from Phase 1 Management Restructure.

Public Sector Housing

Variance mainly due to the cessation of the Hospital to Home scheme offset with a reduced contribution from reserves. Phase 2 Selective Licencing Phase 2 income offset with associated income.

Revenue Budget Summary 2021-22

Major Variances in Net Controllable Expenditure

Major variances within Employee Expenses are mainly due to the pay award, senior management restructure, incremental changes and increase in superannuation rates. Other major variances are detailed below.

Waste Management

Variance mainly due to an increase in Garden Waste income as part of the efficiency programme

Trade Waste

No major variances.

Street Care

Variance mainly due to staffing reductions as part of the efficiency programme.

Public Conveniences

No major variances

Direct Services Service Support

Variance due to a service review efficiency

Building Services

No major variances

Car Parks

No major variances

Fleet Management

No major variances

Parks

Variance mainly due the establishment of a Tree Inspector post.

Parks - External Works

Variance mainly due to a referral of the launch of a second commercial Tree Team, a reduction of income from the Pet Cremation Service partially offset by a reapportionment of associated staffing costs and increased income from a contract variation for Bestwood Country Park

Cemeteries

Variance mainly due to income inflation.

Revenue Budget Summary 2021-22

Major Variances in Net Controllable Expenditure

Major variances within Employee Expenses are mainly due to the pay award, senior management restructure, incremental changes and increase in superannuation rates. Other major variances are detailed below.

Development Service Support

No major variances

Development Management

Variance due to an expected decline in major planning applications, partially offset with planning income efficiency

Planning Policy

Variance due to staffing efficiencies

Building Control Account

No major variances

Building Control Fee Earning Account

Variance due to income projections within efficiency programme

Land Charges

No major variances

Economic Development

Variance due to staffing efficiencies

Housing Strategy

No major variances

Major Variances in Net Controllable Expenditure:

Major variances within Employee Expenses are mainly due to the pay award, senior management restructure, incremental changes and increase vacancy provision. Other major variances are detailed below.

Organisational Development

No major variances

Corporate Management

No major variances

Health & Safety and Emergency Planning

No major variances

Legal Services

Variance due to disestablishment of temporary solicitor post offset with associated income, and additional income due to the efficiency programme

Central Print Room

No major variances

Postages

No major variances

Registration of Electors

Variance due to increase in postage costs resulting from a year on year increase of registered voters

Elections

No major variances

Estates & Valuation

No major variances

Public Land & Buildings

Variance mainly due to the removal of the Commercial Property efficiency target following the HM Treasury consultation on the use of PWLB borrowing.

Information Technology

Variance mainly due to an increased contribution to the IT replacement reserve in order to meet the ongoing requirement to replacement IT equipment and to support Agile working, In addition there is an ongoing revenue cost of the new Leisure Management System.

Communications & Publicity

No major variances

Corporate Officers

Variance due to the part year removal of a temporary post, offset by a reduced contribution from reserves, and additional income from an agreed Marketing efficiency for flowerbed sponsorship.

Business Units

Variance mainly due to new efficiency targets on rental income.

Public Offices

Variance mainly due to increased rental income.

Financial Services

Variance mainly due to reduced employee expenses as a result of staffing efficiencies, and the removal of one-off budget for Financial System upgrade.

Customer Services

Variance mainly due to staffing efficiencies.

Revenues - Local Taxation

Variance mainly due to an addition of Business Rates property inspector post and RV Finder service offset with contributions from reserves.

Central Provisions Account

Variance due to the removal of unallocated management efficiency delivered and allocated to service areas in 2020/21, and removal of budgets for the Asset Management Fund, Transformation Fund and the Budget Reduction Risk provision.

Non Distributed Costs

No major variances

Corporate Income & Expenditure

Variance due to a decrease in PWLB borrowing interest offset with an increase in Investment Interest.

Movement In Reserves (MIRS)

Variance due to Direct Revenue Financing of the Capital Programme.

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Major Inflation Indices - Medium Term Financial Plan

	2021/22	2022/23	2023/24	2024/25	2025/26
Council Tax (Excluding Taxbase Changes	£5 £187,000	£5 £187,000	£5 £187,000	£5 £187,000	£5 £187,000
Pay Award	2.0% £272,000	2.0% £276,300	2.0% £281,900	2.0% £287,500	2.0% £293,300
Premises Expenses:	%	%	%	%	%
Gas	2.5	2.5	2.5	2.5	2.5
Electricity	2.5	2.5	2.5	2.5	2.5
Water	2	2	2	2	2
NNDR	2	2	2	2	2
General Supplies & Services	0	0	0	0	0
Discretionary Income	3	3	3	3	3
Vacancy Provision	-£150,000	-£150,000	-£150,000	-£150,000	-£150,000

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Movement on Earmarked Reserves

Reserve	Original Estimate 2020/21				Revised Estimate 2020/21				Original Estimate 2021/22			
	Opening Balance	Transfer to Reserve	Transfer from Reserve	Balance	Opening Balance	Transfer to Reserve	Transfer from Reserve	Balance	Opening Balance	Transfer to Reserve	Transfer from Reserve	Balance
	01/04/20			31/03/21	01/04/20			31/03/21	01/04/21			31/03/22
	£	£	£	£	£	£	£	£	£	£	£	£
Leisure Strategy Reserve	(237,000)			(237,000)	(237,000)		237,000	0	0			0
Joint Use & Base Maintenance Reserve	(80,679)			(80,679)	(112,922)			(112,922)	(112,922)			(112,922)
Pub Watch/Shop Radio Replacement Reserve	(20,361)	(3,500)		(23,861)	(30,461)	(3,500)		(33,961)	(33,961)	(3,500)		(37,461)
Building Control Reserve	(10,130)			(10,130)	0			0	0			0
Community & Crime Reserves	(26,237)		23,000	(3,237)	(39,308)		23,000	(16,308)	(16,308)		3,000	(13,308)
IT Replacement Reserve	(482,804)	(77,000)	204,600	(355,204)	(502,970)	(77,000)	375,300	(204,670)	(204,670)	(110,000)	109,700	(204,970)
Risk Mgmt Reserve	(50,208)		7,500	(42,708)	(51,808)		27,200	(24,608)	(24,608)		7,500	(17,108)
Budget Redn Risk Reserve	0			0	0			0	0			0
S106 Revenue Reserve	(162,608)		29,000	(133,608)	(162,632)		29,000	(133,632)	(133,632)		29,000	(104,632)
Housing & Housing Benefits Reserve	(314,603)		44,000	(270,603)	(253,734)	(58,155)	44,000	(267,889)	(267,889)		51,000	(216,889)
Insurance Reserve	(303,718)	(35,000)		(338,718)	(294,518)	(35,000)		(329,518)	(329,518)	(35,000)		(364,518)
Efficiency & Innovation Reserve	(253,327)		73,700	(179,627)	(309,402)		79,200	(230,202)	(230,202)		19,700	(210,502)
Asset Management Reserve	(372,821)	(61,100)	140,000	(293,921)	(445,129)	(61,100)	155,200	(351,029)	(351,029)	(61,100)	73,000	(339,129)
Local Development Framework Reserve	(60,414)		37,800	(22,614)	(131,020)		55,246	(75,774)	(75,774)		45,800	(29,974)
Earmarked Grants Reserve	(812,467)		100,200	(712,267)	(616,098)	(146,800)	192,949	(569,949)	(569,949)		900	(569,049)
CCTV Reserve	(216,581)	(25,800)	30,000	(212,381)	(203,581)	(25,800)	30,000	(199,381)	(199,381)	(25,800)	30,000	(195,181)
LA Mortgage Scheme Reserve (LAMS)	(110,593)			(110,593)	(110,593)			(110,593)	(110,593)			(110,593)
Apprentice Reserve	(59,128)		16,800	(42,328)	(75,928)		31,500	(44,428)	(44,428)		36,500	(7,928)
NNDR Pool Reserve	(855,621)		855,600	(21)	(1,242,933)	(29,300)	13,400	(1,258,833)	(1,258,833)		994,700	(264,133)
Transformation Fund Reserve	(655,055)		251,400	(403,655)	(635,876)		249,300	(386,576)	(386,576)		25,600	(360,976)
Economic Development Fund Reserve	(335,708)		141,000	(194,708)	(268,208)		57,600	(210,608)	(210,608)		132,400	(78,208)
Property Management Fund	(64,000)			(64,000)	(74,800)		10,800	(64,000)	(64,000)			(64,000)
Selective Licensing	0			0	(182,900)		88,200	(94,700)	(94,700)	(105,500)	32,700	(167,500)
Total Reserves	(5,484,062)	(202,400)	1,954,600	(3,731,862)	(5,981,818)	(436,655)	1,698,895	(4,719,578)	(4,719,578)	(340,900)	1,591,500	(3,468,978)

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COUNCIL TAX COLLECTION FUND ESTIMATE 2020/21(Estimate of position at 31 March 2021 for distribution in 2021/22)

	<u>£000</u>	<u>£000</u>
Taxpayer Accounts Due	(93,539)	
LESS		
Council Tax Support	7,724	
Disabled Relief	91	
Exemptions	1,605	
Discounts	7,606	
Disregard	418	
Annexe Discount	5	
Transitional Relief	0	
Local Discretionary Council Tax Reduction	0	
Council Tax Receivable		(76,090)
Payment / (Receipt) of Previous Year Surpluses / (Deficits)		0
Precepts Paid		76,027
Anticipated Write-Offs	97	
Increase in bad debt provision	587	
		684
(Surplus) / Deficit in the year (subject to 3 year spreading adjustment)		621
Add back 2/3 of in-year deficit (1/3 to 20/22 and 1/3 to 23/24)		(414)
(Surplus) / Deficit B/Fwd		308
Net (Surplus) / Deficit declared 15th January 2021		515

	<u>£000</u>
<u>Allocation of Council Tax (Surplus) / Deficit</u>	
Gedling Borough Council	48
Nottinghamshire County Council	389
Nottinghamshire Police and Crime Commissioner	58
Combined Fire Authority	20
TOTAL	515

	<u>£000</u>
<u>Summary:</u>	
Opening (Surplus) / Deficit 1/4/20	308
Previously declared (distributed 20/21)	0
Cumulative (Surplus) / Deficit 31/3/21	308
In year (Surplus) / Deficit for 2020/21	621
Reduced by spreading adjustment	(414)
Est (Surplus) / Deficit 31/3/21	515

NON DOMESTIC RATES COLLECTION FUND ESTIMATE 2020/21

(Estimate of position at 31 March 2021 for distribution in 2021/22)

	<u>£000</u>	<u>£000</u>
Opening NDR Deficit at 1 April 2020		671
Collectible Rates	(9,203)	
Deficit declared January 2020	(789)	(9,992)
Net transitional relief payable	57	
Central Government share	11,252	
Nottinghamshire County Council and Fire Authority shares	2,250	
Gedling share	9,001	
Cost of collection allowance	97	
Renewables	200	22,857
(Surplus) / Deficit in the year (subject to 3 year spreading adjustment)		13,536
Est. Deficit BEFORE spreading Adjustment (above)	13,536	
<u>Prior year surplus/deficit (residual)</u>	£000s	£000s
Opening NDR Deficit:	671	
Deficit declared Jan 2020	(789)	118
Current estimate of Retail & Nursery re	(12,458)	
Retail discount estimated on NNDR1 2	(905)	
Compensation due re Retail & Nursery relief	(11,553)	
Exceptional Balance (ie in-year deficit	2,101	
Spreading Adj (2/3 of the exceptional balance)		(1,401)
Net (Surplus) / Deficit declared January 2021		12,135

Allocation of Deficit	<u>Central</u>	<u>Gedling</u>	<u>Notts CC</u>	<u>Notts Fire</u>	<u>Total</u>
	<u>Govt</u>				
	£000s	£000s	£000s	£000s	£000s
Met by additional S31	5,776	4,621	1,040	116	11,553
Previous Yr residual surplus:	(59)	(47)	(11)	(1)	(118)
In year Exceptional deficit	350	280	63	7	700
	291	233	52	6	582
Total	6,067	4,854	1,092	122	12,135

Budget Reduction Proposals 2021/22 to 2024/25 - Summarised by Type

Summary 2021 to 2025	Efficiency and Effectiveness £	Income Generation £	Total £
Community Development	31,000	0	31,000
Health, Housing and Wellbeing	76,000	20,000	96,000
Public Protection	0	54,500	54,500
Environment	175,400	0	175,400
Growth and Regeneration	85,000	0	85,000
Resources and Reputation	107,200	34,900	142,100
Total	474,600	109,400	584,000

Analysed by Year

A) 2021/22	Efficiency and Effectiveness £	Income Generation £	Total
Community Development	31,000	0	31,000
Health, Housing and Wellbeing	23,000	5,000	28,000
Public Protection	0	0	0
Environment	62,400	0	62,400
Growth and Regeneration	45,000	0	45,000
Resources and Reputation	57,100	30,700	87,800
Total	218,500	35,700	254,200

B) 2022/23	Efficiency and Effectiveness £	Income Generation £	Total
Community Development	0	0	0
Health, Housing and Wellbeing	53,000	15,000	68,000
Public Protection	0	0	0
Environment	0	0	0
Growth and Regeneration	40,000	0	40,000
Resources and Reputation	50,100	4,200	54,300
Total	143,100	19,200	162,300

C) 2023/24-25	Efficiency and Effectiveness £	Income Generation £	Total
Community Development	0	0	0
Health, Housing and Wellbeing	0	0	0
Public Protection	0	54,500	54,500
Environment	113,000	0	113,000
Growth and Regeneration	0	0	0
Resources and Reputation	0	0	0
Total	113,000	54,500	167,500

Grand Total	474,600	109,400	584,000
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Community Development Portfolio

		Efficiency Type		Inclusion in 2021/22 Budgets and MTFP			
Service Area	Description	Efficiency and Effectiveness	Income Generation	2021/22	2022/23	2023/25	Total
		£	£	£	£	£	£
Community Relations	Community Events - alternative delivery model	31,000	0	31,000	0		31,000
TOTAL		31,000	0	31,000	0	0	31,000

Housing Health & Wellbeing Portfolio

Service Area	Description	Efficiency Type		Inclusion in 2020/21 Budgets and MTFP			
		Efficiency and Effectiveness	Income Generation	2021/22	2022/23	2023/25	Total
		£	£	£	£	£	£
Leisure Services - all sites	Leisure Centre Staffing - programming review	30,000			30,000		30,000
Leisure Services - Swimming Lessons	Leisure Swimming Lessons		10,000		10,000		10,000
Leisure Services - Accessible Swimming at	Leisure Accessible Swim Sessions		10,000	5,000	5,000		10,000
Welfare Support - Housing Benefit	Housing Benefit Staffing - transfer of cases to Universal Credit	46,000		23,000	23,000		46,000
TOTAL		76,000	20,000	28,000	68,000	0	96,000

Public Protection Portfolio

Service Area	Description	Efficiency Type		Inclusion in 2020/21 Budgets and MTFP			
		Efficiency and Effectiveness	Income Generation	2021/22	2022/23	2023/25	Total
		£	£	£	£	£	£
Licencing	Taxi Licencing Fee 5% increase (deferred from 2021)		22,000			22,000	22,000
Pest Control	Pest Control introduce small charge		32,500			32,500	32,500
TOTAL		0	54,500	0	0	54,500	54,500

Environment Portfolio

Service Area	Description	Efficiency Type		Inclusion in 2020/21 Budgets and MTFP			
		Efficiency and Effectiveness	Income Generation	2021/22	2022/23	2023/25	Total
		£	£	£	£	£	£
Cemeteries	Staffing (vacant hours)	5,000		5,000			5,000
Garden Waste Services	Garden Waste - improve renewal process	7,500		7,500			7,500
Grounds Maintenance	Waste/PASC procurement efficiencies secured	5,800		5,800			5,800
Transport Services	Waste/PASC procurement efficiencies secured	2,000		2,000			2,000
PASC	PASC Staffing - review of working practices	25,800		25,800			25,800
Waste Services	Waste Staffing (vacant post)	16,300		16,300			16,300
	Waste - round optimisation review/trade waste income	80,000				80,000	80,000
Waste Services/PASC	Waste/PASC administration system improvements	33,000				33,000	33,000
TOTAL		175,400	0	62,400	0	113,000	175,400

Growth and Regeneration Portfolio

Service Area	Description	Efficiency Type	
		Efficiency and Effectiveness	Income Generation
		£	£
Development Services	Development Services Staffing (vacant post)	16,000	0
	Development Services - apprentice budget not used	7,000	
	Development Services - tree services to be shared with PASC	7,000	
	Development Services Staffing - review of working practices	25,000	
Economic Growth and Regeneration	Economic Growth Staffing - review of working practices	20,000	
Planning Policy	Planning Policy Staffing - review of working practices	10,000	
TOTAL		85,000	0

Inclusion in 2020/21 Budgets and MTFP			
2021/22	2022/23	2023/25	Total
£	£	£	£
16,000			16,000
7,000			7,000
7,000			7,000
	25,000		25,000
10,000	10,000		20,000
5,000	5,000		10,000
45,000	40,000	0	85,000

Resources and Reputation Portfolio

Service Area	Description	Efficiency Type		
		Efficiency and Effectiveness	Contract Management	Income Generation
		£	£	£
Public Offices	Public Offices - overtime and consultancy utilised	5,000		
Customer Services	Customers Services - historic underspends	8,200		
	Design Staffing - (hours reduction confirmed)	5,000		
	Website software solution change	6,500		
Customer Services/ Revenue Services	Hybrid Mail Project - postage cost savings	14,000		
Legal Services	Legal Service - review of consultancy and subcriptions	10,600		
	Legal Service Staffing - review of working practices	5,200		
	Legal Services for external clients			4,200
Organisational Development	HR - administration and corporate training	6,000		
Revenue Services	Revenues - vacant hours and underspends	5,100		
	Revenues - Council Tax E-billing (opt-in basis)	8,600		
Financial Services	Finance Staffing - review of creditor payment process	7,400		
	Finance Staffing - review of working practices	25,600		
Property Services	Property - rent increases			10,700
Corporate	Sponsorship and Marketing			20,000
TOTAL		107,200	0	34,900

Inclusion in 2020/21 Budgets and MTFP			
2021/22	2022/23	2023/25	Total
£	£	£	£
5,000			5,000
4,400	3,800		8,200
	5,000		5,000
	6,500		6,500
	14,000		14,000
10,600			10,600
5,200			5,200
	4,200		4,200
6,000			6,000
5,100			5,100
4,300	4,300		8,600
3,700	3,700		7,400
12,800	12,800		25,600
10,700			10,700
20,000			20,000
87,800	54,300	0	142,100

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Report to: Cabinet

Subject: Review of the Gedling Plan 2020-23

Date: 11 February 2021

Author: Senior Leadership Team

1. PURPOSE OF REPORT

To update Cabinet on the review of the Gedling Plan 2020-23 and seek support for a number of amendments to be agreed for referral to Council.

2. KEY DECISION

This is a key decision because it significantly affects residents living in two or more wards.

3. RECOMMENDATIONS

THAT:

1. The review of the Gedling Plan 2020-23 be noted;
2. The amendments to objectives and actions contained in the Gedling Plan as set out in the report be agreed for referral to Council on 4 March 2021 for approval.

4. BACKGROUND

- 4.1 As Cabinet is aware, the Gedling Plan 2020-23 was approved by Cabinet in February 2020 and Council in March 2020 and was revised to take account of the impact of Covid-19 on the plan which resulted in delays to a number of projects. This revision was agreed by Cabinet in August 2020.
- 4.2 As part of the Council's Service Planning process the Plan is reviewed on an annual basis. During this process this year a number of changes have been proposed by Senior Leadership Team to take account of emerging issues, the ongoing impact of the Covid-19 and in order to more clearly align responsibilities for objectives and actions to the new Heads of Service created through the recent senior management

review. In particular there has been some focused work around equality and diversity undertaken by the Council's Equality Group which has led to the creation of a Equality and Diversity Policy, Equality Framework and Action Plan (currently out for consultation) and a revised Equality Policy for employees.

5. PROPOSAL

5.1 With regards emerging issues the following three new actions are proposed for inclusion into the Gedling Plan:

- Ensure delivery of the Equalities Framework Action Plan; this to be placed under the objective:

*Cohesive, Diverse and Safe Communities -
Reduce poverty and inequality and provide support to the most vulnerable*

- Develop a strategic approach with partners to enable a strong and resilient voluntary and community sector; this to be placed under the objective:

*Cohesive, Diverse and Safe Communities -
Promote and encourage pride, good citizenship and participation*

- Develop and implement a bee/pollinator action plan; this to be placed under the objective:

*Sustainable Environment –
Promote and protect the environment by minimising pollution and waste and becoming carbon neutral*

5.2 In addition, a number of amendments to existing objectives and actions are proposed in response to the impact of Covid-19 on work programmes.

Change to objectives

- **Change** – “Drive business growth, workforce development and job opportunities” **to** “Restore business confidence, workforce development and job opportunities”.

Change to actions

- **Change** – “Work with the Department for Work and Pensions to deliver Mentoring Circles to local unemployed people” **to** “Work with partners to provide support for the unemployed (including delivering Mentoring Circles and the KickStart scheme)”.

- **Change** – “Provide targeted business support to small and medium businesses across the Borough” **to** “Provide targeted business support to small and medium businesses, including building resilience”.

5.3 To improve alignment of responsibilities for objectives and actions to Heads of Service, it is proposed to move the following action:

“Complete the Constitution review to continue to support good governance” **from** ‘Maintain a positive and supportive working environment and strong employee morale’ **to** ‘Improve the customer experience of engaging with the Council’

6. ALTERNATIVE OPTIONS

An alternative option would be not to agree any changes to the Gedling Plan actions and remain with the existing plan.

7. FINANCIAL IMPLICATIONS

There are no financial implications arising from this report.

8. LEGAL IMPLICATIONS

There are no legal implications arising from this report.

9. EQUALITIES IMPLICATIONS

The inclusion of the action in the Gedling Plan to ensure delivery of the Equality Framework and Action Plan is to ensure that there is a greater focus on equality through service delivery, decision making and planning. This will have a positive impact on service users and staff within the protected characteristic groups.

10. CARBON REDUCTION/ENVIRONMENTAL SUSTAINABILITY IMPLICATIONS

There are no Carbon Reduction/Environmental Sustainability implications arising from the changes proposed in this report, actions in respect of carbon reduction and sustainability are captured in the Gedling Plan.

11. APPENDICES

Appendix 1: Revised Gedling Plan

12.BACKGROUND PAPERS

There are no background papers

Statutory Officer approval

Approved by:

Monitoring Officer

Date:

27/01/2021

Approved by:

Deputy S.151 Officer

Date:

26/01/2021

Gedling Plan 2020-23

Refreshed February 2021

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GEDLING PLAN

2020-2023

Refreshed February 2021

Serving people **Improving Lives**



Arnot Hill Park



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Introduction

We have lots to be proud of as a Council and as a borough, and it gives me great pleasure to introduce the Gedling Plan for 2020-23. This Plan sets out Gedling Borough Council's vision for the future, our priorities and our actions over the next 3 years, all of which support our ethos of 'Serving People, Improving Lives'. Despite the challenges we face, the Plan sets out an ambitious programme of activity to ensure the borough continues to be a place where people choose to live, do business and spend their time.

Feedback from residents in our 2019 Satisfaction Survey tells us that we are delivering good council services, with 82% being satisfied with the local area as a place to live, and 68% were satisfied with the way the Council runs things. Gedling has also recently been listed in the top 50 places to live in a recent Halifax Quality of Life survey.

For many of our residents, the day to day services we provide such as recycling and refuse collection, keeping the place clean and maintaining our open spaces and play areas matter the most, and we will continue to maintain our high standards. Our strong track record of delivery and partnership working enables us to continue to be an ambitious Council and strive to deliver better outcomes for everyone.

The Council plays an important strategic role in developing and shaping the future of the borough for our residents and businesses. This is why we remain committed to promoting and stimulating economic growth, delivering much needed housing, creating vibrant town centres, and protecting and supporting the most vulnerable in our communities. We are also deeply committed to playing our part in tackling the climate emergency and making progress towards meaningful carbon reduction in our borough.

Like all Councils, we are faced with an extremely difficult financial challenge. More and more people are in need of our services at a time when our funding from government has been drastically cut. We are now the worst affected Council in the country when it comes to the government's own statistics of core spending power, and are now reliant on locally generated income to provide the necessary resources that pay for our services. This means that we will have to continue to make difficult decisions about our future operations and spending plans. We want to continue to provide good quality services, and will use technology and smarter ways of working to continue to provide the value for money and customer-focussed services our residents need.

Despite these challenges, we remain committed to delivering this Plan for our communities. It articulates our strategic vision, it sets out priorities that matter to residents in our borough, it will make a positive difference to our local communities and businesses, and it will be at the heart of our programme for the next 3 years.



Cllr. John Clarke
Leader of the Council



About the borough and the people we serve



Arnold Town Centre

About the borough

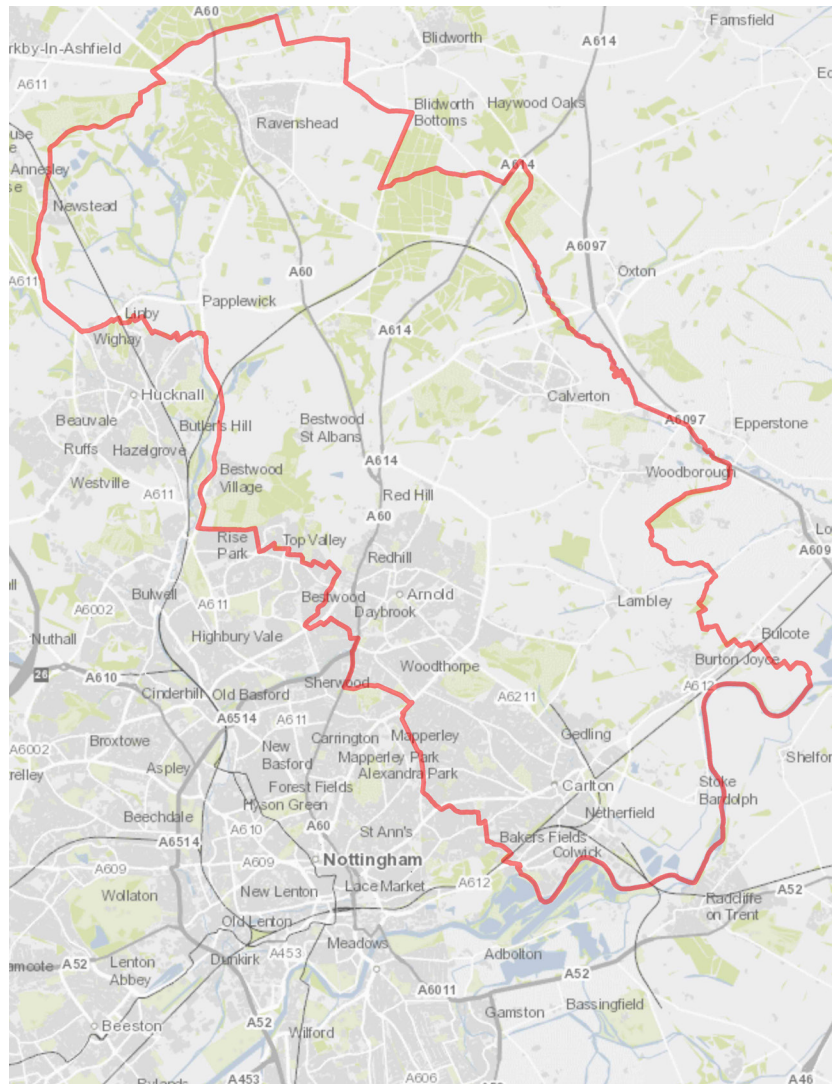
Gedling borough lies adjacent to the boundary of the City of Nottingham and covers 120Km²

The latest estimated population is 117,800

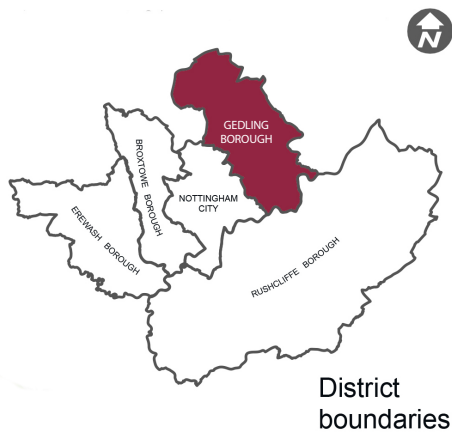
We have just over 53,000 households

Life expectancy is higher than the national average at 80.1 years for males and 83.0 years for females

Around 5,000 businesses are based in Gedling



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District boundaries

2019 Arnold Christmas Market





Vision, Ambition, Values and Priorities



Pride of Gedling Awards

Our Vision

We are responsible for a 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. At the centre of what we do is:

**“Serving People,
Improving Lives”**

Our Ambition

We aspire to be regarded as an excellent 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 services

A co-operative council that listens to, involves and responds to the concerns of its citizens, partners and employees

A commercial council that is innovative and forward thinking in its use of resources and focused on achieving value for money

A caring and 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

Gedling Country Park





Cafe 1899 Heritage wall

Our Priorities

COHESIVE, DIVERSE AND SAFE COMMUNITIES

To promote strong, resilient communities and reduce hardship and inequality

HIGH PERFORMING COUNCIL

To be a high performing, efficient and effective council

VIBRANT ECONOMY

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

SUSTAINABLE ENVIRONMENT

To promote a sustainable environment

HEALTHY LIFESTYLES

To promote the health and wellbeing of our residents

Volunteers working on a new mural at Arnot Hill Park



OUR PRIORITIES AND HOW WE PLAN TO ADDRESS THEM

COHESIVE, DIVERSE AND SAFE COMMUNITIES

To promote strong, resilient communities and reduce hardship and inequality

PROMOTE AND ENCOURAGE PRIDE, GOOD CITIZENSHIP AND PARTICIPATION	Year 1	Year 2	Year 3
<ul style="list-style-type: none"> Deliver a programme of community events and youth activities reflecting Gedling Plan priorities Develop and implement a sustainable plan for our existing Community Centres Develop, engage and support the voluntary sector to increase participation Continue to support the Interfaith forum, Gedling Senior's Council and Youth Council and develop new community leadership forums Deliver the annual Pride of Gedling Awards Undertake targeted youth engagement to seek their views in order to influence provision of services Develop a strategic approach with partners to enable a strong and resilient voluntary and community sector Prepare and plan for an event to mark the 50th anniversary of the creation of GBC and the 200 years anniversary of Lord Bryon 	<ul style="list-style-type: none"> • • • • • • • • 	<ul style="list-style-type: none"> • • • • • • • • 	<ul style="list-style-type: none"> • • • • • • • •
REDUCE POVERTY AND INEQUALITY AND PROVIDE SUPPORT TO THE MOST VULNERABLE			
<ul style="list-style-type: none"> Work with local organisations to improve people's life chances and reduce levels of poverty Deliver improvements to the standard and of availability of temporary accommodation Coordinate the supported internship programme Identify and deliver key interventions to prevent homelessness and rough sleeping Ensure equality implications are considered as part of project development and decision making Ensure delivery of the Equalities Framework Action Plan 	<ul style="list-style-type: none"> • • • • • • 	<ul style="list-style-type: none"> • • • • • • 	<ul style="list-style-type: none"> • • • • • •
IMPROVE SOCIAL MOBILITY AND LIFE CHANCES			
<ul style="list-style-type: none"> Establish a Gedling Social Mobility Commission to improve the life chances and opportunities of young people Deliver and implement the Social Mobility Action Plan Identify and facilitate delivery of key interventions in agreed locality areas 	<ul style="list-style-type: none"> • • • 	<ul style="list-style-type: none"> • • • 	<ul style="list-style-type: none"> • • •
REDUCE ANTI-SOCIAL BEHAVIOUR, CRIME AND THE FEAR OF CRIME			
<ul style="list-style-type: none"> Work with partners to use innovative approaches to bring about a reduction in crime and anti-social behaviour Seek successful prosecutions and enforcement action for dog fouling, anti-social behaviour and against those that fly-tip waste Invest in new and existing CCTV in priority hot spots Work with the Police and Crime Commissioner to establish an additional Neighbourhood Policing Team Develop the Council's approach to licensing regulation and enforcement Work with partners to promote and develop support for Neighbourhood Watch 	<ul style="list-style-type: none"> • • • • • • 	<ul style="list-style-type: none"> • • • • • • 	<ul style="list-style-type: none"> • • • • • •

OUR PRIORITIES AND HOW WE PLAN TO ADDRESS THEM

HIGH PERFORMING COUNCIL

To be a high performing, efficient and effective council

IMPROVE THE CUSTOMER EXPERIENCE OF ENGAGING WITH THE COUNCIL	Year 1	Year 2	Year 3
<ul style="list-style-type: none"> Engage in local government restructuring debate to ensure local services are maintained and the voice of our residents is heard Undertake a residents' satisfaction survey to seek the views of residents to improve council services Create a welcoming and vibrant reception at the Civic Centre Strengthen the working arrangements with the Department for Work and Pensions, to improve advice and support for our residents Create and implement a Communication Strategy and plan Complete the Constitution review to continue to support good governance 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> •
PROVIDE EFFICIENT AND EFFECTIVE SERVICES			
<ul style="list-style-type: none"> Develop and deliver a new efficiency programme in order to secure a balanced budget in the medium term Continue to maximise the Council's commercial investment opportunities Develop and implement a strategy to maximise current income streams and identify new income opportunities Continue to implement the Demand Management Strategy Implement the requirements of the financial management code to deliver effective longer term financial planning Identify further management savings to ensure continuing investment in front line services Carry out a Local Government Association Peer Review and agree and implement an improvement plan Explore delivery models in partnership with other local authorities and public bodies 	<ul style="list-style-type: none"> • • • • • • • 	<ul style="list-style-type: none"> • • 	<ul style="list-style-type: none"> • •
MAINTAIN A POSITIVE AND SUPPORTIVE WORKING ENVIRONMENT AND STRONG EMPLOYEE MORALE			
<ul style="list-style-type: none"> Continue to implement the Agile Working Strategy Develop and implement strong, fair employment policies Support provision of training in order to maintain a skilled, competent and confident workforce 	<ul style="list-style-type: none"> • • • 	<ul style="list-style-type: none"> • • 	<ul style="list-style-type: none"> • •
IMPROVE USE OF DIGITAL TECHNOLOGIES			
<ul style="list-style-type: none"> Review and implement a new Digital Strategy Continue to invest in digital Infrastructure Develop and implement a new ICT Strategy 	<ul style="list-style-type: none"> • • • 	<ul style="list-style-type: none"> • • • 	<ul style="list-style-type: none"> • • •

Our Customer Services Digital Team



OUR PRIORITIES AND HOW WE PLAN TO ADDRESS THEM

VIBRANT ECONOMY

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

ENSURE A ROBUST STRATEGIC DEVELOPMENT FRAMEWORK IS IN PLACE	Year 1	Year 2	Year 3
<ul style="list-style-type: none"> Work with partners to review the Aligned Core Strategy Review and implement a Housing Needs assessment Put in place and keep up to date an appropriate suite of Planning guidance Review the Community Infrastructure Levy policy 	<ul style="list-style-type: none"> • • • • 	<ul style="list-style-type: none"> • • • • 	<ul style="list-style-type: none"> • • • •
PROVIDE MORE HOMES			
<ul style="list-style-type: none"> Identify and facilitate the delivery of the identified housing priorities Drive the delivery of key housing sites Identify the opportunities for redeveloping vacant or underused sites for new affordable homes and temporary accommodation Explore the development of additional houses across the borough through appropriate models 	<ul style="list-style-type: none"> • • • • 	<ul style="list-style-type: none"> • • • • 	<ul style="list-style-type: none"> • • • •
RESTORE BUSINESS CONFIDENCE, WORKFORCE DEVELOPMENT AND JOB OPPORTUNITIES			
<ul style="list-style-type: none"> Support schools to prepare young people for work through career/interview skills days or 'Prepare local people for work'. Work with partners and local businesses to provide training opportunities for residents through apprenticeships, jobs, work experience placements and specialist events Extend delivery of the Compact Agreement with Nottingham Trent University through provision of student work placements and project opportunities Work with the partners to provide support for the unemployed (including delivering Mentoring Circles and the KickStart scheme) Support delivery of a local industrial strategy including playing an active role in D2N2/LEP Identify opportunities to redevelop vacant or underused land for employment uses Facilitate growth and inward investment across the Borough Provide targeted business support to small and medium businesses, including building resilience 	<ul style="list-style-type: none"> • • • • • • • • 	<ul style="list-style-type: none"> • • • • • • • • 	<ul style="list-style-type: none"> • • • • • • • •
CREATE THRIVING AND VIBRANT TOWN AND LOCAL CENTRES			
<ul style="list-style-type: none"> Facilitate delivery of the key strategic interventions in Arnold town centre, including Arnold Market Identify and facilitate delivery of the strategic interventions in our local centres, including the Carlton Square development Create a programme of events and festivals to increase footfall in our Town Centre and High Streets Implement a Car Parking strategy 	<ul style="list-style-type: none"> • • • • 	<ul style="list-style-type: none"> • • • • 	<ul style="list-style-type: none"> • • • •

Chase Farm Housing Development



OUR PRIORITIES AND HOW WE PLAN TO ADDRESS THEM

SUSTAINABLE ENVIRONMENT

To promote a sustainable environment

PROVIDE AN ATTRACTIVE AND SUSTAINABLE LOCAL ENVIRONMENT THAT LOCAL PEOPLE CAN ENJOY	Year 1	Year 2	Year 3
<ul style="list-style-type: none"> Develop and implement a long term strategy for the improvement of Gedling Country Park Develop and implement a plan to enhance existing parks and open spaces Review the asset stock for Allotments to meet current and future demand Review and develop availability and quality of Council public toilets 	<ul style="list-style-type: none"> • • • • 	<ul style="list-style-type: none"> • • • 	<ul style="list-style-type: none"> • •
IMPROVE TRANSPORT INFRASTRUCTURE AND CONNECTIVITY			
<ul style="list-style-type: none"> Work with the County Council to ensure completion of the Gedling Access Road to support growth Deliver in partnership sustainable transport links to reduce congestion and improve air quality including the tram extension, bus park and ride etc. Create a new network of walkways and cycleways around the borough Work with the Metro Partners and D2N2 to secure funds for key infrastructure priorities Ensure delivery of new technology infrastructure such as electric charging points, 5G and broadband 	<ul style="list-style-type: none"> • • • • • 	<ul style="list-style-type: none"> • • • • • 	<ul style="list-style-type: none"> • • • •
CONSERVE, ENHANCE, PROMOTE AND CELEBRATE OUR HERITAGE			
<ul style="list-style-type: none"> Explore and further develop plans for the Gedling Borough Heritage Way Work with owners to identify and secure opportunities for external funding for key historic assets Ensure appropriate Conservation Area coverage and keep under review Plant 500 UK native trees across the borough to mark the lead up to the 50th Anniversary of the creation of Gedling Borough 	<ul style="list-style-type: none"> • • • • 	<ul style="list-style-type: none"> • • • • 	<ul style="list-style-type: none"> • • • •
PROMOTE AND PROTECT THE ENVIRONMENT BY MINIMISING POLLUTION AND WASTE AND BECOMING CARBON NEUTRAL			
<ul style="list-style-type: none"> Develop and implement a Carbon Reduction Strategy aligned with key partners across the borough Produce and implement a practical and robust borough wide action plan to tackle a climate emergency Approve and implement a plan of action to increase levels of recycling and reduce contamination levels and levels of residual waste Promote and support community based 'clean up' initiatives including the seasonal big clean events Maintain the Council's commitment as a 'Plastic Clever Council' Make arrangements to offer every household one free bulky waste collection every year and provide additional waste collection at Christmas Develop and implement a bee/pollinator action plan 	<ul style="list-style-type: none"> • • • • • • 	<ul style="list-style-type: none"> • • • • • • • 	<ul style="list-style-type: none"> • • • • • • •

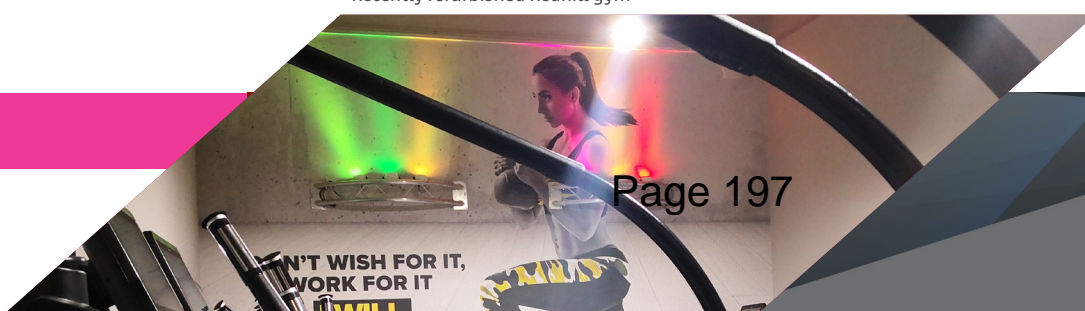
OUR PRIORITIES AND HOW WE PLAN TO ADDRESS THEM

HEALTHY LIFESTYLES

To promote the health and wellbeing of our residents

IMPROVE HEALTH AND WELLBEING AND REDUCE HEALTH INEQUALITIES	Year 1	Year 2	Year 3
<ul style="list-style-type: none"> Maintain active involvement in the County wide Health and Wellbeing board, South Nottinghamshire Integrated Care System and continue to support delivery of the approved Health and Wellbeing Plan. Review the pilot Selective Licensing Scheme and investigate new schemes in the borough Develop and roll out a 'Quality Scheme' for safe places, health and food outlets Working with key partners develop and implement a plan to address the impact of alcohol related harm in the borough 	•	•	•
	•	•	•
	•		
	•	•	
SUPPORT PHYSICALLY ACTIVE LIFESTYLES			
<ul style="list-style-type: none"> Agree and implement a range of actions to deliver the approved Sport and Physical Activity Strategy Review options for improving our Leisure facilities Develop investment opportunities into sport and physical activity outreach programmes Explore options and introduce a 'Swimming Passport' providing access & opportunity for free swimming sessions for under-16s and over 65s Explore the options and implement a 'Gedling Forces Leisure Card' for all serving and retired armed forces personnel 	•	•	•
	•		
	•	•	•
	•	•	
	•		
INCREASE RECREATIONAL ACTIVITIES			
<ul style="list-style-type: none"> Develop and implement a plan to enhance and seek external funding for existing play areas Develop and implement a plan to raise awareness of and maximise usage of our local parks, play areas and open spaces Deliver the Playing Pitch Strategy Work with target groups and community organisations to maximise investment opportunities for the Bonington Theatre and Cinema to increase attendance and improve visitor experience 	•	•	•
	•	•	•
	•	•	•
	•	•	•
REDUCE LEVELS OF LONELINESS AND ISOLATION			
<ul style="list-style-type: none"> Develop and work with key stakeholders to embed a sustainable social prescribing programme across the borough Directly support local groups to tackle loneliness and isolation Implement the action plan to deliver the Council's commitment to the Mental Health Concordat Directly work with groups to support those affected by dementia 	•	•	•
	•	•	•
	•	•	
	•	•	•

Recently refurbished Redhill gym





How we measure and manage our performance



Gedling Borough Council Civic Centre

How we manage and measure our performance

Performance Indicators

Each year Cabinet will agree the key strategic performance indicators we will measure our performance against. Service Plans will capture the key operational performance indicators for each service area.

Council Performance

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

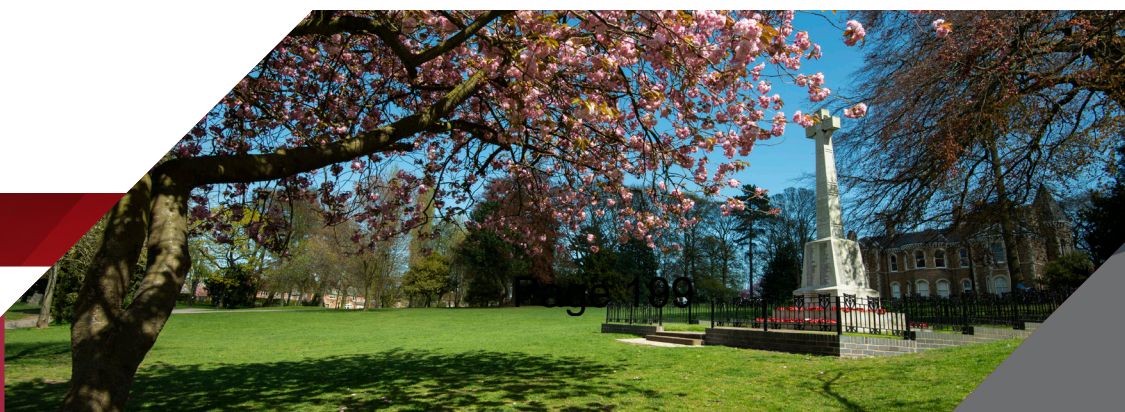
Service Performance

Service plans capture the key departmental tasks that will deliver the Gedling Plan along with details of all activities planned for each service area. Performance against the service plan is monitored by the Service Manager and reported to the Director to assess progress and make sure the service is on target.

Individual Performance

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

Arnot Hill Park



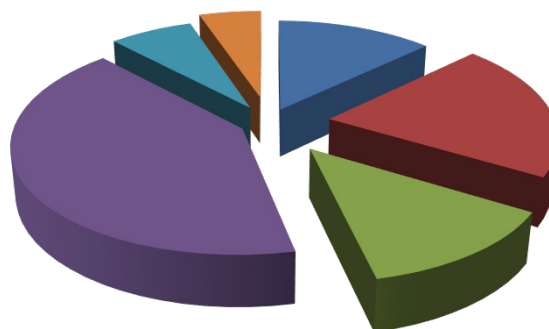
Financial Position



What we spend and how we spend it

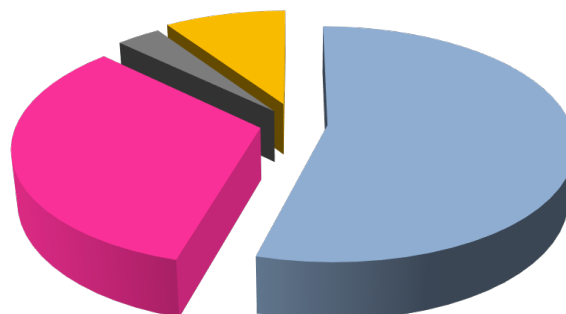
Every year we spend around £11.6 million on a wide range of services. We also administer £18 million in housing benefit payments for central government. Apart from the benefit payments we make, the main areas we spend our money on are:

Community Development	£1.5m
Housing Health and Wellbeing	£2.4m
Public Protection	£1.5m
Environment	£4.8m
Growth and Regeneration	£0.8m
Resources and Reputation	£0.6m



Where we get our money from

Council Taxpayers	£6.3m
Business Rates	£3.8m
Government Grant	£0.4m
Reserves	£1.1m



We have a long track record of delivering low cost, high quality services and our council tax charge remains lower than nearly two-thirds of other councils. The next 3 years will see us continue to face significant pressures to deliver our services with reduced funding from central government. Since 2010 our grants from the Government have been reduced by 65% making us the worst affected council in England.

Having been hit with a £5.8 million cut in money to spend on local services, the council is working hard to deliver efficiency savings to ensure our community continues to receive the high quality services it needs and deserves. Since 2014/15 the Council has approved a £6.5 million programme of efficiencies with £1.9m remaining to be delivered between 2020/21 and 2022/23. We work hard to demonstrate a balanced medium term financial plan, and our projections are that we will have a surplus on balances at 31 March 2023.

Despite the difficulties of having to find this money, there are plans for investment in the borough, including the continuing improvements to our major town centres

which will be complemented by a programme of town centre events and festivals. Works are also planned to improve the offering at several of the Council's parks and play areas, including further development at the ever popular Gedling Country Park.

Ensuring an increase in the supply of suitable housing remains a priority for the Council. We will continue to work with landlords to ensure acceptable housing standards in the private rented sector through the extension of our Selective Licencing Scheme, as well as developing our own affordable and temporary accommodation on our own sites in the borough.

We will also seek to improve the safety and cleanliness of our borough by investing in CCTV in priority hotspots, offering one free bulky waste collection for each household and supporting community based 'clean up' initiatives. We will maintain our commitment as a Plastic Clever Council and supplement that with new capital investment in Carbon Reduction initiatives and a commitment to plant at least 500 native trees every year.



Vision for the Future

Vision for the Future

By 2023 the Council will have significantly rebalanced its budget which will mean how services are delivered will change. Tough decisions regarding service delivery have already been made, following the reduction of £5.8m of government grant over the last ten years. We will continue to look at ways to further reduce the council's costs to ensure that the budget we have in place best meets the needs of our borough and the communities we serve. We will also ensure services are commercially minded and that we maximise the returns from our assets.

Going forward the Council will continue to be a key enabler of improvements to the borough. Working collaboratively with our communities, public sector partners, voluntary organisations, schools, universities and businesses we will shape services that deliver real and sustainable improvements to people's lives. This will instil a strong sense of pride for all to reduce inequalities and make Gedling a healthy borough.

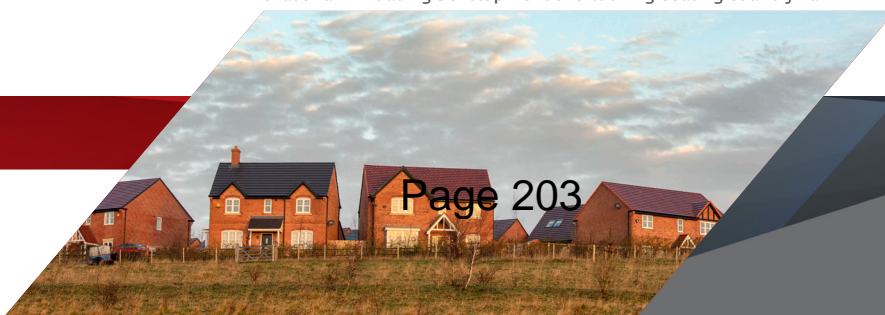
Our guiding principles regarding our use of resources and placing the customer first in all that we do will shape our future Council. We will use new technologies and ideas to deliver innovation and increase efficiency. This includes continuing to expand online services, improve processes and use data to design more intelligent ways of working.

We will continue to support national priorities around housing delivery. The borough has experienced sustainable growth, with 2,320 new homes developed since 2011, creating attractive locations in many areas previously in need of regeneration. A key priority for the Council is to boost the supply of new homes, to provide good quality homes to rent, to reduce homelessness, and to tackle the housing waiting list, with a further 4,930 new homes planned by 2028.

Improved transport connectivity is vital to the borough, and we aspire to see an extension of the Nottingham tram into Gedling, and a fourth road crossing built across the River Trent. We also expect our communities to see the roll-out of high speed broadband and high quality mobile connectivity across the borough. The Council will continue to invest in our town centres to improve their vitality and viability for future generations to enjoy.

The new Environment Bill will pose some difficult challenges for all local authorities to deliver, but Gedling is committed to becoming carbon neutral by 2030. This will include examination of our own operations, the collection and recycling of waste streams across the borough, and the development of new communities and neighbourhoods which embrace the highest design and environmental standards.

Chase Farm Housing Development overlooking Gedling Country Park





View from Gedling Country Park



gedlingborough



gedlingbc



@gedlingbc

Tel: 0115 901 3901

www.gedling.gov.uk
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Report to Council

Subject: Council Tax 2021/22

Date: 4 March 2021

Author: Leader of the Council

Wards Affected

Borough wide.

Purpose

This report summarises the Council's General Fund Revenue Budget for 2021/22. The report also includes information about the Council's external funding support, and sets out the basis from which decisions can be made regarding the Council Tax level for 2021/22.

Key Decision

This **is** a key decision.

Recommendations:

That:

- (1) Members determine the application of fund balances, or the level of contributions to balances.
- (2) Members approve the calculations for 2021/22 required by sections 31 to 36 of the Local Government Finance Act 1992 and the amounts set as Council Tax for each category of dwelling.

1. Background

The Council Tax Process

- 1.1 The Council Tax is a tax on property, with personal elements in the form of discounts for dwellings with fewer than two relevant residents, and reductions awarded under the approved Council Tax Reduction Scheme. All dwellings are listed in one of eight valuation Bands. The headline Council Tax is calculated for a Band D property and the tax for each of the remaining bands is calculated as a proportion of this amount. The lowest, Band A, is two thirds of Band D and the highest, Band H, is twice Band D and three times Band A. The proportions are therefore:

Band A 6/9	Band E 11/9
Band B 7/9	Band F 13/9
Band C 8/9	Band G 15/9
Band D 9/9	Band H 18/9

- 1.2 The Council and its Members have several legal duties when making decisions in relation to the revenue budget and the Council Tax. The Council must:
- Act in accordance with its statutory duties and responsibilities;
 - Act reasonably;
 - Not act in breach of its fiduciary duty to its Ratepayers and Council Taxpayers.
- 1.3 As part of the Budget and the Council Tax setting process, the Council is required by the Localism Act 2011 to calculate its Council Tax Requirement for the year. These calculations must be made before 11 March (ie. by midnight on 10 March) although they are not invalid merely because they are made on or after this date. However, until the calculations are made, any attempt to set the Council Tax will be treated as null and void. The Council has a clear legal duty to set a Council Tax and a resolution not to do so would be unlawful, being in breach of Section 30 of the Local Government Finance Act 1992. Similarly, a resolution to set a Council Tax that deliberately did not balance the various calculations would also be unlawful.
- 1.4 The final stage of the Council Tax setting process is for the Council as billing authority to set the overall Council Tax for each Band. Whereas the billing authority and major preceptors each calculate their own budget requirements, basic amounts and the amounts of each Band, the setting of the Council Tax is solely the responsibility of Gedling Borough Council as billing authority.
- 1.5 Formal notification of precept requirement has not yet been received from the Combined Fire & Rescue Authority or from Nottinghamshire County Council. Further details are provided below at paragraphs 2.5.6 and 2.5.7

and final information will be given at the meeting. Amounts in respect of parish precepts are also shown below at paragraph 2.5.8.

Settlement

- 1.6 As reported to Cabinet on 11 February 2021, the Government announced on 21 October that the planned 2020 Comprehensive Spending Review (CSR) originally launched in order to set government department budgets for 2021/22 to 2023/24 would not be implemented, and instead another one-year spending review would be completed.
- 1.7 The ongoing delays to the CSR and the consequent one-year settlement, together with the ongoing deferral of other local government finance reforms such as the Fair Funding Review and the move to 75% Business Rates Retention, mean that councils still have no clarity or certainty of how services will be funded beyond March 2022. This presents huge challenges, inhibiting meaningful financial planning and the development of a sustainable medium term financial plan. This is further exacerbated by uncertainty arising from Covid-19 in terms of ongoing budget pressures, both additional costs and income losses, and how they will be financed.
- 1.8 The Council's Settlement Funding Assessment (SFA) for 2021/22 totals £3,076,400 represented wholly by estimated retained business rates. The final settlement was approved in Parliament on 10 February 2021. The SFA represents a nil cash increase on the comparative figure for 2020/21.
- 1.9 The cumulative settlement reduction over the 2016/17 to 2021/22 spending review periods equates to 37.7%, or £1.86m in cash terms, when compared to the 2015/16 base position. The total reduction in settlement when compared to the amount received in 2010/11 will be 65%, or £5.8m, by 2021/22. Settlement now accounts for 26% of Gedling's net budget, compared to 60% in 2010/11.

New Homes Bonus

- 1.10 The New Homes Bonus (NHB) was introduced in 2011/12 and is funded from the centrally retained share of Business Rates income. It is paid as a separate non ring-fenced grant, which is not part of the SFA. When it was introduced, NHB was intended to be a predictable, permanent and enduring feature of local government funding. The principle is to reward authorities for each new property completed within their boundary, and to offer an additional reward for returning empty properties back into use.
- 1.11 During 2016/17, the Government made changes to NHB with the aim of delivering savings to fund pressures in social care. Changes included a reduction in the length of time for which NHB is paid, from six years to four years. A baseline growth threshold of 0.4% was also introduced,

recognising that some housing would be built regardless of NHB. Councils now need to achieve growth **greater** than 0.4% in a year before **any** NHB is receivable for that year. MHCLG originally planned to undertake a consultation on the future of the housing incentive in the spring of 2020, however this did not proceed due to Covid-19. The Government has confirmed that NHB will continue for 2021/22 on the same basis as 2020/21, with no change to the way it is calculated, and again paid for one year only.

- 1.12 Between October 2019 and October 2020 housing growth in Gedling was 142 band D equivalent homes, equivalent to 0.3% growth. This is below the national baseline of 0.4% and NHB has been confirmed at zero for 2021/22. The Council does receive the affordable homes premium based on a growth of 8 units in the period, which amounts to £2,200 and will be paid for one year. The impact of this on the 2021/22 budget when combined with the fallout of previous years' awards is an overall reduction in grant of £277,000 when compared to 2020/21. NHB has reduced by £2.294m when compared to 2016/17.
- 1.13 There remains much uncertainty around the future of the NHB scheme. It is likely that NHB will be considered in the context of the Fair Funding Review, and may even be removed as part of the next CSR. It is considered prudent for medium term financial planning to assume that there will be zero NHB awards available to support revenue financing going forward.

Lower Tier Services Grant

- 1.14 A new un-ringfenced Lower Tier Services Grant was announced as part of the provisional local government settlement for 2021/22, based on a two-fold methodology. The first part is allocated to all lower tier authorities on the basis of the 2013/14 SFA as the best available assessment of relative needs, and for Gedling equates to £131,000. The second part is minimum floor funding to ensure that no authority sees an annual reduction in its core spending power. For Gedling this is zero.

Core Spending Power

- 1.15 The Government forecasts the Council's cumulative reduction in overall core spending power, which includes SFA, NHB, Lower Tier Services Grant, and council tax receipts (assumed at the maximum possible increases which is a local decision), to be 20.2% by 2021/22 when compared to 2015/16, **making Gedling the worst affected council in England for the second year running**. This is despite an increase in core spending power of 1.4% in 2021/22, which is 3.1% **below** the average announced for the local government sector as a whole.

Covid-19 Funding Support Package

1.16 Alongside the Local Government Financial Settlement the Government published proposals for a Covid-19 support package to provide four un-ringfenced grants:

- Covid-19 pressures grant – to cover all related budget pressures in 2021/22, distributed on the basis of the Covid relative needs formula. Gedling has been allocated £534,700;
- Local council tax support grant – to meet the additional costs of the local Council Tax Reduction Scheme (CTRS). The indicative allocation for Gedling is £117,700 which is expected to broadly cover the costs, based on the current estimates for increased caseload;
- Local Tax income guarantee for 2020/21 losses - funding to compensate for 75% of irrecoverable losses in council tax and business rates income in respect of 2020/21. Funding will be based on comparisons of expected income prior to Covid-19 and actual collection and is currently estimated to be £718,000;
- Sales, fees and charges (SFC) compensation scheme - an extension of the current scheme to cover 75% (after accounting first for a 5% deduction of budgeted income) of irrecoverable income losses for the first 3 months of 2021/22.

The Council's response to the consultation on the Covid-19 Funding Package asked Government to consider the ongoing impact of the pandemic, and to extend its support in response to the changing circumstances – in particular in respect of the SFC scheme to extend it beyond 3 months.

Referendum Limit

1.17 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 an increase above the Government set limit this will trigger a referendum so that local voters can either support or reject the proposed rise. The referendum limit for 2021/22 for all shire districts has been set at a 2% or £5 increase, whichever is greater. Any council which sets an increase greater than this, and does not get support from the electorate via the referendum, will have to revert to a council tax level that is compliant, and bear the cost of re-billing its residents.

Consultations on local government financing from 2022/23

1.18 Alongside the local government finance settlement in 2018/19 the Government issued a consultation on the implementation of a "Fair Funding Review" planned for April 2020. This was delayed for a year due to Brexit

and has now been delayed for a second year due to Covid-19. It is now expected that the review will be relaunched, with a conclusion expected in time for the next CSR in 2021. The objective of the Fair Funding Review is to deliver a sustainable funding allocation formula for local government.

- 1.19 The government recognises that introducing such a new needs and resources formula could result in significant changes to the funding baselines of some local authorities and it is therefore intended to introduce transitional arrangements that are fair, transparent and easily understood. The consultation process proposes that the starting baseline for the purpose of transition will be the current funding available to each authority, which should mean that no authority will see a reduction in its funding in the first instance as a result of the new system. Gedling will take an active part in the consultation process to ensure that its position is understood and its views are represented.
- 1.20 The Government has also stated that it will revisit the priorities for the reform of business rates, and in the summer of 2020 HM Treasury launched a consultation “Fundamental Review of Business Rates: Call for Evidence”. This sought views from stakeholders on how the business rates system currently works, issues to be addressed, ideas for change, and a number of alternative taxes. It was announced as part of the 2020 spending review that there would be no reset of the business rates baseline for 2021/22, which provided some funding certainty for the year ahead. The Government will work to seek a new consensus for broader reforms to local government, including the business rates reset, and it is unclear where this leaves proposals for increasing business rates retention, which intended to increase the current 50% retention initially to 75% and then to 100%.

2. Proposal

2.1 Proposed Portfolio Budget 2021/22

The proposed budgets for 2021/22, as recommended by Cabinet on 11 February 2021, are summarised in the following table:

Portfolio:	£
Community Development	1,409,700
Housing, Health and Wellbeing	3,098,700
Public Protection	1,362,400
Environment	4,749,400
Growth and Regeneration	780,900
Resources and Reputation	1,503,800
Net Portfolio Budget 2021/22	12,904,900
Transfer to/(from) Earmarked Reserves	(1,250,600)
Net Council Budget 2021/22	11,654,300

2.2 **Consultation with Non-Domestic Ratepayers**

In accordance with Section 65 of the Local Government Finance Act 1992, consultation with representatives of Non-Domestic Ratepayers has been undertaken. No responses were received by the end of the consultation period.

2.3 **The General Fund Balance**

The General Fund balance at 1 April 2021 is estimated to be £7,374,300, however this includes £4,621,000 of S31 grants received in 2020/21 specifically relating to the 2020/21 NDR deficit, which will be accounted for in 2021/22.

If a Council Tax increase of £5 is approved, a further contribution from balances of £354,600 will be required in 2021/22. This will allow prudent provision for the support of General Fund expenditure in the medium term. Members will need to consider the use of balances when determining the Council Tax for 2021/22.

2.4 **Robustness of Estimates**

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

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

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

The key strategic risks in considering the 2021/22 revenue budget proposals and Capital Programme in the context of the Medium Term Financial Plan were reported to Cabinet on 11 February 2021, and are also detailed in paragraphs 2.4.2 to 2.4.8 below.

2.4.2 Financial Settlement/Funding Streams

The planned 2019 Comprehensive Spending Review was deferred due to Brexit, and the subsequently planned 2020 Comprehensive Spending Review was deferred due to the Covid-19 pandemic, resulting in a second, one year only Local Government Finance Settlement. The deferral of the CSR for 2 years has had a knock on impact onto the timing of the planned local government finance reforms ie. Fair Funding Review and Business Rates Retention, with these also being deferred. This means that councils still have no clarity or certainty of how services will be funded beyond next year which presents incredible challenges, inhibiting meaningful financial planning and the development of a sustainable medium term financial plan. This is further exacerbated by the uncertainties resulting from Covid-19 in terms of ongoing budget pressures and how they will be financed.

Prior to the announced deferral of the 2020 Comprehensive Spending Review, in March the Treasury indicated that the Spending Review envelope would be less generous than the 2020/21 spending round and that the Chancellor would increase funds for the NHS but for few other areas. In launching the Spending Review, he was clear that given the impact on the economy there would need to be tough choices in other areas of spending, asking departments to identify opportunities to reprioritise and deliver savings, indicating that there would be no significant increase in funding. Whilst ultimately the 2020 Spending Round announced a 4.5% real terms increase in Core Spending Power for the local government sector in 2021/22, this has not applied to Gedling which only reported a 1.4% cash (ie. not real terms) increase. There is also no commitment to full funding for Covid-19 related pressures. 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 / Fair Funding Review: The extension of the business rates retention scheme and implementation of the Fair Funding Review was planned for 2020/21 but this has now been delayed for a second year until 2022/23. This is to coincide with the next Spending Review period, with announcements on wider local government finance reforms expected in time for the Local Government Finance Settlement

2022/23. The Government continues to pilot the 100% business rates retention scheme, but has not introduced any new pilots in 2021/22.

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: paragraphs 1.10 to 1.13 above identify 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 significantly reduced awards since 2016/17.

In line with the one-year only local government finance settlement, the NHB award has continued on a one-year only basis for 2021/22. Previously the government has stated that it is no longer clear that the NHB in its current form is focussed on incentivising homes where they are needed most, and that it plans to consult on the future of the housing incentive in the spring - which has been deferred due to Covid-19. Following the consultation process it is likely that the future of NHB will be considered in the context of the Fair Funding Review, and may even be removed as part of the 2021 Comprehensive Spending Review.

Whilst there may still be an opportunity to receive NHB in the future, it is considered that there is a significant downside risk to this arising and it is not prudent to rely on this funding stream to support the revenue budget. This risk came to fruition for 2021/22 as Gedling received a zero award because growth was below the threshold. Therefore, the MTFP assumes future payments will be zero. In the event that the Council does receive some NHB in the future, this will be used to support projects or be transferred to balances to support future budget setting.

Council Tax: The Government's Core Spending Power figures are based on the assumption that Council Tax will be increased by 2% or £5 per annum whichever is greater. The figures also assume that growth in the tax base will recover from the adverse impact of Covid due to the increased Council Tax Reduction Scheme caseload, and will increase 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 increase will be applied between 2021/22 and 2025/26 but the actual increase will be determined on an annual basis by Council. In the absence of additional ongoing funding in the local government finance settlement, any Council Tax increase below the £5 will require an increase in the efficiency/budget reduction targets to ensure that a balanced MTFP is secured.

Covid-19: There remains a significant amount of uncertainty and risk around the financial impact of Covid-19 in the medium term. This is in respect of the ongoing response work that may be required, increased demand pressures arising from the economic downturn, eg. increased business closures and unemployment, and the ongoing impact on income for Council services, eg. leisure, and local tax collection reductions. There remains a risk that the financial impact of Covid-19 is higher than estimated, and in the absence of additional government funding, this will need to be met from an increase in savings, or budget reductions, in other Council services.

Economic Growth & Inflation: The Chancellor announced that there would be no autumn budget and a one year only spending review for 2020 to enable a focus on managing the Covid-19 pandemic. Covid-19 has had a major adverse impact on the economy and the related ongoing uncertainty creates major challenges for economic forecasting. With effective vaccines the economic outlook is improved which may allow GDP to rise back to pre-pandemic levels late in 2022, a year earlier than expected and meaning that unemployment might peak at 7% in 2021 rather than 9%. The final Brexit trade agreement was reached in December 2020 eliminating a significant downside risk for the UK economy. There is further work to be done on to reach a permanent agreement in respect of the services sector. Without a multi-year settlement or an understanding of what the Fair Funding Review or business rates retention will bring, any future pressure arising from an economic downturn eg. business closures and additional support for the vulnerable, would need to be managed within local resources ie. from further budget reductions or efficiencies.

Inflation has been incorporated into the MTFP, including a pay award. The Chancellor removed the 1% public sector pay cap in 2018/19 and since then pay increases equated to an average 3% for 2018/19, 3.1% for 2019/20 and 2.75% in 2020/21. These increases still do not represent a

real terms increase at a level that recovers the pay freezes experienced through the previous years of austerity. The Chancellor has announced a 2021/22 pay freeze for public sector workers earning above £24,000 pa and 1% for those earning less (excluding NHS staff). The Local Government pay award is not determined by Central Government and is subject to separate negotiation. Whilst the Central Government pay award usually indicates similar restraint in local government these are not normal times and with the Government's target for inflation remaining at 2% for the MTFP period, it is considered prudent to retain this as the pay award forecast. However, given the uncertainties in the economy present there is an upside financial risk that future awards could be lower than 2% if a period of public sector austerity ensues and is reflected in local government finance reforms and Settlement.

- 2.4.3 A minimum balance of £1m 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.
- 2.4.4 The surplus or deficit on balances in the MTFP shows amounts above or below the recommended minimum General Fund balance in any one year. Current spending plans show a surplus of £1,398,700 in 2021/22, declining to £1,800 by the end of 2025/26. Achievement of this position is reliant upon efficiency plans being progressed and delivered during the period of the MTFP or additional funding being made available. 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/savings 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. Risk provisions and transformation funds (which mitigate the risk of non-delivery) have previously been approved, and in general, the delivery of the programme has gone well. Recently however, difficulties have been experienced, particularly with regard to projects that contain uncertainties inherent in more innovative commercial approaches, and with the impact of Covid-19, which presents an increasing downside risk to successful delivery. Programmes are regularly monitored and progress reported to Cabinet to manage this risk, and new efficiency proposals are recommended to ensure this downside risk is effectively managed.

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

as 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.

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

Reduced maintenance budgets: these 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. Increased public building maintenance budgets have been included in the capital budget proposals to mitigate this risk;

Earmarked reserves: reserves for specific purposes and 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 and transfer costs in respect of the move of rent allowance payments to the Universal Credit system, which has again been delayed.

- 2.4.6 The Council 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 families initiatives, homelessness and those with specialist housing need.

- 2.4.7 There is an increased risk arising from these assumptions and it has been necessary to increase minimum balances to £1m from 7.5% of net projected expenditure (approximately £850,000). 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.

- 2.4.8 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.

2.5 **Council Tax 2021/22**

2.5.1 **Tax Base**

The Council's overall tax-base was determined by the Portfolio-holder for Resources and Reputation on 5 January 2021 as 37,389.96. The tax-base for each parish is given below at paragraph 2.5.8.

2.5.2 **Local Government Finance Settlement**

Final Settlement Funding Assessment (SFA) figures are summarised below. This level of support is not dependent on a particular level of expenditure.

Funding Stream:	£
Revenue Support Grant	0
Business Rates - Baseline Funding Level	3,076,400
Settlement Funding Assessment (SFA) excl NHB	3,076,400

2.5.3 **The Collection Fund**

The Collection Fund continues to operate for Council Tax requirements, and following the introduction of the Business Rates Retention regime on 1 April 2013, also for Non Domestic Rates (NDR).

A Council Tax deficit of £514,984 was declared on 15 January 2021 for the estimated position at 31 March 2021. This was net of a spreading adjustment of £414,305, which is required by regulations brought into force on 1 December 2020. The spreading adjustment represents 2/3 of the in-year deficit of £621,457, which is largely due to the impact of Covid-19, and ensures that the full impact of the exceptional deficit does not fall on a single year's accounts.

The deficit of £514,984 will be split as follows:

Proportionate Share – Council Tax:	£
Nottinghamshire County Council 75.484%	388,731
Nottinghamshire Police & Crime Commissioner 11.277%	58,076
Gedling Borough Council 9.238%	47,572
Combined Fire & Rescue Authority 4.001%	20,605
Total declared DEFICIT – Council Tax	514,984

An NDR deficit of £12,134,998 was declared on 31 January 2021 for the estimated position at 31 March 2021, however this is mitigated by estimated additional S31 grant of £11,552,560 paid to the General Fund in 2020/21 in respect of expanded retail and nursery reliefs due to Covid-19. As with Council Tax above, the declared deficit is also net of a spreading adjustment to ensure that the full impact of the exceptional deficit does not fall on a single year's accounts.

Proportionate Share - NDR:	£
Central Government 50%	6,067,499
Gedling Borough Council 40%	4,853,999
Nottinghamshire County Council 9%	1,092,150
Combined Fire & Rescue Authority 1%	121,350
Total declared DEFICIT – as NDR1 2021/22	12,134,998

For information, Gedling's share of the net declared deficit excluding the S31 impact is £232,975.

The impact of both the collection fund deficits are included in the Medium Term Financial Plan.

2.5.4 Gedling Borough Council – Council Tax 2021/22

Cabinet have recommended a net budget of £11,654,300 and a Council Tax increase of £5 (2.97%) for 2021/22. The summary of the proposed budget and the amount to be raised by Council Tax of £6,471,100 is detailed in the table below, together with the estimated position on the General Fund Balances:

Budget 2021/22:	£
Total Portfolio Budget:	11,654,300
Less:	
Settlement Funding Assessment (SFA)	(3,076,400)
Lower Tier Support Grant	(131,000)
New Homes Bonus Current	(2,200)
New Homes Bonus Legacy	(104,300)
Council Tax deficit declared 15 Jan 2021	47,600
Council Tax income loss compensation	(60,900)
NDR growth, renewables, & NDR collection fund deficit	(726,800)
NDR income loss compensation	(656,900)
CTRS Support	(117,700)
Contribution from balances in the year	(354,600)
COUNCIL TAX REQUIREMENT 2021/22	6,471,100
General Fund Balance:	
Estimated General Fund Balance at 1 April 2021	7,374,300
Transferred from balances during 2021/22 to fund NDR deficit (additional S31 grant received in 2020/21)	(4,621,000)
Transferred from balances during 2021/22 to support General Fund expenditure	(354,600)
ESTIMATED GENERAL FUND BALANCE AT 1 APRIL 2022	2,398,700
Minimum required General Fund balance at 1 April 2022	1,000,000

Gedling Borough Council's proposed Council Tax of £173.07 is calculated by dividing the amount to be raised through the Council Tax (£6,471,100) by the tax base (37,389.96). This produces an amount per Band D property.

2.5.5 Nottinghamshire Police and Crime Commissioner

Formal notification of precept has been received from the Nottinghamshire Police and Crime Commissioner, following the meeting of the Police and Crime Panel on Thursday 4 February 2021. The Council Tax will rise by £14.94 (6.51%), which produces an amount per Band D property of £244.26.

2.5.6 Combined Fire & Rescue Authority

The Combined Fire Authority will meet on Friday 26 February 2021. Current indications are that its Council Tax will rise by 1.95% and further information will be given to Council at the meeting.

2.5.7 Nottinghamshire County Council

Nottinghamshire County Council will meet on Thursday 25 February 2021. Current indications are that its Council Tax will rise by 2.99%, including an additional 1% permitted for adult social care, and further information will be given to Council at the meeting.

2.5.8 Parish Precepts

Parish Councils are required to give formal notice of their precept requirements for 2021/22 by 1 March 2021. Formal notification has been received from all the parishes and their requirements are detailed in the table below. Parish precepts total £751,302 an increase of 1.59% on those declared for 2020/21.

Parish:	Tax Base 2021/22	Precept 2021/22	Band D 2021/22	Band D 2020/21	+/- £	+/- %
		£	£	£		
Bestwood Village	637.76	25,000	39.20	40.12	-0.92	-2.3
Burton Joyce	1,509.80	188,709	124.99	119.15	+5.84	+4.9
Calverton	2,214.52	210,403	95.01	94.07	+0.94	+1.0
Colwick	859.57	20,000	23.27	25.21	-1.94	-7.7
Lambley	510.93	16,550	32.39	33.35	-0.96	-2.9
Linby	326.86	18,438	56.41	63.32	-6.91	-10.9
Newstead	361.60	15,739	43.53	43.53	Nil	0.0
Papplewick	270.81	12,529	46.26	46.25	+0.01	0.0
Ravenshead	2,740.55	139,810	51.02	49.96	+1.06	+2.1
St Albans	928.08	28,269	30.46	30.46	Nil	0.0
Stoke Bardolph	237.13	1,060	4.47	5.27	-0.80	-15.2
Woodborough	931.58	74,795	80.29	79.49	+0.80	+1.0
Unparished	25,860.77	751,302				
Total Tax Base	37,389.96					

Percentage movements may on occasion appear excessive; however, Members should note that where precepts are small, modest monetary increases can result in significant percentage changes. There is no referendum limit set for parish councils for 2021/22 by central government.

3. Alternative Options

Had Cabinet chosen not to recommend a budget to Council this would have been in contravention of the Council's constitution and would not be in compliance with the Local Government Finance Act 1992.

Recommending an alternative budget may alter the level of recommended Council Tax for 2021/22.

4. Financial Implications

All financial implications are discussed within the report.

5. Legal Implications

Under the Local Government Finance Act 1992 (as amended by the Localism Act 2011), local authorities must set a council tax that takes into account its budget requirement, and any authority proposing an excessive increase in council tax must hold a local referendum and obtain a "yes" vote before implementing the increase. An authority proposing an excessive increase must also make substitute calculations, based on a non-excessive council tax level. This takes effect if the excessive increase is rejected in the referendum. Accordingly, authorities must raise their charge by less than the threshold to avoid a referendum.

Council tax setting legally requires a recorded vote.

6. Equalities Implications

There are no equalities implications arising from this report.

7. Carbon Reduction / Environmental Sustainability Implications

There are no carbon reduction / environmental sustainability implications arising from this report.

8. Appendices

None

9. Background Papers

- MHCLG Settlement report - Local Government Finance in England 2021/22;
- Prudential Indicators and Treasury Management Strategy Statement (TMSS) 2021/22;
- Capital Programme and Capital Investment Strategy 2021/22 to 2025/26;
- General Fund Revenue Budget 2021/22;
- Gedling Plan 2021/22;
- Precept notifications 2021/22.

10. Reasons for Recommendations

To set the Council Tax for 2021/22 and comply with the requirements of the Local Government Finance Act 1992.

Statutory Officer approval:

Approved by: Chief Financial Officer

Date: 24.02.21

Approved by: Monitoring Officer

Date: 24.02.21