



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

Agenda

Council

Date: **Thursday 2 March 2023**

Time: **6.00 pm**

Place: **Council Chamber**

For any further information please contact:

Democratic Services

committees@gedling.gov.uk

0115 901 3844

Council

Membership

Mayor Councillor Peter Barnes

Deputy Mayor Councillor Julie Najuk

Councillor Michael Adams	Councillor Helen Greensmith
Councillor Sandra Barnes	Councillor Jenny Hollingsworth
Councillor Chris Barnfather	Councillor Mike Hope
Councillor Pat Bosworth	Councillor Rosa Keneally
Councillor Michael Boyle	Councillor Meredith Lawrence
Councillor Nicki Brooks	Councillor Ron McCrossen
Councillor John Clarke	Councillor Viv McCrossen
Councillor Liz Clunie	Councillor Barbara Miller
Councillor Bob Collis	Councillor Marje Paling
Councillor Jim Creamer	Councillor John Parr
Councillor Andrew Dunkin	Councillor Michael Payne
Councillor Boyd Elliott	Councillor Lynda Pearson
Councillor David Ellis	Councillor Alex Scroggie
Councillor Rachael Ellis	Councillor Martin Smith
Councillor Roxanne Ellis	Councillor Sam Smith
Councillor Andrew Ellwood	Councillor Clive Towsey-Hinton
Councillor Paul Feeney	Councillor John Truscott
Councillor Kathryn Fox	Councillor Henry Wheeler
Councillor Des Gibbons	Councillor Paul Wilkinson

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SUMMONS

A meeting of the Borough Council will be held on Thursday 2 March 2023 at 6.00 pm to transact the business as set out below



Mike Hill
Chief Executive

AGENDA

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- 1 Thought for the day
- 2 Apologies for absence
- 3 Declaration of interests
- 4 To consider, and if approved, adopt the recommendations of Cabinet dated 16 February 2023 and set the Council Tax for the year ending 31 March 2024
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2023/24

Report of the Democratic Services Manager



Report to Cabinet

Subject: Prudential and Treasury Indicators and Treasury Management Strategy Statement (TMSS) 2023/24

Date: 16 February 2023

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 2023/24, for referral to Full Council on 2 March 2023.

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 (TMSS) 2023/24, which includes the key elements below, and refer it to Full Council on 2 March 2023 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 2023/24 to 2025/26 (Appendix 1);
 - e. Treasury Indicators including affordability limits to borrowing for 2023/24 to 2025/26 (Appendix 1).
2. Note the indicative Prudential Indicators for 2026/27 and 2027/28 (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.

- 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

- 1.2.1 CIPFA published the updated Treasury Management and Prudential Codes on 20 December 2021. CIPFA stated that, after a soft introduction of the Codes, local authorities are expected to fully implement the required reporting changes within their TMSS reports from 2023/24.

The Department for Levelling Up, Housing and Communities (DLUHC) is proposing to tighten up regulations around local authorities financing capital expenditure on investments in commercial projects for yield and has already closed access to all Public Works Loan Board (PWLB) borrowing if such schemes are included in an authority's capital programme. The new CIPFA codes have adopted a similar outlook to discourage further capital expenditure on commercial investments for yield.

However, this does not mean that local authorities may not currently have the legal powers to undertake such capital expenditure despite such guidance and regulation, but each authority should take its own legal advice on such matters before proceeding.

The main objective of the updated Treasury Management and Prudential Codes was to respond to the major expansion of local authority investment activity in recent years on the purchase of non-financial investments, particularly property. The Codes require a local authority to:

- define its risk appetite and its governance processes for managing risk;
- set out, at a high level, its investment policy in relation to environmental, social and governance aspects;
- adopt a new liability benchmark treasury indicator to support the risk management of the capital financing requirement (CFR); this is to be shown in chart form for a minimum of ten years, with material differences between the liability benchmark and actual loans to be explained;
- ensure it does not borrow to finance capital expenditure to invest primarily for commercial return;
- ensure that increases in the CFR and borrowing are undertaken solely for purposes directly and primarily related to the functions of the authority; where any financial returns are related to the financial viability of the project in question, they should be incidental to its primary purpose;
- conduct an annual review to evaluate whether commercial investments should be sold to release funds to finance new capital expenditure or refinance maturing debt;
- ensure its capital plans and investment plans are affordable and proportionate;
- ensure all borrowing and other long-term liabilities are within prudent and sustainable levels;
- ensure risks associated with commercial investments are proportionate to overall financial capacity in order to sustain losses;
- ensure that treasury management decisions are made in accordance with good professional practice;

- ensure that reporting to Members is conducted quarterly, including updates of prudential indicators;
- assess the risks and rewards of significant investments over the long-term as opposed to the usual three to five years that most local authority financial planning has been conducted over to ensure the financial sustainability of the authority;
- ensure it has access to the appropriate level of expertise to be able to operate safely in all areas of investment and capital expenditure and to involve Members adequately in making properly informed decisions on such investments.

In addition, all investments and investment income must be attributed to one of the following three purposes:

- Treasury Management

Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

- Service Delivery

Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".

- Commercial Return

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to a council's financial capacity – ie. that "plausible losses" could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

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 reported separately, but its purpose and content is summarised below for completeness.

1.2.2 Capital Strategy

The CIPFA 2021 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.

Members are advised that whilst the Council does not currently have a Commercial Property Investment Strategy (CPIS) 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.

1.2.3 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.

1.2.4 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.

In addition to the three major reports detailed above, from 2023/24 quarterly reporting (at 30 June and 31 December) is also required. However, these additional reports do not have to be reported to Council but do need to be adequately scrutinised. This role is undertaken by Cabinet.

1.3 **Treasury Management Strategy for 2023/24**

The treasury management strategy for 2023/24 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, DLUHC Investment Guidance, DLUHC MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

1.4 Training

The CIPFA Treasury Management 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.

Pages 47 and 48 of the Treasury Management Code state that they expect “all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making.

The scale and nature of this will depend on the size and complexity of the organisation’s treasury management needs. Organisations should consider how to assess whether treasury management staff and board/ council members have the required knowledge and skills to undertake their roles and whether they have been able to maintain those skills and keep them up to date.

As a minimum, authorities should carry out the following to monitor and review knowledge and skills:

- Record attendance at training and ensure action is taken where poor attendance is identified.
- Prepare tailored learning plans for treasury management officers and board/council members.
- Require treasury management officers and board/council members to undertake self-assessment against the required competencies (as set out in the schedule that may be adopted by the organisation).
- Have regular communication with officers and board/council members, encouraging them to highlight training needs on an ongoing basis.”

The Chief Financial Officer will arrange training for Members as required. The Council’s Treasury Management advisers, Link Asset Services (LAS), also

provide more detailed training sessions for Members as appropriate, and it is currently intended that such training will be arranged during 2023/24.

The training needs of officers involved with Treasury Management are reviewed periodically. A formal record of the training received by these officers will be maintained by the Chief Financial Officer. Similarly, a formal record of the treasury management/capital finance training received by Members will be maintained by Democratic Services.

1.5 Treasury Management Consultants

The Council uses Link Asset Services (LAS) as its external 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.

2.1 The Capital Prudential Indicators 2023/24 to 2025/26

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 2023/24 to 2025/26 are attached at Appendix 1 and these must be referred to Full Council for approval in accordance with the regulations.

Indicative indicators for 2026/27 and 2027/28 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 and Financing

The indicator includes a summary of the proposed capital expenditure plans for 2023/24 to 2025/26, including both those schemes agreed previously and those forming part of this budget cycle. The Capital Programme includes only “service-related” expenditure.

Capital Expenditure:	2023/24 Estimate £000s	2024/25 Estimate £000s	2025/26 Estimate £000s
Service Investment	6,928.1	3,624.7	2,554.0
Total Capital Expenditure	6,928.1	3,624.7	2,554.0

The table below analyses the capital expenditure plans by portfolio.

Portfolio Capital Expenditure:	2023/24 Estimate £000s	2024/25 Estimate £000s	2025/26 Estimate £000s
Environment	3,712.4	2,364.0	2,124.0
Sustainable Growth and Economy	125.7	830.7	0.0
Corporate Resources and Performance	3,090.0	260.0	260.0
Total Capital Expenditure	6,928.1	3,624.7	2,554.0

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:	2023/24 Estimate £000s	2024/25 Estimate £000s	2025/26 Estimate £000s
Capital Expenditure (above):	6,928.1	3,624.7	2,554.0
Financed by:			
Capital receipts	610.9	50.0	50.0
Capital grants & contributions	1,999.6	2,525.7	1,200.0
S106 & CIL	0.0	0.0	0.0
Direct Revenue Financing	21.0	0.0	0.0
Net Borrowing Need	4,296.6	1,049.0	1,304.0

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. 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)	2023/24 Estimate £000s	2024/25 Estimate £000s	2025/26 Estimate £000s
Closing CFR:	17,161.8	17,182.8	17,341.4
Movement in CFR within the year	+3,502.5	+21.0	+158.6
Represented by:			
Net financing need	+4,296.6	+1,049.0	+1,304.0
MRP	-794.1	-1,028.0	-1,145.4
Movement in CFR within the year	+3,502.5	+21.0	+158.6

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 36% 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:	2023/24 Estimate £000s	2024/25 Estimate £000s	2025/26 Estimate £000s
Estimated closing Long Term Assets: (Property, Plant, Equipment & Investment Assets)	51,387	53,182	55,166
Closing CFR (above)	17,161.8	17,182.8	17,341.4
Gearing Ratio	32%	31%	31%

2.1.3 Liability Benchmark

A fourth and new prudential indicator for 2023/24 is the Liability Benchmark (LB). The Council is required, as a minimum, to estimate and measure the LB for the forthcoming financial year and the two following financial years.

There are four components to the LB:

- Existing Loan Debt Outstanding – The Council’s existing loans that are still outstanding in future years
- Loans CFR – Calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP
- Net Loans Requirement – The Council’s gross loan debt less treasury management investments at the last financial year end, projected into the future and based on approved prudential borrowing, planned MRP and any other major cash flow forecasts.
- Liability Benchmark (or Gross Loans Requirement) – The net loans requirement plus a short-term liquidity allowance.

The Council’s estimated liability benchmark is as follows:

	2023/24 £	2024/25 £	2025/26 £
Liability Benchmark	-2,285,282	-2,051,853	-3,002,293

The estimated liability benchmark is a negative figure due to the Council’s investments exceeding its borrowings over the period shown.

2.1.4 Other Capital Affordability Prudential Indicators

Sections 2.1.1, 2.1.2 and 2.1.3 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 ratio 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.

Financing costs and the net revenue stream:	2023/24 Estimate £000s	2024/25 Estimate £000s	2025/26 Estimate £000s
Net revenue stream	14,199.9	13,118.9	12,209.8
Financing costs (net)	923.7	1,225.7	1,462.9
Ratio to net revenue stream	6.50%	9.34%	11.98%

- **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 2023/24 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:	2023/24 Estimate £000s	2024/25 Estimate £000s	2025/26 Estimate £000s
Opening CFR (ie. closing CFR in preceding year)	13,659.3	17,161.8	17,182.8
Additions (only) in-year + following 2 years	3,682.1	179.6	20.9
Maximum Gross Debt	17,341.4	17,341.4	17,203.7
Estimated total GBC debt outstanding at 31 March	12,811.6	13,811.6	13,811.6
Under/(over) borrowing	4,529.8	3,529.8	3,392.1

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).

DLUHC 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 DLUHC guidance, but it is not prescriptive.

The Council is recommended to approve the following Statement for 2023/24:

MRP Statement 2023/24

- a. The Council will assess MRP in accordance with the recommendations within the guidance issued under section 21(1A) of the Local Government Act 2003.
- b. The CFR method will be used for calculating MRP in respect of all capital expenditure incurred up to and including 31 March 2008. This is the simplest approach available, being calculated as a straightforward 4% of the relevant element of the CFR at the end of the previous year. In the current economic climate, the Chief Financial Officer considers that use of the CFR Method is prudent.
- c. The Asset Life Method will be used for calculating MRP in respect of all capital expenditure incurred on and after 1 April 2008. From 1 April 2019 an annuity approach 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. DLUHC 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 2023/24, and neither has it done so in previous years.
- f. Based on the above policy, the net MRP charge for 2023/24 has been calculated as **£794,100** as detailed below, and this sum has been included in the Council’s 2023/24 budget proposals. The exact amount of MRP will be subject to change should capital financing decisions alter during the year.

Minimum Revenue Provision (MRP)	2023/24 £s
CFR Method - up to 31 March 2008	187,800
Asset Life Method (annuity approach) - from 1 April 2008	606,300
Total MRP	794,100

DLUHC is presently conducting a consultation on amending MRP regulations and guidance for England. It is anticipated that any changes will take effect from 2024/25 at the earliest.

2.3 Treasury Strategy 2023/24 - 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	2023/24 Estimate £000s	2024/25 Estimate £000s	2025/26 Estimate £000s
Estimated Debt 1 April	10,811.6	12,811.6	13,811.6
Estimated change in debt	2,000.0	1,000.0	0.0
Other long term liabilities	0.0	0.0	0.0
Estimated Gross Debt 31 March	12,811.6	13,811.6	13,811.6
Estimated Closing CFR	17,161.8	17,182.8	17,341.4
Under/Internal / (Over) borrowing	4,350.2	3,371.2	3,529.8
Internal borrowing as % of estimated closing CFR	25%	20%	20%

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 LAS 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 20% and 25% over the next three years, ie. broadly in line with 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 2.1.4 above, to comply with the "gross debt" indicator, the Council must ensure that its gross debt does not, except in the short term, exceed the total of the closing CFR in the preceding year plus the estimates of any additional CFR for 2023/24 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, 2022/23, 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 7 February 2023 and reflect PWLB “certainty rates” for which the Council qualifies. Further information on interest rates can be found at Appendix 2.

Link Group Interest Rate View 07.02.23		Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
BANK RATE		4.25	4.50	4.50	4.25	4.00	3.75	3.25	3.00	2.75	2.75	2.50	2.50	2.50
3 month ave earnings		4.30	4.50	4.50	4.30	4.00	3.80	3.30	3.00	2.80	2.80	2.50	2.50	2.50
6 month ave earnings		4.40	4.50	4.40	4.20	3.90	3.70	3.20	2.90	2.80	2.80	2.60	2.60	2.60
12 month ave earnings		4.50	4.50	4.40	4.20	3.80	3.60	3.10	2.70	2.70	2.70	2.70	2.70	2.70
5 yr PWLB		4.00	4.00	3.90	3.80	3.70	3.60	3.50	3.40	3.30	3.20	3.10	3.10	3.10
10 yr PWLB		4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.50	3.40	3.30	3.30	3.20
25 yr PWLB		4.60	4.60	4.40	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.40	3.40
50 yr PWLB		4.30	4.30	4.20	4.10	3.90	3.80	3.60	3.60	3.40	3.30	3.20	3.20	3.10

Link’s forecast for interest rates reflects a view that the Bank of England’s Monetary Policy Committee (MPC) will be keen to further demonstrate their anti-inflation credential by delivering a succession of Bank Rate increases. Bank rate currently stands at 4.0% but is expected to peak at 4.5% in 2023.

Significant downside risks to the forecasts include:

- Labour and supply shortages proving more enduring and disruptive and depressing economic activity.
- The MPC acting too quickly, or going too far, over the next year to raise Bank Rate and causing United Kingdom economic growth, and increases in inflation, to be weaker currently anticipated.
- United Kingdom/European Union trade arrangements – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in resolving significant remaining issues.
- Geopolitical risks such as, for example, the situation in Ukraine and Russia leading to increasing flows to safe havens.

Significant upside risks to the forecasts include:

- The MPC being too slow in its pace and strength of increases in Bank Rate and therefore allowing inflationary pressures to build up too strongly and for a longer period which would then necessitate Bank rate staying higher for longer than currently projected or even necessitating a further series of increases in Bank Rate.
- The Government acting too quickly to cut taxes and/or increase expenditure in response to the cost of living crisis.
- The pound weakening because of a lack of confidence in the Government's fiscal policies and leading to investors pricing in a risk premium for holding United Kingdom sovereign debt.
- Long term United States treasury yields rising strongly and pulling gilt yield up higher than currently forecast.
- Projected gilt issues being too much for the market comfortably digest without higher yields.

Link suggest that the balance of risk to economic growth in the United Kingdom is to the downside.

Link expect that Bank Rate to reach a peak of 4.5% in June 2023 and then decline steadily to a level of 2.5% at September 2025.

The Council is currently budgeting to take an additional £2m of new borrowing in 2023/24, and a further £1m in 2024/25 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 2023/24

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 as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy in the form of Bank Rate increaes in the first half of 2023.

However, against this background and the risks within the economic forecast outlined above, and the potential cost of carry, caution will be adopted with the 2023/24 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.

LAS will advise on the availability and merit of any rescheduling opportunities and 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 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 LAS.

2.3.8 Annual Investment Strategy 2023/24

a. Investment Policy – management of risk

DLUHC and CIPFA have extended the meaning of “investments” to include both financial (placement of surplus cash) and non-financial (primarily for financial return, ie. commercial) investments. The TMSS report deals solely with financial investments managed by the Treasury Management team. Non-financial investments such the purchase of income-yielding assets and service investments are managed by the Property Services team and are covered in the Capital Strategy.

The Council's investment policy has regard to:

- DLUHC's Guidance on Local Government Investments (“the Guidance”);
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 (“the CIPFA TM Code”);
- CIPFA Treasury Management Guidance Notes 2021.

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

The DLUHC and CIPFA guidance places 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 2023/24 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 35, 95 and 180-day notice accounts, and has to give 60 days of notice of any change (other than Bank Rate changes). 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 Public Sector Deposit Fund (PSDF) money market fund, plus £1m in the Local Authorities Property Fund (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 he/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 for 2022/23 under IFRS9, whereby movements in the value of investments are charged immediately to the revenue accounts, the Council have considered the implications of investment instruments that 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 (now DLUHC) 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. It has not, as yet, been determined whether a further extension to the override will be agreed by Government.

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 £0.937m. The latest value, at 31 December 2022, is £0.931m, which represents an improvement from a low of £0.895m in August 2020.

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:

- Security of capital – the categories of investment instruments to be used (specified and non-specified) are set out at Appendix 3;
- 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;
- Return on investment (yield).

i. 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 they see 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). 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.

ii. 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.

iii. 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 an investment is made 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.

iv. 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 he/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.

As discussed at 2.3.3 above, Bank Rate rose to 4.0% on 2 February 2023. Link forecast that it will rise to 4.5% by June 2023 and then fall to 2.5% by September 2025. LAS consider that it is prudent to assume investment earnings from market-related instruments up to around 3 months will be approximately 4.4% for 2023/24 before falling to 3.3%. The Council's investment interest estimate for 2023/24 is currently based on an assumption of 3.75% on the property fund and an equated rate of 3.00% on remaining investments, since these are a mixture of short term deposits offering slightly better returns, and money market funds for liquidity. These will be kept under review.

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.

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 8 February 2023 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 2023/24, 2024/25 and 2025/26 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 CIPFA Treasury Management Code 2021, 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

Publication of official LIBOR (and related LIBID) calculations ceased on 31 December 2021. The Council will use Sterling Overnight Index Average (SONIA) rates to benchmark its own equated investment rate. These are the risk-free rates for sterling markets administered by the Bank of England, and are the new official rates. Link will be providing SONIA rates in its regular reporting templates and advice will be sought as to the most appropriate benchmark rate.

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.

i. Environmental, Social and Governance (ESG) considerations

The ESG agenda is becoming a major focus for local authorities. While around two thirds of councils have declared a “climate emergency”, this has not yet led to the inclusion of anything more formal within treasury-related investment strategies, ie the TMSS.

The Treasury Management Code suggests that the credit and counterparty policies for an organisation like the Council “should set out its policy and practices relating to ESG investment considerations. This is still a developing area and it is not implied that the organisation’s ESG policy will currently include ESG scoring or other real-time ESG criteria at individual investment level”.

The CIPFA Treasury Management Code 2021 also goes on to state that “ESG issues are increasingly significant for investors and investment managers. This is better developed in equity and bond markets than for short-term cash deposits, and there is a diversity of market approaches to ESG classification and analysis. This means that a consistent and developed approach to ESG for public service organisations is currently difficult. Organisations are therefore recommended to consider their credit and counterparty policies in light of ESG information and develop their own ESG investment policies and treasury management practices consistent with their organisation’s own relevant policies, such as environmental and climate change policies.”

Link’s view is that the most important issue is ensuring that there is a clear understanding of what “environmental, social and governance (ESG)” investment considerations actually **mean**. It is about understanding the ESG “risks” that an entity like the Council is exposed to, and evaluating how well it manages those risks, as all entities will be subject to them to some extent. ESG is **not** the same as Socially Responsible Investing, (typically where “negative screens” are applied to investment counterparties), and equally, it is **not** the same as Sustainable Investing, (investing in products or companies based on expected sustainable and beneficial societal impact, alongside a financial return).

There is huge potential for misunderstanding, and this could have material unintended consequences, ie. limiting the Council's potential counterparty options and thus decreasing diversification. This could then lead to the Council widening its credit criteria to take on more names, or those with a stronger ESG performance, which could then increase credit risk - which would place its cornerstone of "prudent investing" at risk.

Many local authorities can, or already do, take ESG considerations into account via the use of ratings from credit rating agencies. All the agencies now stress how they incorporate ESG risks alongside more traditional financial risk metrics when assessing counterparty ratings. The Council uses the Link creditworthiness service which is a sophisticated model including data from all three major agencies, and therefore does take ESG considerations into account to some extent.

ESG risks are about potential impact on an entity's enterprise value - the "G" (Governance) is the most important factor when considering treasury investments, the majority of which will be shorter-term in nature. This is because poor governance can have a more immediate impact on the financial circumstances of an entity, and the potential for a default event that would impact the amount the local authority receive back from its investments. Those financial institutions that are viewed as having poor or weak corporate governance are generally less well rated in the first instance, or have a higher propensity for being subject to negative rating action. So this element of ESG is of high importance to an investor that is following investment guidance with the security, liquidity and yield (SLY) principle at its core. Environmental and social factors are also important, but more for the long-term impact, unless an authority is specifically going down the "impact" or "sustainable" type investment route - and there are not many options for that in respect of short-term investments.

Link emphasise the use of SMART (specific, measurable, appropriate, realistic and timely) criteria in investment decisions. This approach seems more relevant than ever in view of perceived weaknesses in the ability of many fund managers to accurately report on the degree to which their funds or products are ESG compliant.

Link continues to look at ways in which these factors can be incorporated into its creditworthiness assessment service. However, the lack of consistency, as well as uncertainty as to how the Treasury Management Code may develop TMP1, means that they continue to review the options and will update clients as progress is made. Link's advice is therefore that it is not practicable to include ESG into its TMSS template for 2023/24 at the current time.

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 Section 151 (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.

The above list of the specific responsibilities of the Section 151 Officer as set out in the CIPFA Treasury Management Code 2021 are as per the 2017 Code. However, implicit in the changes to both the CIPFA Prudential and Treasury Management Codes was a major extension of the function of the Section 151 Officer role, especially in respect of non-financial investments (which CIPFA has defined as being part of treasury management). The Section 151 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 long term timeframe;
- 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-treasury 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, DLUHC MRP guidance, the CIPFA Treasury Management Code and the DLUHC 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 2023/24 to 2025/26 for approval, and Indicative Indicators for 2026/27 and 2027/28;
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, DLUHC MRP guidance, the CIPFA Treasury Management Code and DLUHC investment guidance.

Statutory Officer approval:

Approved by: Chief Financial Officer

Date: 8 February 2023

Approved by: Monitoring Officer

Date: 8 February 2023

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	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Indicative	2027/28 Indicative
<u>Prudential Indicators</u>					
a) Capital Expenditure:	£ 6,928,100	£ 3,624,700	£ 2,554,000	£ 2,291,000	£ 1,731,000
b) Capital Financing Requirement: (closing)	£ 17,161,800	£ 17,182,700	£ 17,341,400	£ 17,103,000	£ 16,290,200
c) Gearing	32%	31%	31%	24%	30%
d) Liability Benchmark	-£ 2,225,282	-£ 2,051,853	-£ 3,002,293	-£ 4,093,015	-£ 5,222,530
e) <u>Ratio of Financing Costs to Net Revenue Stream Service activity</u>	6.50%	9.34%	11.98%	12.87%	12.73%
f) Maximum Gross Debt	£ 17,341,400	£ 17,341,400	£ 17,203,700	£ 17,203,700	£ 17,203,700
g) Ratio of Internal Borrowing to CFR	25%	20%	20%	20%	20%
<u>Treasury Indicators</u>					
a) Operational Boundary for External Debt:					
Borrowing	£ 18,300,000	£ 18,300,000	£ 18,200,000		
Other Long Term Liabilities	£ 1,500,000	£ 1,500,000	£ 1,500,000		
Total Operational Boundary	£ 19,800,000	£ 19,800,000	£ 19,700,000		
b) Authorised Limit for External Debt:					
Borrowing	£ 19,300,000	£ 19,300,000	£ 19,200,000		
Other Long Term Liabilities	£ 1,500,000	£ 1,500,000	£ 1,500,000		
Total Authorised Limit	£ 20,800,000	£ 20,800,000	£ 20,700,000		
c) Upper limits for the maturity structure of o/s Borrowing during 2023/24 (Lower limit 0%)					
Under 1 Year	40.00%	40.00%	40.00%		
1 Year to 2 Years	40.00%	40.00%	40.00%		
2 Years to 5 Years	50.00%	50.00%	50.00%		
5 Years to 10 Years	50.00%	50.00%	50.00%		
Over 10 Years	100.00%	100.00%	100.00%		
d) 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 DECEMBER 2025 (Link and Capital Economics as at 7 February 2023)

Link Group Interest Rate View												
	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Bank Rate	4.25%	4.50%	4.50%	4.50%	4.00%	3.75%	3.50%	3.25%	3.00%	2.75%	2.50%	2.50%
3 month ave. earnings	4.30%	4.50%	4.50%	4.50%	4.00%	3.80%	3.30%	3.00%	3.00%	2.80%	2.50%	2.50%
6 month ave. earnings	4.50%	4.60%	4.50%	4.20%	4.10%	3.90%	3.40%	3.10%	3.00%	2.90%	2.60%	2.60%
12 month ave. earnings	4.70%	4.70%	4.50%	4.30%	4.20%	4.00%	3.50%	3.20%	3.10%	3.00%	2.70%	2.70%
5yr PWLB Rate	4.20%	4.20%	4.10%	4.00%	3.90%	3.80%	3.60%	3.50%	3.40%	3.30%	3.20%	3.10%
10yr PWLB Rate	4.40%	4.40%	4.30%	4.10%	4.00%	3.90%	3.80%	3.60%	3.50%	3.40%	3.30%	3.30%
25yr PWLB Rate	4.60%	4.60%	4.50%	4.40%	4.20%	4.10%	4.00%	3.90%	3.70%	3.60%	3.50%	3.50%
50yr PWLB Rate	4.30%	4.30%	4.20%	4.10%	3.90%	3.80%	3.70%	3.60%	3.50%	3.30%	3.20%	3.20%
Bank Rate	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Link Group	4.25%	4.50%	4.50%	4.50%	4.00%	3.75%	3.50%	3.25%	3.00%	2.75%	2.50%	2.50%
Capital Economics	4.25%	4.50%	4.50%	4.50%	4.25%	4.00%	3.50%	3.00%	-	-	-	-
5yr PWLB Rate	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Link Group	4.20%	4.20%	4.10%	4.00%	3.90%	3.80%	3.60%	3.50%	3.40%	3.30%	3.20%	3.10%
Capital Economics	3.75%	3.65%	3.60%	3.50%	3.45%	3.35%	3.30%	3.25%	-	-	-	-
10yr PWLB Rate	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Link Group	4.40%	4.40%	4.30%	4.10%	4.00%	3.90%	3.80%	3.60%	3.50%	3.40%	3.30%	3.30%
Capital Economics	3.80%	3.70%	3.65%	3.55%	3.50%	3.40%	3.35%	3.30%	-	-	-	-
25yr PWLB Rate	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Link Group	4.60%	4.60%	4.50%	4.40%	4.20%	4.10%	4.00%	3.90%	3.70%	3.60%	3.50%	3.50%
Capital Economics	4.13%	4.00%	3.93%	3.80%	3.75%	3.65%	3.60%	3.55%	-	-	-	-
50yr PWLB Rate	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Link Group	4.30%	4.30%	4.20%	4.10%	3.90%	3.80%	3.70%	3.60%	3.50%	3.30%	3.20%	3.20%
Capital Economics	3.80%	3.80%	3.80%	3.80%	3.75%	3.65%	3.60%	3.55%	-	-	-	-

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SPECIFIED INVESTMENTS 2023/24

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 presently 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 2023/24 (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

LOCAL GOVERNMENT INVESTMENTS (England) page 3

SPECIFIED INVESTMENTS 2023/24 (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 2023/24

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) Page 44	(A) (i) Certainty of rate of return over period invested. (ii) No movement in capital value of deposit despite changes in interest rate environment. (B) (i) Illiquid - as a general rule, cannot be traded or repaid prior to maturity. (ii) Return will be lower if interest rates rise after making the investment. (iii) Credit risk - potential for greater deterioration in credit quality over longer period	No	No	Adopt LAS creditworthiness methodology to assess usage, and duration of investments	No	In-house	£3m any ONE counterparty AND £5m in TOTAL. <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>	(A) (i) Although in theory tradable, are relatively illiquid. (B) (i) 'Market or interest rate risk' - Yield subject to movement during life of CD which could negatively impact on price of the CD.	No	Yes	Adopt LAS creditworthiness methodology to assess usage, and duration of investments	No	To be used in-house after consultation/ advice from LAS	£3m	3 years

LOCAL GOVERNMENT INVESTMENT (England) page 5

NON-SPECIFIED INVESTMENTS 2023/24 (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
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 2023/24 (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 46</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 2023/24 (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 2023/24 (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>
Share capital or loan capital in a body corporate <div>Page 48</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
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- USA

AA

- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Qatar
- **UK**

This list was provided by Link Asset Services as at 19 December 2022 and includes countries with sovereign ratings of AA- or higher, (based on the lowest rating from Fitch, Moody's and Standard & Poor (S&P)). Except for Hong Kong and Luxembourg, countries also have banks operating in sterling markets, with credit ratings of green or above in the Link credit worthiness service.

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Report to Cabinet

Subject: Capital Programme and Capital Investment Strategy 2023/24 to 2027/28

Date: 16 February 2023

Author: Senior Leadership Team on behalf of the Leader

Wards Affected

All

Purpose

This report summarises:

- a) The proposed Capital Investment Strategy for 2023/24 to 2027/28; and
- b) The proposed Capital Programme for 2023/24 to 2025/26 for approval, and the indicative capital programme for 2026/27 to 2027/28, 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 2 March 2023 for final approval. The detailed capital programme proposals are shown in Appendix 2 to this report.

Key Decision

This is a Key Decision.

Recommendations

Members are recommended to:

1. Note the estimated capital financing available for 2023/24 to 2027/28;
2. Approve the Capital Investment Strategy 2023/24 to 2027/28 detailed at Appendix 1 and refer it to Council for approval on 2 March 2023;
3. Approve the Capital Programme for 2023/24 to 2025/26 detailed at Appendix 2 and refer it to Council for approval on 2 March 2023;
4. Note the indicative Capital Programme for 2026/27 to 2027/28.

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 Department for Levelling Up, Housing and Communities (DLUHC);
- The Statutory Guidance on Minimum Revenue Provision (MRP) prepared by DLUHC.

1.3 CIPFA issued a new edition of the Prudential Code in December 2021. Although the revised reporting arrangements could be deferred until 2023/24, the Council moved to adopt the majority of changes at the earliest opportunity. The Capital Investment Strategy 2023/24, contained as an appendix to this report complies in full with the new Prudential Code.

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, 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), 2023/24 to 2027/28, 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 The Investment Guidance and MRP Guidance aim to ensure that local authorities 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 Investment Guidance defines “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”. It 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 and guidance 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.
- 2.4 A copy of the proposed Capital Investment Strategy for 2023/24 to 2027/28 is attached at Appendix 1.

3. Proposed Capital Programme

- 3.1 The following table presents the proposed three year Capital Programme for 2023/24 to 2025/26 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	
	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £
Environment	3,712,400	2,364,000	2,124,000	1,861,000	1,301,000
Sustainable Growth and Economy	125,700	830,700	0	0	0
Corporate Resources and Performance	3,090,000	430,000	430,000	430,000	430,000
Total Capital Programme	6,928,100	3,624,700	2,554,000	2,291,000	1,731,000

3.2 The proposed capital programme is derived from the following:

a) **Schemes totalling £200,000 already approved as part of the 2022/23 budget setting process:**

- Essential Window Replacement/Maintenance - Civic Centre (Phase 2) **£200,000** (2023/24)

b) **Schemes re-profiled from 2022/23**

Schemes totalling **£682,900** approved for deferral by Cabinet to 2023/24:

Schemes Re-profiled from 2022/23	2023/24 £
CCTV Provision	25,000
Vehicle Replacement Programme	392,000
Lambley Lane Play Area Refurbishment	111,000
Play Area Refurbishments	100,000
Sand Martin Bank Bird Hide	54,900
Total	682,900

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

- Disabled Facilities Grants **£1,200,000** per annum (subject to confirmation of grant funding via Better Care Fund).
- Future Service Development Bids **£100,000** per annum 2024/25-2027/28.

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

Replacement assets and maintenance to ensure continuation of existing service:

	Proposed Programme			Indicative Programme	
	2023/24	2024/25	2025/26	2026/27	2027/28
	£	£	£	£	£
Vehicle Replacement Programme	1,213,500	669,000	904,000	661,000	101,000
IT Licencing	110,000	110,000	110,000	110,000	110,000
Equipment Replacement	0	70,000	70,000	70,000	70,000
General Asset Management	100,000	150,000	150,000	150,000	150,000
Total	1,423,500	999,000	1,234,000	991,000	431,000

Note: The proposed Vehicle Replacement Programme for 2023/24 after totalling the sums in (b) and (d) amounts to £1,605,500.

e) **New resource development bids and grant funded schmes which meet the Council priorities**

The table below show schemes totalling **£3,421,700** and **£1,325,700** included in the proposed capital programme for 2023/24 and 2024/25 respectively. Resource development bids which score 15 points and above using the Council's approved methodology as detailed in the Capital Investment Strategy (see paragraph 2 above) are proposed for inclusion in the programme. 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 Plan.

	2023/24 £	2024/25 £
Economic Regeneration Land Assembly	1,500,000	
Temporary Accommodation	1,160,000	
Home Upgrade Grant	330,000	495,000
UK Shared Prosperity Fund	125,700	830,700
Recreation Playground Improvements	110,000	
Flood Alleviation Upper Daybrook	60,000	
Council Street Lighting	50,000	
Green Lung – Digby park to Gedling Country Park Construction	35,000	
Income Management System	20,000	
Tree Audit and Management Software	16,000	
Carlton Cemetery Remembrance Tree	15,000	
Total	3,421,700	1,325,700

Further details of these schemes are as follows:

- Economic Regeneration Land Assembly (£1,500,000) (subject to confirmation of business case) – Acquisition of land to further the Council's economic regeneration objectives.
- Temporary Accommodation (£1,160,000) (subject to confirmation of business case) – Purchase of property to improve the quality of homeless accommodation and reduce the cost of bed and breakfast.

- Home Upgrade Grant (£825,000 total) – Energy efficiency improvements to properties in the area fully funded by grant.
- UK Shared Prosperity Fund (£956,400 total) – To be spent on individual projects in accordance with the Council's Investment Plan and fully funded by grant.
- Recreation Playground Improvements (£110,000) – To enhance the provision of play area facilities.
- Flood Alleviation Upper Daybrook (£60,000) – Scheme to address flooding issues in Upper Daybrook area.
- Council Street Lighting (£50,000) – To carry out a structural survey of Council owned lamp columns and undertake any urgent repairs
- Green Lung Digby Park to Gedling Country Park Path Construction (£35,000) – Connecting the two sites and adding features such as new bins, park benches, pathways and crossings.
- Income Management System (£20,000) – Moving to a cloud based income management system with any maintenance and upgrades undertaken by the service provider.
- Tree Audit & Management Software (£16,000) – Dedicated software that would enable an inventory of the Council's trees to be maintained and support regular tree inspections.
- Carlton Cemetery Remembrance Tree (£15,000) – The provision of a memorial facility.

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 2023/24 to 2027/28 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	
	2023/24	2024/25	2025/26	2026/27	2027/28
	£	£	£	£	£
Land Sales	560,900	0	0	0	0
General Capital Receipts	50,000	50,000	50,000	50,000	50,000
Total Capital Receipt Estimate	610,900	50,000	50,000	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 **£21,000** in 2023/24 are proposed as follows:

- a) £10,000 contribution from the Asset Management Reserve to meet the cost of general recreation and playground improvements;
- b) £11,000 contribution from the Asset Management Reserve for the Lambley Lane Play Area refurbishment.

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:

	2023/24	2024/25
	£	£
Disabled Facilities/Better Care Fund Grant (assumed £1.2m per annum ongoing 2023/24-2027/28)	1,200,000	1,200,000
Home Upgrade Grant	330,000	495,000
Severn Trent Community Fund contributions to Play Area Refurbishments	130,200	0
UK Shared Prosperity Fund	125,700	830,700
Asset Management Reserve contribution	200,000	0
S106 contribution to Sand Martin Bank Bird Hide	13,700	0
Total Grants and Contributions	1,999,600	2,525,700

Disabled Facilities/Better Care Fund grant funding is now paid by the Department for Levelling Up, Housing and Communities 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, as yet, been any grant announcements for 2023/24 so an estimated grant amount of £1,200,000 is included for 2023/24 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 2023/24 to 2025/26 capital programme is £6.649m. It is currently estimated that a further £1.522m of borrowing will be required to finance the indicative capital programme for 2026/27 to 2027/28. The proposed borrowing amounts are detailed in paragraph 4.5 below.

The Council's Prudential Indicators in respect of both the proposed programme 2023/24 to 2025/26 and the indicative programme for 2026/27 to 2027/28 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 2023/24 to 2025/26 programme is summarised below:

	Proposed Programme			Indicative Programme	
Capital Resources	2023/24	2024/25	2025/26	2026/27	2027/28
	£	£	£	£	£
Use of Capital Receipts	610,900	50,000	50,000	50,000	50,000
Direct Revenue Financing	21,000	0	0	0	0
Grants and Contributions	1,999,600	2,525,700	1,200,000	1,200,000	1,200,000
Total Cash Resource	2,631,500	2,575,700	1,250,000	1,250,000	1,250,000
Prudential Borrowing	4,296,600	1,049,000	1,304,000	1,041,000	481,000
Total Financing	6,928,100	3,624,700	2,554,000	2,291,000	1,731,000

5. **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**

The legal implications are detailed in the background section of this report and the report reflects the requirements of the Prudential framework.

8. **Carbon Reduction/ Environmental Sustainability Implications**

There are a number of schemes in the 2023/24 capital programme specifically focussed upon improving energy efficiency in Council and other properties as well as other environmental objectives. These will assist in meeting the Council's ambition to achieve net zero emissions by 2030 as set out in the Carbon Management Strategy.

All procurement activity required to deliver the capital programme will be undertaken

in accordance with both corporate and legislative requirements.

9. Appendices

Appendix 1 - Capital Investment Strategy 2023/24 – 2027/28

Appendix 2 - Proposed Capital Programme 2023/24 – 2025/26 (including Indicative Programme 2026/27 to 2027/28)

10. Background Papers

- Prudential and Treasury Indicators and Treasury Management Strategy Statement 2023/24
- Gedling Plan 2023-27

11. 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: 8 February 2023

Approved by: Monitoring Officer

Date: 8 February 2023

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**CAPITAL INVESTMENT
STRATEGY
2023/24 to 2027/28**

CAPITAL INVESTMENT STRATEGY 2023/24 to 2027/28

1. INTRODUCTION

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

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

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

The basic elements of the Strategy therefore include:

- A direct relationship to the Gedling Plan;
- A framework for the review and management of existing and future assets (the Property Asset Management Plan);
- An investment programme expressed over the medium term;
- A document that indicates the opportunities for partnership working;
- A framework that prioritises the use of capital resources;
- A consideration of the need to pursue external financing (grants, contributions etc.), which reconcile external funding opportunities with the Council's priorities and organisational objectives, so that it is the achievement of the latter that directs effort to secure the former;
- A direct relationship with the Treasury Management Strategy, and the limitations on activity through the treasury management Prudential Indicators;

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

- for the Cabinet and Council – to decide on capital investment policy within the overall context of investment need/opportunity and affordability;
- for Councillors – to provide an understanding of the need for capital investment and help them scrutinise policy and management. Training will be provided as necessary to support this scrutiny process;

CAPITAL INVESTMENT STRATEGY 2023/24 to 2027/28

- for Officers – to provide an understanding of the Council's capital investment priorities, to assist them in bidding for capital resources, and to confirm their role in the capital project management and monitoring arrangements;
- for taxpayers – to demonstrate how the Council seeks to prudently manage capital resources and look after its assets;
- for partners – to share with them our Vision and help to co-ordinate and seek further opportunities for joint ventures.

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

	Proposed Programme for Approval			Indicative Programme	
	2023/24	2024/25	2025/26	2026/27	2027/28
	£	£	£	£	£
Expenditure:					
Gedling Assets	5,398,100	1,929,700	1,354,000	1,091,000	531,000
Disabled Facilities Grant	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Home Upgrade Grant	330,000	495,000	0	0	0
Total Programme	6,928,100	3,624,700	2,554,000	2,291,000	1,731,000
Financed by:					
Capital Receipts	610,900	50,000	50,000	50,000	50,000
Direct Revenue Financing	21,000	0	0	0	0
Grants and Contributions	1,999,600	2,525,700	1,200,000	1,200,000	1,200,000
Borrowing Requirement	4,296,600	1,049,000	1,304,000	1,041,000	481,000
Total Financing	6,928,100	3,624,700	2,554,000	2,291,000	1,731,000

2. PRINCIPLES SUPPORTING THE STRATEGY

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

CAPITAL INVESTMENT STRATEGY 2023/24 to 2027/28

The principles that underpin the Capital Investment Strategy include:

Policy Principles:

- A direct relationship between Council priorities, including our statutory requirements, and a capital programme driven by essential investment needs and prioritised on an authority-wide basis, demonstrating an explicit link with all key strategic planning documents;
- The use of a rational process for assessing the relative importance of potential schemes.

Financial Principles:

- The overarching commitment to affordability of investments over the longer term, considering the actual impact, and potential impact, on overall fiscal sustainability;
- A recognition that the Council's own locally generated resources are limited and will only be used to fund those capital priorities that are unlikely to be able to access any other funding sources;
- A commitment to developing partnerships, including the pursuit of joint venture and community arrangements where appropriate, to achieve the Council's investment aspirations;
- To pursue all available external funding where there is a direct compatibility with the Council priorities;
- Value for money of investments in assets over their full life cycle.

Asset Management Principles:

- The development of Property Asset Management Plans (AMP) and investment plans for the use of all Council assets, be these operational buildings, investment properties, equipment and machinery, Information Technology or infrastructure assets;
- The optimisation of surplus assets by maximising income or application to other purposes informed through the AMP process, with all receipts generated through the sale of surplus property assets being used to fund the Capital Programme;
- Recognition of the value of surplus properties that are gifted by the Council as a contribution to a particular scheme. This value will be treated as capital resources and will have to be assessed against other capital proposals;

CAPITAL INVESTMENT STRATEGY 2023/24 to 2027/28

- A process of declaring property assets as surplus will be led by the Head of Regeneration and Welfare in consultation with the holding department, who will be able to declare a site surplus to requirements if deemed to be under-utilised or surplus to requirements;
- Wherever possible ensuring active community involvement in informing priorities and engagement in management plans, in line with the Localism Act 2011;
- Management of assets to take full account of the Council's wider priorities including its environmental priorities;
- The continuation of financial support to schemes that involve site assembly, which will potentially generate significant capital receipts in the medium term;
- The Property Review process will determine if an asset meets the corporate need in the longer term. If this is the case then investment in the asset will be maintained. Conversely, if it is not required, then the asset is more valuable to the Council as a capital receipt.
- An assessment of asset condition to determine investment required over the life of the asset to ensure they continue to be fit for purpose in service delivery.

Implementation and Management Principle

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

Links to Other Financial Documents

Medium Term Financial Plan

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

Prudential Code

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

CAPITAL INVESTMENT STRATEGY 2023/24 to 2027/28

- local strategic planning, asset management planning and proper option appraisal are supported;
- The capital investment plans of local authorities are affordable, prudent and sustainable having regard to the long term implications for external borrowing considering the impact, and potential impact, on overall fiscal sustainability;
- Treasury management and other investment decisions are taken in accordance with good professional practice and in the full understanding of risks involved;
- The authority is accountable, by providing a clear and transparent framework.

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

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

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

Treasury Management Strategy

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

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

CAPITAL INVESTMENT STRATEGY 2023/24 to 2027/28

Statement of Accounts

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

Procurement Strategy

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

3. CAPITAL INVESTMENT PRIORITIES

The aim of the Council is to make a sustainable improvement to the long-term quality of life of our residents. The Gedling Plan 2023-2027 sets out the vision for Gedling. This Vision is intended to be external facing and clearly indicates the Council's ambition for the district and the people within. Underpinning the Council's contribution to the Gedling Plan vision are the priorities. These are:

Economy

To encourage and support healthy businesses in our town and local centres, improving local skills and employment opportunities, and promoting an economy that attracts visitors throughout the day and supports leisure activity.

Community

To enable a resilient, empowered, connected, inclusive and healthy community.

Place

To enable a safe, attractive, clean and culturally vibrant borough that plays its part to tackle the climate emergency.

The Council

To ensure the Council is a healthy place to work, it engages with its customers has a focus on improvement, is financially sound, and ensures compliance with all relevant legislation.

4. FINANCIAL CONTEXT

Spending Review and Local Government Finance Settlement

On 17 November 2022, the Chancellor of the Exchequer presented his Autumn Statement to Parliament.

CAPITAL INVESTMENT STRATEGY 2023/24 to 2027/28

The Autumn Statement confirmed that government departmental DEL budgets will be maintained at least in line with the budgets set at the Spending Review 2021 but then grow more slowly than previously expected. The Spending Review 2021 set UK government Departmental Expenditure Limit (DEL) budgets from 2022-23 to 2024-25. This included an average increase in Core Spending Power for local government of 3% in real terms over the Spending Review period. However, a substantial part of the additional £4.8 billion of new grant funding allocated at the time to local government is primarily to meet social care pressures which is an upper tier function.

The final settlement figures for 2023/24 were announced by the Secretary of State for Levelling Up, Housing and Communities (DLUHC) on 6 February 2023. The Government's assessment of the Core Spending Power of local authorities and its referendum principles for managing excessive council tax increases were also confirmed as part the Settlement.

The final settlement figures announced on 6 February 2023 related only to 2023/24 and is a one-year settlement and there was no multi-year settlement that many local authorities were hoping for. However, the Government has attempted to provide some clarity for 2024/25 by confirming that the core settlement will continue in a similar manner for 2024/25 i.e. Revenue Support Grant and Baseline Funding Levels will continue in the same format as 2023/24 meaning there will be no implementation of the Fair Funding Review or reset of the Business Rates system in 2024/25 and confirming no further changes will be made to Council Tax referendum principles. Further consideration will be given to the funding position of lower tier councils for 2024/25 and the future of the New Homes Bonus scheme will be set out ahead of the 2024/25 local government finance settlement.

The one year settlement means that there is still no clarity over funding levels after March 2024. This continues to hamper meaningful financial planning at a time when demand and inflationary pressures are now increasing beyond expectations. This resulting level of uncertainty means in practice that local authorities will find it much harder to plan and fund capital expenditure.

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

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

CAPITAL INVESTMENT STRATEGY 2023/24 to 2027/28

and can include transport schemes, flood defences, schools, hospitals, other health and social care facilities, parks, green spaces and leisure centres.

- **Grants** – Capital grants are made available by the central government and other public sector bodies that could be used to fund capital expenditure. Unfortunately capital grants are now diminishing in number as further cuts are enforced on Local Government. For example, as detailed above, changes to the New Homes Bonus, which is an established non-ringfenced grant is not expected to be a source of capital funding going forward.
- **Business Improvement Districts (BIDs)** – A partnership between a local authority and local businesses to develop projects and services that benefit the local trading environment.
- **Local Asset Backed Vehicles (LABVs)** – This is a form of public and private sector partnership that allows public sector bodies to use their assets (usually land and buildings) to attract long term investment from the private sector in order to deliver socio-economic development and regeneration. They are designed to encourage parties to pool resources, such as finance, planning powers, land and expertise, in order to deliver regeneration with an acceptable balance of risk and return for all those involved. They are increasingly being looked at as a potential model to help local authorities meet their regeneration aspirations.
- **Social Impact Bonds (SIBs)** – A contract between a public body and a private investor, where the investor funds are used to pay for interventions to improve the social outcome, and the public body pays the investor based on that improved social outcome. Examples include prisons based on reduced re-offending, and CCTV based on reduced anti-social behaviour and crime levels.
- **Community Involvement** – The Localism Act 2011 introduced the concept of “community asset transfer”, “community right to challenge” and “community right to bid” for services. These changes in legislation have opened up the whole spectrum of opportunities of private sector investment in community-led capital projects, where deemed appropriate.
- **Collaborative Working** – a move away from the traditional development agreement structure and towards a more collaborative approach, either to enhance marketing prospects for a site or to enhance its redevelopment value by addressing planning issues. This type of approach encourages interest from expert developers to promote a site or work together on the planning and infrastructure process, to enhance the attractiveness of the site to end users.

CAPITAL INVESTMENT STRATEGY 2023/24 to 2027/28

Financial Process

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

The funding of capital schemes is via the following hierarchy:

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

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

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

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

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

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

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

CAPITAL INVESTMENT STRATEGY 2023/24 to 2027/28

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

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

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

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

Leasing

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

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

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

CAPITAL INVESTMENT STRATEGY 2023/24 to 2027/28

5. **CAPITAL BUDGET PREPARATION**

The capital programme is derived from the following:

(a) Rolling Programme Items

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

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

Capital Investment Prioritisation

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

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

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

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

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

CAPITAL INVESTMENT STRATEGY 2023/24 to 2027/28

The Capital Budgeting Process

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

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

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

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

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

Bids are scored by the Senior Leadership Team (SLT) with support from the Head of Finance and ICT.

A good capital bid is likely to be one which:

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

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

CAPITAL INVESTMENT STRATEGY 2023/24 to 2027/28

The Capital Scoring Methodology

The aim of the capital scoring methodology is to ensure that the schemes that best fit the Council's priorities, within the funds available, are taken forward. A copy of the most recent scoring methodology is attached at Appendix A. **Please note this will be amended going forward to reflect the new Gedling Plan subject to its approval.** Scores are awarded based on:

- the extent to which schemes meet the priorities identified. Weighting may be applied to the scores if Cabinet propose that a particular priority or ward area requires additional investment. No weighting has been applied in the development of the 2023/24 to 2027/28 programme;
- Asset management priorities – this section is used to prioritise Asset Management Fund items if bids to the fund exceed the budget allocation;
- the measure of the financial impact of the scheme, where points are awarded for external funding, income generation, value for money, impact of risk, and generation of capital receipts.

The maximum score possible (excluding Asset Management Fund items) is 80 points. The highest score would only be achievable if the scheme made a high contribution to all of the Council priorities together with a maximum positive financial impact in terms of value for money, funding/income generation and risk. The maximum available score is unlikely to be achieved by any individual scheme so scoring parameters are set, based on the level of contribution to priorities achieved, by which schemes are considered for inclusion in the proposed capital programme.

For the 2023/24 to 2027/28 capital budget, the following score parameters have determined the schemes to be proposed for inclusion in the capital programme based on contribution to priorities:

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

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

Managing the Capital Programme

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

CAPITAL INVESTMENT STRATEGY 2023/24 to 2027/28

responsible for the successful completion of the scheme both to time and on budget.

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

- Project Managers identified for each scheme who are responsible for monitoring progress, spend and income and producing action plans to respond to variations in pace or cost of delivery;
- Project Managers feed information on scheme progress to the Finance Business Partner to produce the monthly budget monitoring statement;
- Bi-monthly capital monitoring meetings consider each Project Manager's report on performance outputs on each of their capital projects in progress. Variations and unexpected items are discussed and appropriate action taken;
- Heads of Service are responsible for ensuring that Project Manager monitoring reports are quality assured and challenged, and that corporate implications arising from capital monitoring are brought to the attention of the Senior Leadership Team and Cabinet;
- Capital budget monitoring is reported to Cabinet on a quarterly basis, for consideration of deferrals and budget amendments;
- At year end, Financial Services collate the outturn position for capital schemes, and report under and overspends and propose budget carry forwards. The Asset Register and Statement of Accounts are updated with new assets acquired within the year;
- A post-implementation review of capital projects after completion is important to assess to what extent the financial and non-financial aims of the project were met. Where they were not, lessons can be learned, which can inform future projects and may lead to revisions in either the budgeting or monitoring processes.

6. CONCLUSION

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

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

CAPITAL INVESTMENT STRATEGY 2023/24 to 2027/28

The adoption of a three-year capital planning framework and indicative 5 year programme is a significant means of improving programming for major projects and ensuring the longer term sustainability of the borrowing requirement.

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

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

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

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

Capital Resource Development Bid – Scoring Methodology

	Scoring system	Bid Name	Bid Name
1. Priorities			
a. Cohesive, Diverse and Safe Communities			
i Promote and encourage pride, good citizenship and participation	0 – 3		
ii Reduce poverty and inequality and provide support to the most vulnerable	0 – 3		
iii Improve social mobility and life chances	0 – 3		
iv Reduce anti-social behaviour, crime and fear of crime	0 – 3		
Total for 1a: Maximum points =	12	0	0
Weighting due to performance indicator:	1	1	1
b. Healthy Lifestyles			
i Improve health and wellbeing and reduce health inequalities	0 - 3		
ii Support physically active lifestyles	0 - 3		
iii Increase recreational activities	0 - 3		
iv Reduce levels of loneliness and isolation	0 - 3		
Total for 1b: Maximum points =	12	0	0
Weighting due to performance indicator:	1	1	1
c. Sustainable Environment			
i Provide an attractive and sustainable local environment that people can enjoy	0 - 3		
ii Improve transport infrastructure and connectivity	0 - 3		
iii Conserve, enhance, promote and celebrate our heritage	0 - 3		
iv Promote and protect the environment by minimising pollution and waste and becoming carbon neutral	0 - 3		
Total for 1c: Maximum points =	12	0	0
Weighting due to performance indicator:	1	1	1
d. Vibrant Economy			
i Provide more homes	0 - 3		
ii Ensure a robust strategic development framework is in place	0 - 3		
iii Restore business confidence, workforce development and job opportunities	0 - 3		
iv Create thriving and vibrant town and local centres	0 - 3		
Total for 1d: Maximum points =	12	0	0
Weighting due to performance indicator:	1	1	1

CAPITAL INVESTMENT STRATEGY 2023/24 to 2027/28

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

2. Asset Management Plan Priority				
a.	AMP 1 (urgent Health & Safety)	25 pts		
b.	AMP 2 (desirable Health & Safety)	5 pts		
c.	AMP 3 or 4	0 pts		
Total for 2: Maximum Points =		25	0	0

3. Measure of Finance Impact				
a.	External Funding	0 - 10		
b.	Income Generation	0 - 10		
c.	VFM	0 - 10		
d.	Risk	0 - 10		
e.	Capital Receipt Generation	0 - 10		
Total for 3: Maximum points =		20	0	0
4.	Total points	Maximum points possible =	105	0

Proposed Capital Programme 2023/24 - 2025/26 and Indicative Programme 2026/27 to 2027/28

	Capital Programme for Approval			Indicative programme	
	2023/24	2024/25	2025/26	2026/27	2027/28
<u>Environment</u>					
Disabled Facilities Grant	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Home Upgrade Grant (HUG2)	330,000	495,000			
CCTV Provision	25,000				
Vehicle Replacement Programme	1,605,500	669,000	904,000	661,000	101,000
Waste Management - in-cab devices			20,000		
Lambley Lane Play Area	111,000				
Play Area Refurbishments	100,000				
Recreation/Playground Improvements	110,000				
Sand Martin Bank Bird Hide	54,900				
Flood Alleviation (Upper Daybrook)	60,000				
Council Street Lighting	50,000				
Carlton Cemetery Remembrance Tree	15,000				
Green Lung Digby Park to Gedling County					
Park Path Construction	35,000				
Tree Audit & Management software	16,000				
Environment Total	3,712,400	2,364,000	2,124,000	1,861,000	1,301,000
<u>Sustainable Growth and Economy</u>					
UK Shared Prosperity Fund (Projects)	125,700	830,700	0	0	0
Sustainable Growth and Economy Total	125,700	830,700	0	0	0
<u>Corporate Resources and Performance</u>					
IT Licences	110,000	110,000	110,000	110,000	110,000
Asset Management Fund	100,000	150,000	150,000	150,000	150,000
Future Resource Development Bids		100,000	100,000	100,000	100,000
Replacement Equipment		70,000	70,000	70,000	70,000
Civic Centre Window Replacement	200,000				
Income Management System	20,000				
Temporary Accommodation	1,160,000				
Economic Regeneration Land Assembly	1,500,000				
Corporate Resources & Performance Total	3,090,000	430,000	430,000	430,000	430,000
Total Capital Budget	6,928,100	3,624,700	2,554,000	2,291,000	1,731,000

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Report to Cabinet

Subject: General Fund Revenue Budget 2023/24

Date: 16 February 2023

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

Wards Affected

Borough wide.

Purpose

This report sets out the revenue budget which aligns to the Gedling Plan priorities, objectives and priority 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 5% 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 2 March 2023:

- ii. that the financial threshold above which decisions will be regarded as Key Decisions be set at £0.5m for 2023/24;
- iii. a provisional Council Tax increase of 2.98% (£5.31) which balances the financing of a Net Council Tax Requirement of £7,060,700 in 2023/24;
- iv. that the detailed budget for 2023/24, 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 2023/24 budget proposals together with the Gedling Plan will be presented to Budget Council on 2 March 2023. 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 2023/24 budget process.

Proposal

2. Proposed General Fund Budget 2023/24

- 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 optimise 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 financial pressure, 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 **Autumn Statement 2022**

On 17 November 2022, the Chancellor of the Exchequer presented his Autumn Statement to Parliament.

The Autumn Statement confirmed that government DEL budgets will be maintained at least in line with the budgets set at the Spending Review 2021 but then grow more slowly than previously expected. The Spending Review 2021 set UK government Departmental Expenditure Limit (DEL) budgets from 2022-23 to 2024-25. This included an average increase in Core Spending Power for local government of 3% in real terms over the Spending Review period. However, a substantial part of the additional £4.8 billion of new grant funding allocated at the time to local government is primarily to meet social care pressures which is an upper tier function and does not therefore benefit Gedling Borough Council.

At the Spending Review 2021, departments were also provided with funding to cover employer costs of the Health and Social Care Levy. As the Levy is no longer being introduced as a separate tax from April 2023 and departments will not face these additional costs, budgets have been adjusted centrally to remove this compensation.

To keep spending focused on the government's priorities and help manage pressures from higher inflation, the Autumn Statement indicated that government departments will be required to continue to identify efficiency savings in day-to-day budgets. To support departments to do this, the government is launching an Efficiency and Savings Review. This will include reprioritising spending away from lower-value and low-priority programmes, and reviewing the effectiveness of public bodies.

The Chief Secretary to the Treasury and the Minister for the Cabinet Office will work with all the cross-cutting government functions and departments to drive up professional standards, accelerate progress on innovation and automation, and further reduce waste and duplication. The government will report on progress with the Review in the spring. This is potentially an indication that increases in spending allocations will not be available in the future.

2.4 **Local Government Finance Settlement (LGFS) 2023/24**

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 Baseline Funding level for Business Rates Retention known as the Settlement Funding Assessment;
- Other Key Grants – e.g. New Homes Bonus; a new Funding Guarantee Grant for 2023/24 (see para 2.4.6 below).

A full analysis of the provisional settlement announced on 19 December 2022 was completed by the Local Government Association and is attached at Appendix 1 for information.

The final settlement figures for 2023/24 were announced by the Secretary of State for Levelling Up, Housing and Communities (DLUHC) on 6 February 2023. The Government's assessment of the Core Spending Power of local authorities and its referendum principles for managing excessive council tax increases have also been confirmed.

2.4.2 **Settlement Funding Assessment (SFA)**

The 2023/24 Settlement determines how much Revenue Support Grant central government will give to each local authority in England in 2023/24 and sets the Baseline Funding Level for Business Rates (the actual amount of business rates funding will be determined by the actual amount of rates collected and movements in the business rates base in accordance with the business rates retention scheme).

The final settlement figures announced on 6 February 2023 related only to 2023/24 and is a one-year settlement and once again there was no multi-year settlement which many local authorities, including Gedling Borough Council lobbied for. However, the Government has attempted to provide some clarity for 2024/25 by confirming that the core settlement will continue in a similar manner for 2024/25 i.e. Revenue Support Grant and Baseline Funding Levels will continue in the same format as 2023/24 meaning there will be no implementation of the Fair Funding Review or reset of the Business Rates system in 2024/25 and confirming no future changes will be made to Council Tax referendum principles (see para 2.4.7 and 2.4.8 for further details). Further consideration will be given to the funding position of lower tier councils for 2024/25 and the future of the New Homes Bonus scheme will be set out ahead of the 2024/25 local government finance settlement.

The one year settlement means that there is still no clarity over funding levels after March 2024. This continues to hamper meaningful financial planning at a time when demand and inflationary pressures are now increasing beyond expectations.

The 2023/24 Settlement Funding Assessment (SFA) figures are set out in the table below along with those for previous periods for comparative purposes:

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%
2022/23	500	3,076,400	3,076,900	500	0%	-37.7%
2023/24	117,500	3,191,600	3,309,100	232,200	7.5%	-33.0%

The new element of Revenue Support Grant (**RSG**) relates to the consolidation of grant funding that has previously been received outside of the Settlement Process, primarily being Council Tax Administration Subsidy i.e. **this is not new funding**. An offsetting reduction has been made in the core Revenue Budgets detailed at paragraph 2.5. The increase in business rates is due to adjustments made to baseline funding levels due to the revaluation of the system (see para 2.4.3)

The total cumulative settlement reductions equate to 33% or £1.63m in cash terms over the periods from 2016/17 to 2023/24 compared to the base position of 2015/16. Excluding the grants now consolidated into RSG i.e. not additional funding, the equivalent cumulative settlement reductions equate to 35% or £1.75m over the same period. Total settlement reductions compared to the amount received in 2010/11 are £5.65m or 64% by 2023/24. This is broadly the same position as last year.

SFA is reduced to 23% of Gedling's net budget for 2023/24, before accounting for new required efficiency targets, 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 £3,191,600 for 2023/24 is estimated at **£1,928,700** giving total income from business rates of £5,120,300, 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).

Growth amounts for the medium term are currently forecast at the same level for 2024/25 and thereafter the budget has been set at a prudent level of £900,000 per annum from 2025/26 to 2027/28 due to the uncertainties that

remain in the estimation process due to the delay in the review of the future local government funding system, including business rates retention and the potential for a system reset. In addition, 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.

As part of the Final Settlement the Government confirmed the return of surplus on the business rates levy account arising from business rates growth to be distributed as a one-off grant based on each local authority's 2013/14 Settlement Fund Assessment. Gedling's allocation is **£25,801**.

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 was 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 then Department for Communities and Local Government (now the Department for Levelling Up, Housing and Communities) 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 – 2023/24	Above 0.4% Threshold	1

During 2016/17 the Government made changes to the NHB with effect from 2017/18 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 182 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, for example in green belt areas.

The Government have confirmed that NHB will continue for 2023/24 on the same basis as 2020/21-2022/23, with no change to the way the NHB is calculated and the award being for one year only.

For the period measured for the 2023/24 New Homes Bonus i.e. October 2021 to October 2022, growth in Gedling was **390** band D equivalent houses, equivalent to 0.85% growth. This growth is above the national baseline of 0.4% and NHB has been confirmed at £332,930 for 2023/24 (to be paid for one year only) including an affordable homes premium based on a growth of 29 units in the period amounting to £10,150.

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	2023/24
	£000	£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			
2021/22						2		
2022/23							428	
2023/24								333
Total MTFP	2,400	1,660	857	482	383	106	521	333
Reduction from 2016/17		(740)	(1,543)	(1,918)	(2,017)	(2,294)	(1,879)	(2,067)

There remains considerable uncertainty surrounding the future of the NHB scheme. During 2019/20 the then Secretary of State for MCHLG stated that it was not clear the NHB in its current form is focussed on incentivising homes where they are most needed and announced that the government would consult on the future of the incentive in the spring of 2020. This consultation was delayed for a year due to Covid-19 but was completed in April 2021. However, the results of the consultation have not yet been announced. It is now intended that the future of the NHB will be set out ahead of the 2024/25 local government finance settlement. However, given that the Fair Funding Review will not be completed in this timescale, for medium term financial planning purposes, a similar award to 2023/24 is assumed for 2024/25 and zero NHB awards are assumed thereafter.

2.4.5 Services Grant

The Government introduced a new Services Grant as part of the local government finance settlement for 2022/23 which was initially intended to provide funding for one year only to all tiers of local government in recognition of the services they provide and to manage inflationary pressures e.g. the planned increase in National Insurance contributions for Health and Social Care levy. This grant will be reduced in 2023/24 because there will no longer be an increase in employer National Insurance contributions. This is an unringfenced grant and Gedling's allocation is **£124,425** reduced from £212,082 in 2022/23.

2.4.6 Funding Guarantee Grant

In recognition of the inflationary pressures the Government have repurposed the previous Lower Tier Services Grant to create a new one-off funding guarantee. This is intended to ensure that all Council's see at least a 3% increase in their Core Spending Power (CSP) before any decision about efficiencies, use of reserves, and Council Tax Levels.

Gedling's Funding Guarantee grant allocation for 2023/24 is £349,912. This is partly offset by the removal of the Lower Tier Services grant which was £140,739 in 2022/23. A net increase of just **£209,173**, only 1.5% of Gedling's net revenue budget

As with the previous allocation methodology for the lower tier services grant which protected CSP at 2021/22 levels, there has still been no consideration of CSP reductions that have been suffered by Councils prior to 2021/22 and therefore this approach appears to continue to protect those Councils that have not previously suffered decreases in NHB irrespective of the already anticipated reductions in their NHB including legacy payments.

Whilst the Funding Guarantee is intended to recognise inflationary pressures this together with the Services Grant falls substantially below the actual inflationary pressures being faced by the Council, as detailed in paragraph 2.5.2.

2.4.7 Core Spending Power 2023/24 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 and 2021/22 spending rounds and the first two years of the Spending Review 2021 (i.e. 2022/23-2023/24).

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

Core Spending Power 2016/17 to 2023/24 (based on Government projections)

Year	SFA and S31 Grant £m	Assumed Council Tax £m	New Homes Bonus £m	Funding Guarantee/ Lower Tier Services £m	Services Grant £m	Total £m	Movement from Prior Year	Movement from 2015/16
2015/16	5.2	5.5	2.0	0.0	0.0	12.7		-
2016/17	4.3	5.5	2.4	0.0	0.0	12.3	-2.5%	-2.5%
2017/18	3.8	5.7	1.7	0.0	0.0	11.2	-9.0%	-11.2%
2018/19	3.5	6.0	0.9	0.0	0.0	10.4	-7.7%	-18.4%
2019/20	3.3	6.0	0.5	0.0	0.0	9.8	-5.8%	-21.5%
2020/21	3.3	6.3	0.4	0.0	0.0	10.0	+2.3%	-21.3%
2021/22	3.4	6.5	0.1	0.1	0.1	10.1	+1.4%	-20.2%
2022/23	3.6	6.7	0.5	0.1	0.2	11.1	+10.3%	-12.4%
2023/24	3.9	7.0	0.3	0.3	0.1	11.6	+4.8%	-8.0%

Core Spending Power for local authorities in England increased by 9.2% in 2023/24. The table shows an increase of 4.8% for Gedling in 2023/24 which is 4.4% below the average received by the sector as a whole. The Government's estimate of council tax receipts assumes that District/Borough Councils will increase Council Tax by the maximum possible equating to £255,000 for Gedling. 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 2022/23 of **8%** when compared to 2015/16. **Gedling has the fifth largest reduction in Core Spending Power when comparing 2023/24 to 2015/16 out of 333 Councils in England. For 2022/23 Gedling was the seventh worst affected and for the previous two years, 2020/21 and 2021/22, Gedling was the worst affected Council in England.**

Note for comparative purposes – only 10 (3%) of Councils have seen a reduction in CSP of more than 5% when compared to 2015/16, 36 (11%) between zero and a 5% reduction, whilst 287 (86%) have seen an increase in CSP for the same period. The largest increase in CSP for a comparable district council is 33.1%.

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 final settlement the Government confirmed the referendum principles for 2023/24. For Shire Districts a Council Tax increase will be considered excessive if it is either 3% (or more than 3%) and more than £5 greater than the amount for 2022/23. For Gedling the 3% limit equates to £5.34 in 2023/24. 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.

For 2024/25, the Government has confirmed that the council tax referendum principles will continue the same as 2023/24 and that the referendum limit for increases will remain at 3% and £5.

2.4.9 Local Government Financing from 2024/25

As part of the Settlement announcements the Government has acknowledged that their ambition for Levelling Up the country requires them in the longer term to assess their commitments to update local government funding. They confirmed their previous commitment to carry out a Review of Relative Needs and Resources i.e. the Fair Funding Review (initially intended for implementation in April 2020), and a reset of accumulated business rates growth.

It has now been confirmed that this update of local government funding will not be implemented in this Spending Review period i.e. 2022/24 to 2024/25 but further commitments have been made to making improvements in the next Parliament. Therefore, the inequity of the current funding regime between local authority areas as demonstrated in the Core Spending Power statistics are not expected to be resolved until 2025/26 at the earliest.

Fair Funding Review

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. This consists of a large number of economic and social indicators that underlie the distribution of Revenue Support Grant and the setting of tariffs and top-ups within business rate retention. 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 which have diverged from the needs basis. 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 latest consultation proposed that the starting baseline for the purposes of transition will be a measure of the current funding available to each local authority i.e. the Core Spending Power measure excluding one-off grants. This should mean that no authority will see its funding reduce as a result of the new system in the first instance. It proposed that transition be 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 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 £1.5m CSP reductions (excluding one-off grants which may not be protected) 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 2022/23 Lower Tier Services Grant.

Gedling will take an active part in any further Fair Funding Review consultation processes to ensure its position is understood and views are represented.

Future of Business Rates Retention

As detailed above the Business Rates Retention Scheme will be retained at 50% for next year and there will also be no reset of the business rates baseline for 2024/25 which provides some funding certainty for next two years. If the reset is implemented in 2025/26 it is expected that some existing business rates growth could be removed upon reset, reducing income levels.

2.5 **General Fund Budget 2023/24 Summary**

2.5.1 The following table summarises the proposed General Fund Budget for 2023/24. The detailed budgets are presented at Appendix 2. 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 2023/24

Portfolio	Original Budget 2022/23 £	Base Budget 2023/24 £	Variance £
Local Pride and Community Engagement	862,500	927,500	65,000
Lifestyles, Health and Wellbeing	1,686,500	2,133,600	447,100
Environment	5,899,000	6,400,200	501,200
Sustainable Growth and Economy	1,387,200	1,561,500	174,300
Corporate Resources and Performance	2,965,600	3,342,700	377,100
Net Portfolio Budget	12,800,800	14,365,500	1,564,700
Transfer to/(from) Earmarked Reserves	(426,700)	(165,600)	261,100
Net Council Budget	12,374,100	14,199,900	1,825,800

2.5.2. **Major Budget Pressures**

Since the approval of the original 2022/23 budget there has been a significant increase in inflationary pressures being faced by the Council, resulting in a substantial increase in costs across the medium term. The inflationary pressures arising have been caused by a range of factors: the aftermath of the Covid-19 pandemic; post-Brexit supply and labour shortages; the war in Ukraine and subsequent western sanctions; and more recently the previous Chancellor's fiscal statement and growth plan set out in September of last year; which all together created a 'perfect storm' culminating in an adverse impact on the economy, dampening growth with inflation rising significantly above the Bank of England target levels and resulting in an increasing Bank of England base rate.

The base budget includes the following major budget movements **greater than £50,000**, which are substantially above the previous medium term financial plan expectations due to prevailing economic conditions and resulting inflationary and demand pressures:

- An estimated 5% Pay Award in the amount of £774,900 for 2023/24 plus an additional £550,000 in recognition of the ongoing impact of the 2022/23 pay award being 7% i.e. 4% above the original 3% budgeted;
- Increase of minimum pay levels, moving from a minimum spinal column point 3 to point 5 to address lower pay and remain competitive in the employment market, costing an additional £76,000;
- Cancellation of the proposed increase in National Insurance Contributions in respect of the planned Health and Social Care Levy amounting to a saving of (£81,100);
- Inflationary pressures on utility contract prices amounting to £728,000;
- Running costs of the 2023/24 Local Elections amounting to £125,100;
- Costs of Council Tax Admin subsidy which is now consolidated in the RSG financing budget of £118,300 (overall impact for the Council is neutral);
- Additional borrowing cost (interest and minimum revenue provision) due to the rising interest rates and the Capital Programme financing amounts to £81,000;
- Due to an increase in Bank of England interest rates an additional (£171,000) investment income;
- Additional £63,400 business rates on council properties due to the revaluation of properties.

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 six separate efficiency programmes totalling £7.0m net of risk provision. The total programme remaining for delivery over 2023/24 to 2024/25 is £0.373m (net of risk provision).

The progress of the current programme delivery has been positive and budget reductions achieved remain broadly in line with the profiled estimate.

Efficiency Proposals – New Proposals 2023/24

Due to the uncertainties of future Settlement funding and the potential pressures arising from the ongoing impact of the Covid-19 pandemic, Council noted, at its meeting in March 2022, a further potential efficiency target of £1,100,000 as part of the medium term financial plan, requiring new detailed efficiency plans to be developed with a profile for delivery of £100,000 in 2022/23 and £1,000,000 in 2024/25 should the potential risks materialise.

As detailed above at paragraph 2.5.2 significant additional inflationary pressures are now being experienced due to a range of factors having an adverse impact on the economy, and whilst Services Grant and the Funding Guarantee Grant totalling £474,300 will be received in 2023/24 this does not cover the inflationary and demand pressures being experienced and the majority is indicated to be one-off funding. Additional ongoing inflationary pressures estimated across the five year medium term plan are now in the region of £2m higher per annum by 2024/25 than those estimated a year ago, being mainly pay award and utility costs.

Therefore, a new efficiency programme is being proposed for 2023/24 together with the establishment of future efficiency targets totalling **£2,857,000**, for which plans will need to be developed in the near future to ensure the Council can maintain a sustainable financial position as detailed in paragraph 3.

A new **efficiency programme totalling £443,500** for delivery in 2023/24 is now proposed for approval. An additional **risk provision of £50,000** is included in the budget to manage the inherent risks of efficiency programme delivery and a **Transformation Fund budget of £50,000** is included to facilitate the implementation of the overall programme.

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

Portfolio	2023/24 £
Local Pride and Community Engagement	20,500
Lifestyles, Health & Wellbeing	171,000
Environment	25,000
Sustainable Growth and Economy	0
Corporate Resources and Performance	227,000
Total	443,500

Budget Reduction Proposals Summarised by Type

Summary 2023/24 - 2025/26	Efficiency and Effectiveness £	Income £	Total £
Local Pride and Community Engagement	20,500	0	20,500
Lifestyles, Health & Wellbeing	21,000	150,000	171,000
Environment	20,000	5,000	25,000
Sustainable Growth and Economy	0	0	0
Corporate Resources and Performance	222,000	5,000	227,000
Total	283,500	160,000	443,500

2.5.4 Proposed Revenue Resource Developments 2023/24

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

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

(a) Revenue Resource Developments 2023/24

Scheme	Revenue Bid 2023/24	Ongoing
	£	£
Waste Services – Move to Hydrogenated Vegetable Oil Fuel	50,000	70,000
Health and Safety Support	4,000	41,300
Planning Policy System – CDP Smart	3,500	3,500
Housing Enforcement Officer (funded by income)	0	0
Selective Licencing Phase 3 Netherfield (funded by income)	0	0
Total Revenue Bids	57,500	114,800

Further details of the revenue resource developments for 2023/24 are as follows:

- Waste Services – Move to Hydrogenated Vegetable Oil Fuel for the Council's vehicle fleet (£50,000) as a renewable fuel to deliver a reduction in CO2 emissions in line with the Carbon Management Strategy commitment;
- Health & Safety Support Officer – (£41,300) to ensure compliance with statutory responsibilities;
- Planning Policy System – CDP Smart (£3,500) GIS and mapping system to support the development of the Local Plan;
- Housing Enforcement Officer - £47,000 offset by penalty income from inspection of private sector housing stock;
- Selective Licencing Phase 3 £337,000 5 year scheme improvement of private sector housing standards funded by licence fees.

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

(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 2023/24 and ongoing
	£	£
Tree Management Software	16,000	3,700
Total Ongoing Revenue Costs/(Saving)		3,700

2.5.5 Discretionary Income Inflation

The Medium Term Financial Plan includes income inflation on discretionary income at 5% for 2023/24-2024/25 and 3% 2025/26-2027/28, (excluding leisure DNA memberships, garden waste, trade waste, building control, town centre car parking, taxi licencing), which equates to £148,200, and the increase per Portfolio is shown in the table below. Each additional 1% increase will raise a further £29,600. The 5% increase for 2023/24 and 2024/25 is 2% higher than originally anticipated due to the increased cost of service provision being experienced.

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 £	5% increase £
Lifestyles, Health and Wellbeing	(2,105,800)	(21,100)	(105,300)
Environment	(693,700)	(6,900)	(34,700)
Sustainable Growth and Economy	(2,200)	(0)	(100)
Corporate Resources and Performance	(161,100)	(1,600)	(8,100)
Total	(2,962,800)	(29,600)	(148,200)

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, or; being operated on a commercial basis and therefore required to breakeven e.g. 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 **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.

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 2022/23 and 2023/24 are detailed at Appendix 4 and show expected balances of £3.90m at 31 March 2024. 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.

Earmarked reserves of £300,000 that are no longer required for the purpose initially set aside for, or which have no specific approved plans for use, have been proposed for reclassification for general use at the end of 2022/23 to support the 2023/24 budget setting as detailed in Appendix 4. The classification of Earmarked Reserves will be kept under review and considered in the light of the outturn position for 2022/23 and recommendations made for further reclassification at that time if required.

The Council's minimum General Fund Balance level is set at £1m, or 7.5% of the Council's net operating expenditure, whichever is greater. For 2023/24 the required minimum General Fund balance at 31 March 2024 is £1,064,700 compared to the current projected closing balance of £1,224,800, i.e. just £160,100 above the minimum level.

This level of General Fund Balance indicates the increasing and immediate level of financial risk the Council is now facing as a result of the long history of government grant funding reductions, which are no longer related to the Relative Needs (as detailed in para 2.4.9) together with the substantial inflationary pressures now being encountered.

The medium term projection on the General Fund Balance is detailed in the Medium Term Financial Plan summary at paragraph 3 below which demonstrates that substantial budget reductions must be achieved in the future to maintain the minimum level of General Fund Balance and achieve a sustainable financial position in the absence of additional government funding.

2.5.7 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 2023/24 to 2027/28. 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.

2.5.8 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 surplus of £987,700 was declared on 15 January 2023 for the estimated position at 31 March 2023. This is net of a "spreading adjustment" of £207,200 representing 1/3 of the 2020/21 in-year deficit of £621,500 which was largely due to the impact of Covid-19 on the Council Tax Collection Fund and ensured that the full financial impact of the deficit did not fall on a single year's accounts. The spreading adjustment is required by regulations which came into force on 1 December 2020. The surplus of £987,700 will be shared by the preceptors with the sum of £89,800 received by the General Fund in 2023/24.

Business Rates

The estimated Business Rates Collection Fund surplus at 31 March 2023 of £3.438m was declared in January 2023, of which Gedling's share is £1.375m (40%) and will be received by the General Fund in 2023/24. The original 2022/23 estimate for retail reliefs and related S31 grants was £1.344m higher than the projected outturn for 2022/23. This reduces business rates S31 grant income due in 2022/23 but will be offset by the related increase in collectible business rates due from ratepayers which will not be received in the General Fund until 2023/24 due to the timing difference experienced between the Collection Fund and General Fund accounting requirements for the surplus/deficit and S31 grants. Over the two financial years 2022/23 and 2023/24 the impact of the lower reliefs and the increased collectible rates due from ratepayers is neutral. In 2021/22 £1.982m of additional S31 grant was received by the General Fund in 2021/22 for expanded retail reliefs and these were carried forward in the General Fund balance at 31 March 2022 in order to finance the related deficit in 2022/23.

2.5.9 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 2023/24 to 2027/28 is presented against a backdrop of major and unprecedented economic uncertainty in the post Covid-19 pandemic environment and the impact of the war in Ukraine, particularly rapidly rising inflation, energy prices and problems in the global supply chain along with the recent upward movement in interest rates which have resulted in difficulties in forecasting both funding and spending pressures beyond next year. Other factors contributing to uncertainty associated with the MTFP include:
 - The latest one year Local Government Finance Settlement for 2023/24;
 - Likely continued upward pressure on pay awards in response to rising inflation, wage comparability and skills shortages in key areas;

- Substantial inflationary pressures for supplies and services, in particular energy prices, the future movement of which remains potentially volatile;
- The lack of a confirmed timescale for the Fair Funding Review and Business Rate system reset;
- The one-off nature of some government grant funding, for example the Funding Guarantee and New Homes Bonus.

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 2022/23 and budget growth items (paragraph 2.5.4);
- Pay Award of 5% for 2023/24, 3% for 2024/25 and 2% per annum from 2025/26 to 2027/28. The April 2022 pay award was settled with an average 7% impact on the Council's pay bill compared to the estimated 3%. Whilst the April 2023 pay award for Local Government staff will not be known for some time the request from the employee representatives is an increase equivalent to RPI + 2%, which at current prevailing rates is 15%. This level of pay claim presents a downside risk to the current MTFP projections, as do potential market adjustments that may be required to address skill shortages in key areas.
- Fees and charges to be increased by an average 5% in 2023/24 and 2024/25 and 3% in 2025/26 to 2026/27 (paragraph 2.5.5);
- Anticipated cost of borrowing to finance the capital programme for 2023-2028;
- A 2.98% Band D Council Tax increase (44p per month for a Band D property and 30p per month for a Band A property) has been assumed for 2023/24. Beyond that a 2.98% Council Tax increase has been assumed for each year of the MTFP to maintain increases 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 at 31 March 2023 of £300,000 (subject to review as detailed in paragraph 2.5.6).
- Based on the current information available, and in the absence of funding increases, in order to achieve a balanced MTFP and ensure the Council's balances do not fall below the minimum level required, additional ongoing budget reductions (to those detailed in paragraph 2.5.3) of **£2,857,000** will be required in the following profile, and are included in the MTFP:

Year	Future Efficiency Target £
2024/25	1,257,000
2025/26	1,400,000
2026/27	100,000
2027/28	100,000
Total	2,857,000

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. The Council will not be complacent and will consider options for potential budget reduction options during 2023/24 which can be implemented from 2024/25 onward in the event that additional funding is not available in the next or future Local Government Finance Settlement(s).

The following table demonstrates a balanced medium term plan with a projected surplus on balances at the end of year 5 (2027/28) subject to securing budget reductions. The current budget still requires a significant contribution from balances in year 1, after which the General Fund Balance will be broadly in line with minimum levels with no further capacity to address funding gaps, indicating the increasing risk presented to the Council's financial sustainability arising from increased costs and constrained and uncertain funding levels, which is affecting many local authorities at this time.

MEDIUM TERM FINANCIAL PLAN 2023/24 TO 2027/28 - HIGH LEVEL SUMMARY

	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £
Net Council Budget	14,199,900	13,118,900	12,209,800	12,622,000	12,958,000
Financed by					
SFA Business Rates Baseline	(3,191,600)	(3,255,400)	(3,320,500)	(3,386,900)	(3,454,700)
SFA – Revenue Support Grant	(117,500)	(117,500)	(117,500)	(117,500)	(117,500)
Funding Guarantee Grant (2023/24 only)	(349,900)	0	0	0	0
Services Grant (assumed ongoing)	(124,400)	(124,400)	(124,400)	(124,400)	(124,400)
New Homes Bonus	(332,900)	(335,000)	0	0	0
Business Rate Levy	(25,800)	0	0	0	0
Council Tax Collection Fund Surplus	(89,800)	0	0	0	0
NNDR Growth/ Collection Fund(Surplus)/Deficit/ S31 Grant	(1,928,700)	(1,867,200)	(967,200)	(967,200)	(967,200)
NNDR Surplus Reliefs 2023/24	(1,344,700)	0	0	0	0
Less: Amount to Balances re NNDR Overpaid Relief Grant 2022/23	1,344,700	0	0	0	0
Less: Amount (from)/to Balances Core Budget	(978,700)	(68,000)	(36,800)	(79,700)	(33,900)
Council Tax Requirement	7,060,700	7,351,300	7,643,300	7,946,200	8,260,300
Council Tax increase	2.98%	2.98%	2.98%	2.98%	2.98%
Tax Base	38,504	38,929	39,304	39,679	40,054

The MTFP above assumes that a 2.98% increase will be applied between 2023/24 and 2027/28 but the actual increase will be determined on an annual basis by Council.

Expected balances at year end	1,224,800	1,156,800	1,120,000	1,040,200	1,006,300
Required balance	1,064,700	1,000,000	1,000,000	1,000,000	1,000,000
(Surplus)/Deficit on required balances	(160,100)	(156,800)	(120,000)	(40,200)	(6,300)

Note: Actual General Fund Balance at 1 April 2022 was £4,601,000 and the estimated balance at 1 April 2023 is £1,000,000 with the reduction including the payment of the 2022/23 Collection Fund deficit of £1,982,000 in respect of business rates relief S31 Grant being received in 2021/22, together with a reduction in business rate income in 2022/23 due to S31 Grant

business rates reliefs being lower than estimated by £1,344,700 which will be offset by the related Collection Fund surplus due in 2023/24 (as detailed paragraph 2.5.8 and in the table above). Estimated balances assume the reclassification of £300,000 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 2023/24.

4.2 Gedling's share of the council tax for a band D property for 2022/23 is £178.07. The level of council tax for 2023/24 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 £68,500. In the above MTFP a 2.98% (equivalent to £5.31) increase has been assumed for 2023/24. **The MTFP at paragraph 3.2 assumes that a 2.98% 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 Council Tax referendum limit for a shire district at which an increase is considered excessive is 3% or more and £5 whichever is greater. To illustrate the impact of the proposed 2.98% 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
Year	£3.54	£4.13	£4.72	£5.31	£6.49	£7.67	£8.85	£10.62
Per Week	7p	8p	9p	10p	12p	15p	17p	20p

4.3 At its meeting on 25 January 2023, the Council maintained its commitment to continuing the Council Tax Reduction Scheme unchanged, enabling a maximum award entitlement of up to 100% discount. This continues to mitigate the impact of council tax increases, including those levied by preceptors, for Gedling's most financially vulnerable households.

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 2023/24 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

After a delay of two years, firstly due to Brexit and then the Covid-19 pandemic (resulting in one year spending rounds for 2019 and 2020 and consequently one year local government finance settlements), the much awaited 3 year 2021 Comprehensive Spending Review (CSR21) was announced in October of 2021. However, the 3 year Spending Review did not result in the 3 year local government finance settlement which had been requested by the sector with a further one year settlement being made for 2022/23.

In the Autumn Statement 2022 the Chancellor maintained the Government commitment to the departmental expenditure limits set out in the CSR 21, however once again this has not translated into a multi-year settlement for local government, with another one year settlement being made for 2023/24. The Government has now confirmed that the long awaited local government finance reforms i.e. Fair Funding Review and Business Rates Retention reset which were initially due for implementation in 2020 will not now be implemented until 2025/26 at the earliest.

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 the economic downturn in terms of ongoing demand and inflationary pressures and how they will be financed.

The 2021 Comprehensive Spending Review outlined the Government's spending plans for the next three years by setting budgets for each central government department. This included an average increase in Core Spending Power for local government of 3% in real terms over the three year Spending Review period. However, a substantial part of the additional £4.8 billion of new grant funding to this department is primarily to meet social care pressures which is an upper tier function, presenting a risk that district and borough councils will not receive the full 3% increase in real terms across the 3 year period.

- **Business rates retention/Fair Funding Review:** The extension of the business rates retention scheme reset and implementation of the Fair Funding Review was originally planned for 2020/21 but this has now been delayed for five years with the earliest implementation expected to coincide with the next Comprehensive Spending Review period and the 2025/26 Local Government Finance Settlement. In the absence of a review of the local government funding, pilots for the 100% business rates

retention are continuing in 2023/24 but last year the Secretary of State for Levelling Up, Housing and Communities announced that the Government would abandon moves towards 75% Business Rates Retention as they considered that it conflicted with their levelling up agenda. Instead the Government plan to progress the Fair Funding Review and examine the mechanism for redistributing funding to the local authorities most in need.

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, and in the recent Autumn Budget 2022, 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. The original intention of the business rates retention scheme was for it to be fiscally neutral and in order to achieve this, additional responsibilities would need to be transferred to Local Government in a move to 100% retention. In this scenario care will be needed to ensure that any new transferred responsibilities are capable of being fully funded in both the short and long term although the risk of this materialising is now reduced if the retention level stays at the current 50%.

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 may require local authorities to hold higher levels of reserves in the future depending on the outcome of the review of the local government finance system.

- **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 had for Gedling Borough Council due to the introduction of a 0.4% growth baseline resulting in 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 2023/24. 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. A consultation on the future of the NHB was held in the spring of 2021 but there is, as yet, no firm indication as to how the Government will wish to proceed with amendments to the scheme. The Government has stated that it now intends to set out the future of the NHB ahead of the 2024/25 local government finance settlement which may result in further changes or reductions in advance of the Fair Funding Review which will not be completed in this timescale.

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 before receiving a positive allocation of £427,670 for 2022/23 reducing to £332,930 in 2023/24. The MTFP assumes that NHB will continue at the same level for 2024/25 but thereafter will be zero. In the event that the Council does receive some NHB in the longer term, this will be used to support projects or be transferred to balances to support future budget setting but, in all probability, this will be matched by a corresponding reduction in other government grants.

- **Council Tax**: The Government's Core Spending Power figures are based on the assumption that Council Tax will be increased by the maximum amount in accordance with the referendum principles and that growth in the tax base will be created through additional hereditaments. This rise is equivalent to the maximum possible without requiring a referendum and leaves no 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 2.98% increase will be applied between 2023/24 and 2027/28 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 2.98% will require an increase in the efficiency/budget reduction targets to ensure that a balanced MTFP is secured.
- **Economic Growth/Inflation**: Both Brexit and Covid-19 and more recently the war in Ukraine have had a major adverse impact on the economy and ongoing uncertainty continues to create major challenges for economic forecasting. Overall the balance of risk to economic growth in the UK is now to the downside, with significant risks related to: labour supply shortages proving more enduring and depressing economic activity; inflationary pressures not being effectively controlled by monetary policy interventions; UK/EU trade agreements being effective. Without a multi-year settlement or an understanding of what the Fair Funding Review or business rates retention reset will bring, the demand and inflationary pressures arising from the economic downturn 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 of 5% for 2023/24, 3% for 2024/25 and 2% per annum from 2025/26 to 2027/28. However, whilst the April 2023 pay award for Local Government staff will not be known for some time the request from the employee representatives is an increase equivalent to RPI + 2%, which at current prevailing rates is 15%. This level of pay claim presents a significant downside risk to the current MTFP projections, as do potential market adjustments that may be required to address skill shortages in key areas. However, given the uncertainties in the economy present there is a minor 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.

A significant increase in contract prices for utilities is included in the 2023/24 budget. This aspect of the budget is likely to continue to be volatile and there is a downside risk that the full year effect of expected price increases will be higher than those currently projected. However, there is also an upside risk that energy prices will drop back and utility contract prices and budgets will fall back to some degree in the medium term.

- 5.3 A minimum balance of £1m on the General Fund, or 7.5% of net operating expenditure whichever greater, 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. Given the substantial inflationary pressures being experienced and the scale of the future budget reductions likely to be required in the absence of funding increases, the level of minimum balances will be kept under review and may need to increase to reflect the increasing level of risk in the MTFP.
- 5.4 The (surplus)/deficit on balances in the MTFP table in 3.3 shows amounts (above)/below the recommended minimum General Fund balance in any one year. Current spending plans show a surplus of £160,100 in 2023/24 declining to £6,300 by the end of 2027/28. 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 require more innovative and transformation approaches with inherent uncertainties 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 are increasing compared to those in previous years, due to inflationary pressures but whilst recognising the significant challenges ahead, this plan is considered robust. Gedling is not alone in facing this challenge - it is a national problem – but with the Council's long track record in delivering successful efficiency programmes, it is well placed 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.
- 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 on families, homelessness and those with specialist housing need.
- 5.7 There is an increased risk arising from these assumptions and the level of minimum balances will be kept under review. 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 be a significant challenge 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 now significant, and 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>The General Fund Balance is now forecast to be at minimum levels for next year and efficiency plans to meet the approved targets will continue to be implemented and developed over the next 4 years to help balance the MTFP.</p>
Viability	High	<p>The continuing one year local government finance settlements, the lack of a clear timeframe for the Fair Funding Review, uncertainty regarding the future of the New Homes Bonus and the rapidly increasing levels of inflation as well as the upward movement in interest rates increases the risks to the finances of the Council; reserves to cushion the impact, are quickly reducing and delivery of the approved efficiency programmes and the development of new efficiency programmes will be essential.</p>
Finance	High	<p>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 be consistently increased year on year to offset the momentum of continual reductions in available budgets. The cost of living crisis presents an additional risk to income levels for discretionary services.</p>

Profile	High	The achievement of a balanced and sustainable MTFP is reliant upon the effective delivery of the efficiency programme, with £0.8m planned for delivery in 2023/24 to 2024/25. In the absence of additional funding in the next local government finance settlement, or reduced inflationary pressures, further budget reductions of £2.9m over 2024/25 to 2027/28 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 Integrated Care Partnership 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.

Heads of Service 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 2023/24.

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 2023/24. 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 2023/24
- Appendix 3 - Major Price Indices – Medium Term Financial Plan
- Appendix 4 - Movement on Earmarked Reserves
- Appendix 5 - Council Tax Collection Fund Estimate 2023/24
- Appendix 6 - Summary of Budget Reduction Proposals 2023/24 – 2026/27

14. Background Papers

- Central Government Report – Local Government Finance Report 2023/24
- Prudential and Treasury Indicators and Treasury Management Strategy Statement 2023/24
- Capital Programme and Capital Investment Strategy 2023/24 to 2027/28
- Gedling Plan 2023-2027

15. Reasons for Recommendations

To obtain approval of the General Fund Revenue Budget 2023/24 for referral to Council.

Statutory Officer approval:

Approved by: Chief Financial Officer

Date: 12 February 2023

Approved by: Monitoring Officer

Date: 8 February 2023

Local Government Association

Provisional Local Government Finance Settlement 2023/24

On the Day Briefing

19 December 2022



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 2023/24](#) which was announced on 19 December 2022. The briefing also covers the announcements for 2024/25 which were included in the [policy statement](#) which was published on 12 December. We expect the final 2023/24 settlement to be laid before the House of Commons, for its approval, in late January or early February 2023.

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

Key messages

- The 9.2 per cent increase in local government core spending power will help councils deal with inflationary and other cost pressures next year. However, we will continue to make the case to government of the underlying and existing pressures that remain as councils still face significant challenges in setting their budgets and trying to protect services.
- Shire district councils - which provide vital services like planning and waste and recycling collection - will see a lower core spending power increase next year, which is something the Government should address in the final settlement.
- However, these Government forecasts are based on the assumption that councils will raise their council tax by the maximum permitted without a referendum. This leaves councils facing the tough choice about whether to increase council tax bills to bring in desperately-needed funding at a time when they are acutely aware of the significant burden that could place on some households during a cost of living crisis.
- The LGA has long highlighted that 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.
- We are pleased that government will provide extra funding for adult social care and accepted our ask for funding allocated towards reforms to still be

Briefing

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available to address inflationary pressures for both councils and social care providers. Councils have always supported the principle of adult social care reforms and want to deliver them effectively but have warned that underfunded reforms would have exacerbated significant ongoing financial and workforce pressures.

- The additional funding helps to tackle the most immediate budget pressures in children's social care, however, it will not be sufficient to invest in the preventative and early help services that children and families need, nor to invest in the children's workforce or the additional homes we need for children in care. The Government's forthcoming response to the Independent Review of Children's Social Care will need to provide clarity over how children's social care services will be sufficiently funded going forward to enable all children to receive the care and support they need, when they need it.
- The Government must urgently publish the response to the SEND Green paper, setting out policy reforms that will reduce pressure on high needs budgets, ensure councils can eliminate their High Needs Budget deficits before the end of March 2026 and include a focus on increasing levels of mainstream inclusion.
- The New Homes Bonus makes up a considerable part of funding for some councils, particularly shire district authorities and we welcome the confirmation of the provisional amount for 2023/24. Councils need clarity on the future of the New Homes Bonus to be able to plan their budgets beyond next year and into the medium term. Any changes should come with transitional funding to ensure that local authority services that residents rely on are not put at risk.
- The public health grant also needs to be published as soon as possible, so councils know how much they can budget for essential services to help keep people healthy throughout their lives, including for treating drug misuse and tackling obesity.
- The Government has clarified that the Review of Relative Needs and Resources and a reset of accumulated business growth will not be implemented in the current Parliament. When the Review does happen, it needs to consider both the data and the formulas used to distribute funding and the Government needs to ensure that overall local government funding is sufficient when new needs formulae are introduced to ensure that no council sees its funding reduce as a result and that there are transitional arrangements for any business rates reset.
- Councils want to work with government on a long-term plan to fund local services and a turbo-charging of wider devolution where local leaders have sustainable funding and greater freedom to take decisions on how to provide vital services in their communities.

- This is the fifth one-year settlement in a row for councils which continues to hamper financial planning and their financial sustainability. Only with adequate long-term resources, certainty and freedoms, can councils deliver world-class local services for our communities, tackle the climate emergency, and level up all parts of the country.

The settlement in detail

The Department for Levelling Up, Housing and Communities (DLUHC) has announced the [provisional local government finance settlement for 2023/24](#).

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.

The closing date for responses to the [consultation document](#) to DLUHC is 16 January 2023. We expect the final settlement to be published in late January / early February 2023.

The LGA's [Local Government Finance conference](#) on 10 January will offer perspectives on the 2023/24 provisional local government finance settlement and what it means for local authorities, as well as look to the longer-term outlook for local government in the current economic climate. It will cover issues raised in the Autumn fiscal events, and key current topics that local government finance professionals are addressing in their local authorities, departments, and organisations. [Book your place here](#).

Core Spending Power

The Government figures indicate that Core Spending Power will rise by an average 9.2 per cent in 2023/24.

Core Spending Power in 2023/24 consists of:

- Settlement Funding Assessment (which consists of Revenue Support Grant, and the baseline funding level);
- Income from council tax assuming that the tax base grows, and councils increase council tax by the maximum possible¹;
- Compensation for under-indexing the business rates multiplier;
- The New Homes Bonus;
- The Social Care Grant;
- The Improved Better Care Fund;
- Adult Social Care Market Sustainability and Improvement Fund;
- Adult Social Care Discharge Fund;
- Rural Services Delivery Grant;

¹ Different assumptions on maximum council tax are built into the published core spending power figures for police, fire authorities and the Greater London Authority.

- The Services Grant;
- A Funding Guarantee, to ensure that all councils have an increase of 3 per cent in core spending power before any changes in council tax levels are taken into account,

Detailed Core Spending Power figures are included in Annex A.

LGA view:

- The increase in local government core spending power will help councils deal with inflationary and other cost pressures. However, we will continue to make the case to government of the underlying and existing pressures that remain as councils still face significant challenges in setting their budgets and trying to protect services.
- Shire district councils - which provide vital services like planning and waste and recycling collection - will see a lower core spending power increase next year, which is something the Government should address in the final settlement.
- The increase is based on the assumption that councils will increase their council tax bills will rise by 5 per cent next year, including a 2 per cent adult social care precept. This will place a significant financial burden on households in a year of economic uncertainty and increased costs, including energy costs.

Council tax

The Government has announced the following referendum principles for 2023/24:

- A core referendum principle of up to 3 per cent will apply to shire county councils, shire unitary authorities, metropolitan districts and London boroughs.
- Shire districts will have a referendum principle of up to 3 per cent or £5, whichever is higher.
- Social care authorities will be able to set a 2 per cent adult social care precept without a referendum (in addition to the existing basic referendum threshold referred to above).
- Fire and Rescue Authorities will have a principle of up to £5.
- £15 for police authorities and police and crime commissioners including the GLA and the West Yorkshire and Greater Manchester Mayors.
- The non-police element of the Greater London Authority (GLA) will have a referendum principle of £23.55.

- There will be no referendum principles for mayoral combined authorities (MCAs) except where the Mayor exercises police and crime commissioner functions.
- No referendum principles will be set for parish and town councils.

The Government has also announced £100 million of additional funding for local authorities to support the most vulnerable households in England. The Government says that this funding will allow councils to deliver additional support to the 3.8 million households already receiving council tax support, whilst also providing councils with the resources and flexibility to determine the local approaches to support other vulnerable households in their area. This is not in Core Spending Power.

LGA view:

- An increase in council tax of up to 5 per cent will place a significant burden on households particularly during a cost of living crisis. In addition, increasing council tax raises different amounts of money in different parts of the country not related to need.
- It is disappointing that the Government has continued to rely on council tax and the social care precept as part of its package to increase funding for adult social care. As we have previously stated, council tax is not the solution for meeting long-term pressures facing high-demand national services such as adult social care.
- We agree that shire districts should have the extra flexibility but would propose a limit of £10 rather than £5.
- We have always maintained that the council tax referendum limit should be abolished so councils and their communities can decide, when the time is right, how local services are paid for, with residents able to democratically hold their council to account through the ballot box.
- We await allocations and publication of the guidance on the scheme to help low income households with council tax.

Revenue Support Grant

The Government is not proposing to change the distribution of Revenue Support Grant (RSG) from that used in 2022/23. The Government proposes to increase 2022/23 RSG levels in line with the September 2021 to September 2022 change in the [Consumer Price Index](#) (the September 2022 CPI was 10.1 per cent). This is before accounting for rolled in grants.

The Government will continue to eliminate 'negative RSG'.

The Government will consolidate four grants totalling £239 million into the

settlement. All of the four grants will keep their existing distribution. Three of these grants will roll into the Revenue Support Grant:

- The Family Annexe Council Tax Discount grant (£7.4 million);
- Local Council Tax Support Administration Subsidy grant (£69 million); and
- funding for food safety and standards enforcement (Natasha's Law, £1.5 million).

A fourth grant, the Independent Living Fund (£161 million), is being rolled into the Social Care grant.

The Government committed to producing a plan for further streamlining the funding landscape.

LGA view:

- We welcome the increase in Revenue Support Grant in line with the Consumer Price Index.

Business rates and business rates retention

The Government has confirmed that a revaluation will take place in 2023. Top-ups and tariffs will change, to ensure that no authority suffers, as far as possible, from gains or losses due to the 2023 revaluation or from transfers from local lists to the central list. The Government has confirmed it will use the technical adjustment on which it [consulted](#) earlier this year. Subsequent adjustments will be made in 2024/25 and 2025/26, once updated data is available.

As announced in the 2022 Autumn Statement, the business rates multiplier will be frozen for 2023/24. It will remain at 49.9p (small business multiplier) and 51.2p (national business multiplier). The Government will compensate local authorities for the loss of income for this decision up to the level of the September 2022 Consumer Prices Index (CPI), meaning that, taken together, the increase in the Baseline Funding Level (BFL) and the multiplier under-indexation grant for 2023/24 provide an increase of 10.1 per cent.

All current 100 per cent Business Rates Retention areas will continue in 2023/24. The Greater London Authority will also continue to have increased levels of Business Rates Retention in 2023/24. During this time the Government will review the role of such arrangements as a source of income for areas and its impact on local economic growth, and as part of the devolution commitments as set out in the Levelling Up white paper.

DLUHC is consulting on 25 business rates pools.

LGA view:

- We welcome the fact that local government will be fully compensated for the

freezing of the business rates multiplier in 2023/24. However, freezing the multiplier reduces buoyancy in the business rates system, and without alternative means of funding or compensation, council income would reduce in the medium term.

- We note that the Government is now compensating to CPI than the Retail Price Index. Whilst both are at historically high levels this year, we call on the Government to keep this decision under review when they drop again to more normal levels.

Social care

The Government has confirmed the following grants for social care in the 2023/24 settlement:

- The Social Care Grant will be £3.852 billion in 2023/24. This includes £1.265 billion of funding due to delaying the rollout of adult social care charging reform and £161 million due to the rolling in the Independent Living Fund. £160 million of the total increase will be used to maintain the equalisation component of the Social Care Grant against the adult social care (ASC) precept. This will partly be funded from delays to Adult Social Care reform announced at the Autumn Statement, together with an additional £80 million which is being added from elsewhere in the local government finance settlement. The remaining increase will be distributed using the ASC Relative Needs Formula. The Government proposes that the Social Care Grant will be ringfenced for adults' and children's social care. More details will be set out in due course.
- £2.14 billion through the Improved Better Care Fund. This is the same quantum as 2022/23. The distribution is also unchanged.
- A £300 million Adult Social Care Discharge Grant for 2023/24. This funding will be required to be pooled as part of the Better Care Fund. The funding will be distributed using the existing Improved Better Care Fund grant shares. The Government will set out further details on the conditions of this funding in due course.
- £562 million in Adult Social Care Market Sustainability and Improvement Funding. This includes new grant funding of £400 million to address issues such as discharge delays, social care waiting times, low fee rates, and workforce pressures. The grant also includes £162 million in Fair Cost of Care funding which the Government notes is to support the progress local authorities and providers have already made this year on fees and cost of care exercises. The Government proposes to distribute this funding using the existing ASC Relative Needs Formula. There will be reporting requirements placed on this funding regarding performance and use of funding to support improvement against the objectives. The Government will provide further details on reporting in due course.

LGA view:

- Steadily growing demand has seen councils with responsibility for children's and adult's social care devoting nearly two-thirds of their total spending to these services. This demonstrates councils' commitment to protecting these crucial services, but it comes at the expense of funding for other important services and is also completely unsustainable.
- We are pleased that the Government will provide extra funding for adult social care and accepted our ask for funding allocated towards reforms to still be available to address inflationary pressures for both councils and social care providers. Councils have always supported the principle of adult social care reforms and want to deliver them effectively but have warned that underfunded reforms would have exacerbated significant ongoing financial and workforce pressures. The Government needs to use the delay to reforms to learn from the trailblazers to ensure that the appropriate funding and support is in place to ensure they can be implemented successfully.
- Although the additional funding to adult social care is welcome, it falls significantly short of the [£13 billion we have called for](#) to address the severity of the pressure facing the service, including rising demand, and ensure councils can meet all of their statutory duties under the Care Act. Additional investment for here and now pressures and core services is an essential foundation for future adult social care reforms if councils are to play their part in delivering on the Government's ambition.
- The additional funding helps to tackle the most immediate budget pressures in children's social care, however it will not be sufficient to invest in the preventative and early help services that children and families need, nor to invest in the children's workforce or the additional homes we need for children in care. The Government's forthcoming response to the Independent Review of Children's Social Care will need to provide clarity over how children's social care services will be sufficiently funded going forward to enable all children to receive the care and support they need, when they need it.

Services Grant

The Services Grant will reduce from its 2022/23 level of £822 million to £464 million for 2023/24, this is in part due to the fact that there will no longer be an increase in National Insurance Contributions. In addition, some funding will go to increase the funding for the Supporting Families Programme and pay for other parts of the settlement such as increasing Revenue Support Grant. The rest of the Services Grant will be distributed through the Settlement Funding Assessment, in the same way as in 2022/23.

In addition to the £464 million, Government has held a small proportion of the Services Grant back as contingency to cover unexpected movements. The Government will review whether this contingency is necessary for the final local

government finance settlement, and any contingency left unused at that point will go back into the Services Grant.

LGA view:

- The unringfenced Services Grant will provide vital resources for local authority services but its level has reduced from 2022/23. There will be some concern in the sector that the fact that it has been announced for 2023/24 only makes planning for 2024/25 and beyond more difficult.

New Homes Bonus

Core spending power includes a provisional amount of £291 million for the New Homes Bonus (NHB) in 2023/24. The method for calculating the NHB will not change from 2022/23 and new payments will not attract legacy payments. The threshold over which the bonus is paid remains at 0.4 per cent.

The Government says that they will set out the future position of New Homes Bonus ahead of the 2024/25 local government finance settlement

LGA view:

- The New Homes Bonus makes up a considerable part of funding for some councils, particularly shire district authorities. Councils need clarity on the future of the NHB to be able to plan their budgets beyond next year and into the medium term. Any changes should come with transitional funding to ensure that local authority services that residents rely on are not put at risk.

Funding Guarantee

The Government has announced that it will repurpose the 2022/23 Lower Tier Services Grant and a proportion of the expired New Homes Bonus legacy payments to ensure that all councils will see at least a 3 per cent increase in their Core Spending Power before any decisions about organisational efficiencies, use of reserves or council tax levels. For eligible authorities, the value of the guarantee will be based on the difference between a 3 per cent increase in their 2022/23 Core Spending Power adjusted for actual council tax requirement in 2022/23, compared to their increase in Core Spending Power (excluding rolled in grants) before any assumed increases to council tax Band D levels in 2023/24. The Funding Guarantee total for 2023/24 is £136 million.

LGA View:

- Councils receiving this funding will welcome the protection this guarantee offers although this is well below the level of CPI inflation which is currently 10.7 per cent. The majority of councils receiving the funding guarantee are shire district councils and this emphasises the need for them to have access to the additional funding which a higher of 3 per cent and £10 council tax referendum limit would bring.

Rural Services Funding

The Government proposes to roll-forward the 2022/23 allocations of the £85 million Rural Service Delivery Grant for 2023/24.

LGA view:

- Councils in rural areas will welcome the continuation of this funding albeit that it is reduced in real terms.

2024/25

The Government has confirmed that, the Review of Relative Needs and Resources (also known as the Fair Funding Review) and the business rates reset will not be implemented in this Spending Review period, although it states that the Government remains committed to improving the local government finance landscape in the next Parliament.

In the policy statement published on 12 December 2022, the Government confirmed that core referendum principles in 2024/25 will be a 3 per cent per year general referendum limit, with authorities with social care responsibilities able to increase the adult social care precept by up to 2 per cent a year.

The core settlement will continue in a similar manner for 2024/25. The major grants will continue as set out in 2023/24. Revenue Support Grant will be uplifted in line with BFLs so that councils receive an increase equivalent to the September 2023 level of the Consumer Prices Index (CPI). Business rate pooling will continue. The Social Care Grant and other social care grants will increase as set out at the Autumn Statement.

Local authorities can also expect to receive new income, subject to the Extended Producer Responsibility for Packaging (pEPR) coming into force during 2024/25. The Government will assess the impact of additional pEPR income on the relative needs and resources of councils, particularly shire district councils.

The Government will set out the future position of the New Homes Bonus ahead of the 2024/25 settlement.

LGA view:

- This announcement will give councils some clarity over some sources of income in 2024/25.
- When the Review of Relative Needs and Resources does happen, the Government needs to consider both the data and the formulas used to distribute funding. There also needs to be full engagement with the sector

on this. The Government also needs to ensure that overall local government funding is sufficient to ensure no council sees its funding reduce as a result of the Fair Funding Review.

- We look forward to future discussions on the implementation of, and distribution of, income from the Extended Producer Responsibility for Packaging scheme and its knock on impacts on the settlement. The Government should engage with the LGA and local government on this including and ensure that any funding for reform is sufficient and new burdens are properly funded.

Reserves

In the [Policy Statement](#) published on 12 December the government notes the increase in some local authority reserves over the two years of the pandemic. It encourages “local authorities to consider how they can use their reserves to maintain services in the face of immediate inflationary pressures, taking account, of course, of the need to maintain appropriate levels of reserves to support councils’ financial sustainability and future investment. In order to support council members and local electorates to understand the reserves that their authorities are holding and what they are used for, they will also explore releasing a user-friendly publication of the reserves data currently collected in the Local Authority Revenue Expenditure and Financing Outturn statistics. They will consult with trusted partners, including the Local Government Association, about doing this.”

LGA view:

- We look forward to further clarity on these proposals and will discuss them in detail with the Government and local government.
- Councils hold reserves for a reason. Earmarked reserves are held so they can plan for the future and deal with known risks; unallocated reserves so that councils can respond to immediate events and emergencies.
- We have made the point before that reserves can only be spent once and that using reserves is not a solution to the long-term financial pressures that councils face.

Education and early years

On 16 December 2022 DfE set out the detail of the allocation of an additional £1.9 billion for schools and high needs funding for 2023/24. This is made up of £1.45 billion in schools block funding and £400 million of high needs funding. As part of this increase, mainstream schools will receive a new, [Mainstream Schools Additional Grant \(MSAG\)](#) for primary and secondary provision in the 2023-24 financial year. This equates to a 3.4 per cent increase in per pupil funding for mainstream schools, on top of the allocations through

the Dedicated Schools Grant, [published](#) on 16 December. [Pupil premium per pupil rates](#) in 2023-24 will increase by 5 per cent.

The Government also published its [response](#) to the Early Years Funding Formulae consultation launched in July 2022, confirmed the hourly funding rates for the free early education entitlements in 2023/24 for each local authority, and announced their [indicative allocations](#). An additional £20 million of funding for early years entitlements, on top of the £180 million for 2023/24 announced at the Spending Review, was announced to address National Living Wage increases. The additional £10 million announced on 4 July 2022 for Maintained Nursery Schools was confirmed.

The Department for Levelling Up, Housing and Communities has announced that as part of the [local government policy statement 2023/24 to 2024/25](#) the statutory override for the Dedicated Schools Grant will be extended for the next three years from 2023/24 to 2025/26. The override was due to expire at the end of March 2023.

LGA view

- We welcome the additional £1.9 billion in schools and high needs funding for 2023/24, which will help provide a good education for all pupils at a time when schools are struggling with rising energy and food bills, alongside the need to fund agreed pay rises, including for teachers.
- High needs funding pressures are one of the biggest challenges that councils are currently facing and the additional £400 million in high needs funding will provide some short-term assistance. We are pleased that the Department for Levelling Up, Homes and Communities has listened to the concerns raised by the LGA and extended the statutory override for the Dedicated Schools Grant to the end of the 2025/26 financial year.
- The Government must urgently publish the response to the SEND Green paper, setting out policy reforms that will reduce pressure on high needs budgets, ensure councils can eliminate their High Needs Budget deficits before the end of March 2026 and include a focus on increasing levels of mainstream inclusion.
- Education starts long before school and a strong early years sector can maximise the life chances of all children as part of our shared ambition with government to level-up communities and reduce inequalities across the country. There has been some recognition of the substantial financial challenges facing the early years sector through the additional £20 million investment announced on 16 December, however, this falls short of addressing the significant underfunding of the early years entitlements.

Public health

The settlement includes no information about the national total, or individual council allocations, of the public health grant for 2023/24.

LGA view:

- We call on government to provide councils with clarity on the funding for public health as soon as possible. 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 help mitigate pressures on the NHS and social care.
- Public health teams have faced an unprecedented period of funding and demand pressures and continue to face significant pressures and challenges. Sufficient ongoing funding is needed to ensure all local authorities can continue to meet their statutory public health responsibilities.
- Uncertainty also remains in terms of the additional funding announced last year for locally commissioned drug treatment services and the Family Hubs and Start for Life programme. We call on government to provide councils with certainty beyond 2022/23 as soon as possible.
- The Public Health Grant allows councils to fund vital preventative services such as stop smoking and sexual and reproductive health services. At a time when NHS and social care pressures are greater than ever, a greater focus on prevention through an uplift to the Public Health grant will support the Government's wider aims by improving health outcomes, reducing health spending and putting the NHS on a better footing for the long term.

Fire Funding

As set out above, Fire and Rescue Authorities (FRAs) will be able to raise their precept by up to £5 in 2023/24.

Fire authorities will also receive an increase in their business rates funding baseline and revenue support grant in line with inflation, including compensation for under-indexing the business rates multiplier and will be entitled to the Funding Guarantee.

LGA view:

- We welcome that fire and rescue services are able to increase their precept by £5.
- Fire and rescue services need to be funded to take account of the full range of risks, demands and cost pressures they face. The sector also needs to be funded properly in order to engage in meaningful reform and transformation.
- The outcomes of the cases on discriminatory practices in the fire fighters pension scheme will have implications for the pension administrative costs and employer contributions to be made by FRAs. Unless these additional cost pressures are funded by Government, they will have a significant impact on FRA budgets in 2023/24 and beyond.

Police Funding

The [Provisional Police Grant Report \(England and Wales\) 2023/24](#) was published by the Home Office on 14 December 2022 in [a written Ministerial statement](#). Overall funding for policing will rise by up to £287 million compared to the 2022/23 funding settlement, bringing the total up to £17.2 billion for the policing system. Within this, funding to police and crime commissioners (PCCs) will increase by up to an additional £523 million, assuming full take-up of precept flexibility, which is being raised to £15. This would represent an increase to PCC funding in cash terms of 3.6 per cent on top of the 2022/23 police funding settlement.

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 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Business Rates Baseline	11,323.2	11,417.7	11,650.6	12,000.7	12,275.7	12,475.7	12,475.7	12,475.7	12,942.5
Revenue Support Grant	9,926.8	7,183.9	4,982.1	3,573.5	2,284.0	2,321.2	2,334.0	2,406.5	2,728.5
Compensation for under-indexing the business rates multiplier	165.1	165.1	175.0	275.0	400.0	500.0	650.0	1,275.1	2,204.6
Improved Better Care Fund	0.0	0.0	1,115.0	1,499.0	1,837.0	2,077.0	2,077.0	2,139.8	2,139.8
Rural Services Delivery Grant	15.5	80.5	65.0	81.0	81.0	81.0	85.0	85.0	85.0
Transition Grant	0.0	150.0	150.0	0.0	0.0	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	0.0	0.0
New Homes Bonus	1,167.6	1,461.9	1,227.4	947.5	917.9	907.2	622.3	556.0	290.6
New Homes Bonus - returned funding	32.4	23.1	24.5	0.0	0.0	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	0.0	0.0
Social Care Support Grant	0.0	0.0	0.0	0.0	410.0	0.0	0.0	0.0	0.0
Social Care Grant	0.0	0.0	0.0	0.0	0.0	1,410.0	1,710.0	2,346.4	3,852.0
Market Sustainability and Fair Cost of Care Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	162.0	0.0
ASC Market Sustainability and Improvement Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	562.0
Lower Tier Services Grant	0.0	0.0	0.0	0.0	0.0	0.0	111.0	111.0	0.0
ASC Discharge Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	300.0
Services Grant	0.0	0.0	0.0	0.0	0.0	0.0	0.0	822.0	464.2
Grants Rolled In	209.2	256.5	247.5	238.8	231.6	232.3	238.1	238.6	0.0
Funding Guarantee	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	136.0
Council Tax Requirement	22,035.9	23,247.3	24,665.8	26,331.6	27,767.8	29,226.9	30,308.2	31,922.5	33,838.4
Core Spending Power	44,875.7	43,986.1	44,544.0	45,337.1	46,444.9	49,231.4	50,611.4	54,540.5	59,543.8
<i>Year-on-year Change (£ million)</i>		-889.7	558.0	793.1	1,107.8	2,786.4	1,380.0	3,929.2	5,003.2
<i>Year-on-year Change (%)</i>		-2.0%	1.3%	1.8%	2.4%	6.0%	2.8%	7.8%	9.2%

Notes:

Winter Pressures Grant rolled into Improved Better Care Fund from 2020/21

Social Care Support Grant rolled into Social Care Grant from 2020/21

From 2023-24, Market Sustainability and Fair Cost of Care Fund allocations were rolled into the ASC Market Sustainability and Improvement Fund.

CSP total figures may not sum due to rounding

Source: [CSP Supporting Information](#)

Annex B – Glossary of Local Government Finance Technical Terms

Adult Social Care Discharge Grant	A grant for 2023/24 to facilitate reduced delays in discharges from hospital. The funding will be required to be pooled as part of the Better Care Fund and will be paid out using the existing Improved Better Care Fund grant shares.
Adult Social Care Market Sustainability and Improvement Fund	A grant ring-fenced for adult social care to support capacity and discharge. This incorporates the 2022/23 grant for Market Sustainability and Fair Cost of Care. It is allocated using the adult social care relative needs formula.
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.
Baseline Funding Level	The amount of an individual local authority's 2013/14 Settlement Funding Assessment provided through the local share of retained business rates income, updated for inflation
Better Care Fund (BCF)	A single pooled budget for health and social care services, based on a plan agreed between the NHS and local authorities.
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.
Business rates pool	Under the business rates retention scheme local authorities are able to come together, on a voluntary basis, to pool their business rates. Top-ups and tariffs, as well as levies and safety nets are calculated at a pool-wide level. Pools have to be approved by DLUHC annually and are set out in the Local Government Finance Report.
Business rates revaluation	A regular exercise by the Valuation Office Agency, to reassess the rateable value of individual non-domestic hereditaments. The results are used to set new business rates bills. A revaluation on the basis of April 2021 values will come into effect in April 2023. The following revaluation is planned for April 2026.
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, grants for social care and the funding guarantee.
Council Tax referendum principles	These mark levels of council tax increases above which a local authority must hold a referendum which allows residents to approve or veto the increase. The comparison is made between the authority's average Band D council tax level for the current financial year and the proposed average Band D for the next financial year.

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
Devolution Deals	Devolution Deals were introduced in 2014 and are a bespoke arrangement tailored to certain local authorities. They give local government greater powers and more autonomy over budgeting
Equalisation of the Adult Social Care precept	The process through which a proportion of Social Care Grant funding is used to take account of the impact of the distribution of the Adult Social Care council tax precept.
Estimated Business Rates Aggregate	The total business rates forecast at the outset of the Business Rates Retention system to be collected by all billing authorities in England in 2013/14, used to calculate baseline funding levels and business rates baselines in 2013/14.
Funding Guarantee	This is a grant for 2023/24 that ensures all councils have a minimum 3 per cent increase in Core Spending Power before any decisions about efficiencies, use of reserves and increasing the level of council tax.
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	A mechanism whereby any business rates retention gain above a certain level is paid to the Government. The levy rate cannot exceed 50 per cent of business rate retention gains.
Levy account	A Government account into which proceeds from the business rates levy, and any top-slice, are paid and which is used to pay safety net to qualifying authorities. Any surplus is to be returned to authorities.
Local Share	The percentage share of locally collected business rates retained by local government. This was set at 50 per cent at the implementation of business rates retention.
(Business Rates) Multiplier	The business rates multiplier when multiplied by the rateable value of a property determines a ratepayer's business rate bill. There are two multipliers – one for small businesses and one for larger businesses. These are set nationally. Unless the Government decides to set a lower increase, the small business multiplier is uprated annually by the Consumer Prices Index and the other multiplier adjusted accordingly.
New Homes Bonus (NHB)	A grant paid to reward local authorities for the number of homes built and brought back into use. The level of funding for an area reflects additional housing supply in that area. For 2023/24 this will be paid for one year only. Previously it was paid for a number of years. Payments for qualifying years before the current one were referred to as legacy payments.
Precept	A council tax charge from local authorities which do not issue bills themselves. These include county councils, police and crime commissioners, fire and rescue authorities, the Greater London Authority, combined authority mayors, and town and parish councils. Billing authorities – usually shire district councils or unitary authorities – collect council tax on behalf of precepting authorities and pass the proceeds to them.
Referendum Threshold	A referendum threshold is an amount set by Central Government by which local authorities can increase council tax without needing to hold a referendum to seek approval from residents on the increase.
Relative Needs Formula (RNF)	A relative needs formula provides a way of assessing the relative need for a particular service or set of services across different local authorities. Relative Needs Formulas are used to estimate the relative funding requirement for each local authority in England and

	incorporate factors such as demography and deprivation.
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 2023/24 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.
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.
Services Grant	An unringfenced grant distributed using local authority shares of 2013/14 Settlement Funding Assessment, adjusted for local authority restructuring where necessary.
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 uprated in line with the small business rates multiplier each year. In 2023/24 they have been recalculated so that authorities do not have gains or losses solely due to business rates revaluation.
Under-indexing grant	A grant provided by the Department of Levelling Up Housing and Communities (DLUHC) to compensate councils for the impact of the Government's decisions to increase the business rates multiplier by lower than the Consumer Price Index (the Retail Prices Index before 2023/24) (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 2023-2024

	Actual 2021-2022	Original Budget 2022-2023 £	Original Budget 2023-2024 £	Variance to Original Budget 2022-2023 £
Portfolio				
Local Pride & Community Engagement	895,187	862,500	927,500	65,000
Lifestyles, Health & Wellbeing	1,793,250	1,686,500	2,133,600	447,100
Environment	5,581,630	5,899,000	6,400,200	501,200
Sustainable Growth and Economy	1,208,899	1,387,200	1,561,500	174,300
Corporate Resources and Performance	3,766,257	2,965,600	3,342,700	377,100
Net Portfolio Budget	13,245,223	12,800,800	14,365,500	1,564,700
	(1,908,998)	(426,700)	(165,600)	261,100
Transfer to/from Earmarked Reserves	(1,908,998)	(426,700)	(165,600)	261,100
Net Council Budget	11,336,225	12,374,100	14,199,900	1,825,800
	Actual 2021-2022 £	Original Budget 2022-2023 £	Original Budget 2023-2024 £	Variance to Original Budget 2022-2023 £
Consisting of				
Employee Expenses	14,649,326	14,845,100	16,192,100	1,347,000
Premises Related Expenses	1,813,058	1,997,900	2,776,200	778,300
Transport Related Expenses	574,584	644,900	740,600	95,700
Supplies & Services	7,119,283	4,136,900	5,086,500	949,600
Third Party Payments	298,150	336,200	358,000	21,800
Transfer Payments	18,533,835	17,168,000	16,870,900	(297,100)
Capital Interest	2,507,868	1,267,500	1,234,000	(33,500)
Revenue Income	(32,250,880)	(27,597,500)	(28,892,800)	(1,295,300)
Controllable	13,245,223	12,799,000	14,365,500	1,566,500
Consisting of				
Premises Related Recharges	116,046	132,400	141,100	8,700
Transport Related Recharges	1,666,341	1,786,600	1,635,700	(150,900)
Supplies & Services Related Recharges	263,169	273,700	266,500	(7,200)
Central Support and Service Admin	5,216,801	5,764,800	6,164,900	400,100
Internal Recharges	(7,262,356)	(7,955,700)	(8,208,200)	(252,500)
Recharges	0	1,800	0	(1,800)
Consisting of				
Capital Financing Charges	4,208,374	2,120,600	3,626,100	1,505,500
Capital Entries	(4,208,374)	(2,120,600)	(3,626,100)	(1,505,500)
Capital	0	0	0	0
Net Portfolio Revenue Budget	13,245,223	12,800,800	14,365,500	1,564,700
Consisting of				
Transfer to Reserves	1,566,082	369,600	410,800	41,200
Transfer from Reserves	(3,475,080)	(796,300)	(576,400)	219,900
Reserves	(1,908,998)	(426,700)	(165,600)	261,100
Transfer to/from Earmarked Reserves	(1,908,998)	(426,700)	(165,600)	261,100
Net Council Budget	11,336,225	12,374,100	14,199,900	1,825,800

Local Pride & Community Engagement

		Actual 2021-2022 £	Original Budget 2022-2023 £	Original Budget 2023-2024 £	Variance to Original Budget 2022-23 £
Division					
R215	Comm Protection & Dog Control	604,732	590,000	647,600	57,600
R420	Community Grants	290,455	272,500	279,900	7,400
Total Local Pride & Community Engagement Portfolio Budget		895,187	862,500	927,500	65,000
Transfer to/from Earmarked Reserves					
R100	Local Pride & Community Engagement	(118,000)	(14,300)	(14,300)	0
Total Reserves		(118,000)	(14,300)	(14,300)	0
TOTAL		777,187	848,200	913,200	65,000
					Variance to Original Budget
		Actual 2021-2022 £	Original Budget 2022-2023 £	Original Budget 2023-2024 £	Original Budget 2022-23 £
Consisting of					
	Employee Expenses	397,203	452,600	477,500	24,900
	Premises Related Expenses	442	0	11,600	11,600
	Transport Related Expenses	148	1,600	1,600	0
	Supplies & Services	461,502	198,500	198,000	(500)
	Third Party Payments	19,198	17,000	17,000	0
	Revenue Income	(164,805)	(11,200)	(11,200)	0
Controllable		713,690	658,500	694,500	36,000
Consisting of					
	Transport Related Recharges	16,403	27,400	27,400	(0)
	Supplies & Services Related Recharges	5,194	5,200	4,700	(500)
	Central Support and Service Admin	153,891	165,500	188,500	23,000
Recharges		175,489	198,100	220,600	22,500
Consisting of					
	Capital Financing Charges	6,009	5,900	12,400	6,500
Capital		6,009	5,900	12,400	6,500
Total Local Pride & Community Engagement		895,187	862,500	927,500	65,000
Consisting of					
	Transfer to Reserves	44,429	35,800	35,800	0
	Transfer from Reserves	(162,429)	(50,100)	(50,100)	0
Reserves		(118,000)	(14,300)	(14,300)	0
Transfer to/from Earmarked Reserves		(118,000)	(14,300)	(14,300)	0
TOTAL		777,187	848,200	913,200	130,000

		Original		Variance
	Actual	Budget	Original	to
R215 Comm Protection & Dog Control	2021-2022	2022-2023	Budget 2023-2024	Original Budget 2022-23
	£	£	£	£
Employee Expenses	309,747	359,200	375,800	16,600
Premises Related Expenses	442	0	11,600	11,600
Transport Related Expenses	124	1,600	1,600	0
Supplies & Services	176,523	74,900	74,900	0
Third Party Payments	19,198	17,000	17,000	0
Revenue Income	(54,597)	(11,200)	(11,200)	0
Controllable	451,437	441,500	469,700	28,200
Transport Related Recharges	16,403	27,400	27,400	(0)
Supplies & Services Related Recharges	4,253	4,300	3,700	(600)
Central Support and Service Admin	126,630	110,900	134,400	23,500
Recharges	147,286	142,600	165,500	22,900
Capital Financing Charges	6,009	5,900	12,400	6,500
Capital	6,009	5,900	12,400	6,500
Transfer to Reserves	29,300	35,800	35,800	0
Transfer from Reserves	(103,581)	(35,100)	(35,100)	0
Reserves	(74,281)	700	700	0
Total	530,451	590,700	648,300	57,600

		Original		Variance
	Actual	Budget	Original	to
R420 Community Grants	2021-2022	2022-2023	Budget 2023-2024	Original Budget 2022-23
	£	£	£	£
Employee Expenses	87,456	93,400	101,700	8,300
Transport Related Expenses	24	0	0	0
Supplies & Services	284,980	123,600	123,100	(500)
Revenue Income	(110,207)	0	0	0
Controllable	262,253	217,000	224,800	7,800
Supplies & Services Related Recharges	941	900	1,000	100
Central Support and Service Admin	27,261	54,600	54,100	(500)
Recharges	28,202	55,500	55,100	(400)
Transfer to Reserves	15,129	0	0	0
Transfer from Reserves	(58,848)	(15,000)	(15,000)	0
Reserves	(43,719)	(15,000)	(15,000)	0
Total	246,736	257,500	264,900	7,400

Lifestyles, Health & Wellbeing

		Variance to			
		Actual	Original	Original	Original
		2021-2022	Budget	Budget	Budget
		£	£	£	£
Division					
R700	Leisure Services Division	171	1,300	0	(1,300)
R725	Calverton Leisure Centre	223,272	268,900	342,700	73,800
R730	Carlton Forum Leisure Centre	340,619	170,400	256,500	86,100
R735	Redhill Leisure Centre	283,683	257,200	319,400	62,200
R740	Arnold Theatre	121,758	144,200	193,100	48,900
R745	Arnold Leisure Centre	371,035	373,400	415,500	42,100
R750	Richard Herrod Centre	256,746	329,200	475,200	146,000
R765	The Arts & Tourism	48,027	54,400	59,600	5,200
R770	Health & Wellbeing	38,815	2,500	6,100	3,600
R780	Events	109,125	85,000	65,500	(19,500)
Total Lifestyles, Health & Wellbeing Portfolio					
Budget		1,793,250	1,686,500	2,133,600	447,100
Transfer to/from Earmarked Reserves					
R200	Lifestyles, Health & Wellbeing	(116,979)	15,000	15,000	0
Total Reserves		(116,979)	15,000	15,000	0
TOTAL		1,676,271	1,701,500	2,148,600	447,100
		Variance to			
		Actual	Original	Original	Original
		2021-2022	Budget	Budget	Budget
		£	£	£	£
Consisting of					
	Employee Expenses	2,505,351	2,636,100	3,094,500	458,400
	Premises Related Expenses	782,640	840,900	1,366,100	525,200
	Transport Related Expenses	1,602	3,700	3,700	0
	Supplies & Services	565,894	586,600	597,600	11,000
	Capital Interest	135	0	0	0
	Revenue Income	(2,990,193)	(3,294,900)	(3,860,500)	(565,600)
Controllable		865,430	772,400	1,201,400	429,000
Consisting of					
	Premises Related Recharges	31,092	33,100	36,500	3,400
	Supplies & Services Related Recharges	23,983	24,000	23,100	(900)
	Central Support and Service Admin	575,995	562,700	591,100	28,400
Recharges		631,070	619,800	650,700	30,900
Consisting of					
	Capital Financing Charges	296,750	294,300	281,500	(12,800)
Capital		296,750	294,300	281,500	(12,800)
Total Lifestyles, Health & Wellbeing		1,793,250	1,686,500	2,133,600	447,100
Consisting of					
	Transfer to Reserves	102,354	18,000	18,000	0
	Transfer from Reserves	(219,333)	(3,000)	(3,000)	0
Reserves		(116,979)	15,000	15,000	0
Transfer to/from Earmarked Reserves		(116,979)	15,000	15,000	0
TOTAL		1,676,271	1,701,500	2,148,600	894,200

				Variance to
	Actual	Original	Original	Original
R700 Leisure Services Division	2021-2022	Budget	Budget	Budget
	2022-2023	2022-2023	2023-2024	2022-23
	£	£	£	£
Supplies & Services	171	0	0	0
Controllable	171	0	0	0
Supplies & Services Related Recharges	0	0	0	0
Central Support and Service Admin	0	1,300	0	(1,300)
Recharges	0	1,300	0	(1,300)
Transfer from Reserves	0	0	0	0
Reserves	0	0	0	0
Total	171	1,300	0	(1,300)

				Variance to
	Actual	Original	Original	Original
R725 Calverton Leisure Centre	2021-2022	Budget	Budget	Budget
	2022-2023	2022-2023	2023-2024	2022-23
	£	£	£	£
Employee Expenses	286,948	380,900	437,800	56,900
Premises Related Expenses	130,496	129,500	197,900	68,400
Transport Related Expenses	329	600	600	0
Supplies & Services	68,595	67,600	68,600	1,000
Capital Interest	14	0	0	0
Revenue Income	(345,213)	(385,200)	(440,100)	(54,900)
Controllable	141,169	193,400	264,800	71,400
Premises Related Recharges	4,312	4,300	4,300	0
Supplies & Services Related Recharges	3,215	3,200	3,200	0
Central Support and Service Admin	71,378	63,800	67,200	3,400
Recharges	78,905	71,300	74,700	3,400
Capital Financing Charges	3,199	4,200	3,200	(1,000)
Capital	3,199	4,200	3,200	(1,000)
Transfer to Reserves	5,568	0	0	0
Transfer from Reserves	(8,742)	0	0	0
Reserves	(3,174)	0	0	0
Total	220,099	268,900	342,700	73,800

				Variance to
	Actual	Original	Original	Original
	2021-2022	Budget	Budget	Budget
	2022-2023	2022-2023	2023-2024	2022-23
	£	£	£	£
R730 Carlton Forum Leisure Centre				
Employee Expenses	805,144	810,100	981,300	171,200
Premises Related Expenses	224,166	266,800	425,100	158,300
Transport Related Expenses	192	800	800	0
Supplies & Services	212,822	168,000	177,500	9,500
Capital Interest	83	0	0	0
Revenue Income	(1,129,449)	(1,295,700)	(1,546,400)	(250,700)
Controllable	112,957	(50,000)	38,300	88,300
Premises Related Recharges	7,586	7,300	6,300	(1,000)
Supplies & Services Related Recharges	7,487	7,500	7,100	(400)
Central Support and Service Admin	164,007	157,000	165,200	8,200
Recharges	179,080	171,800	178,600	6,800
Capital Financing Charges	48,582	48,600	39,600	(9,000)
Capital	48,582	48,600	39,600	(9,000)
Transfer to Reserves	31,686	0	0	0
Transfer from Reserves	(79,123)	0	0	0
Reserves	(47,437)	0	0	0
Total	293,182	170,400	256,500	86,100

				Variance to
	Actual	Original	Original	Original
	2021-2022	Budget	Budget	Budget
	2022-2023	2022-2023	2023-2024	2022-23
	£	£	£	£
R735 Redhill Leisure Centre				
Employee Expenses	346,726	398,900	439,900	41,000
Premises Related Expenses	105,050	135,700	165,400	29,700
Transport Related Expenses	333	200	200	0
Supplies & Services	80,103	81,700	83,200	1,500
Capital Interest	1	0	0	0
Revenue Income	(369,595)	(471,500)	(475,000)	(3,500)
Controllable	162,618	145,000	213,700	68,700
Premises Related Recharges	4,607	4,700	4,400	(300)
Supplies & Services Related Recharges	3,257	3,300	3,200	(100)
Central Support and Service Admin	89,216	80,200	82,800	2,600
Recharges	97,080	88,200	90,400	2,200
Capital Financing Charges	23,986	24,000	15,300	(8,700)
Capital	23,986	24,000	15,300	(8,700)
Transfer to Reserves	29,400	18,000	18,000	0
Transfer from Reserves	(26,209)	0	0	0
Reserves	3,191	18,000	18,000	0
Total	286,874	275,200	337,400	62,200

				Variance to
	Actual	Original	Original	Original
	2021-2022	Budget	Budget	Budget
	2022-2023	2022-2023	2023-2024	2022-23
	£	£	£	£
R740 Arnold Theatre				
Employee Expenses	148,615	163,500	190,200	26,700
Premises Related Expenses	42,163	40,300	69,500	29,200
Transport Related Expenses	0	100	100	0
Supplies & Services	64,356	100,200	100,200	0
Capital Interest	3	0	0	0
Revenue Income	(196,178)	(216,400)	(227,200)	(10,800)
Controllable	58,959	87,700	132,800	45,100
Premises Related Recharges	0	300	300	0
Supplies & Services Related Recharges	1,432	1,400	1,300	(100)
Central Support and Service Admin	51,032	54,000	58,700	4,700
Recharges	52,464	55,700	60,300	4,600
Capital Financing Charges	10,335	800	0	(800)
Capital	10,335	800	0	(800)
Transfer from Reserves	0	0	0	0
Reserves	0	0	0	0
Total	121,758	144,200	193,100	48,900

				Variance to
	Actual	Original	Original	Original
	2021-2022	Budget	Budget	Budget
	2022-2023	2022-2023	2023-2024	2022-23
	£	£	£	£
R745 Arnold Leisure Centre				
Employee Expenses	473,388	458,600	576,500	117,900
Premises Related Expenses	171,342	175,400	329,100	153,700
Transport Related Expenses	324	900	900	0
Supplies & Services	42,569	37,700	40,700	3,000
Capital Interest	21	0	0	0
Revenue Income	(528,482)	(533,900)	(767,300)	(233,400)
Controllable	159,162	138,700	179,900	41,200
Premises Related Recharges	7,624	7,500	9,300	1,800
Supplies & Services Related Recharges	4,431	4,400	4,500	100
Central Support and Service Admin	80,746	97,600	99,800	2,200
Recharges	92,801	109,500	113,600	4,100
Capital Financing Charges	119,072	125,200	122,000	(3,200)
Capital	119,072	125,200	122,000	(3,200)
Transfer to Reserves	25,400	0	0	0
Transfer from Reserves	(16,467)	0	0	0
Reserves	8,933	0	0	0
Total	379,968	373,400	415,500	42,100

				Variance to
	Actual	Original	Original	Original
	2021-2022	Budget	Budget	Budget
	2022-2023	2022-2023	2023-2024	2022-23
	£	£	£	£
R750 Richard Herrod Centre				
Employee Expenses	277,592	301,600	337,700	36,100
Premises Related Expenses	109,423	93,200	179,100	85,900
Transport Related Expenses	324	600	600	0
Supplies & Services	36,177	53,500	53,500	0
Capital Interest	14	0	0	0
Revenue Income	(344,435)	(299,800)	(292,000)	7,800
Controllable	79,094	149,100	278,900	129,800
Premises Related Recharges	6,965	9,000	11,900	2,900
Supplies & Services Related Recharges	2,804	2,800	2,600	(200)
Central Support and Service Admin	76,308	76,800	80,400	3,600
Recharges	86,076	88,600	94,900	6,300
Capital Financing Charges	91,576	91,500	101,400	9,900
Capital	91,576	91,500	101,400	9,900
Transfer from Reserves	(9,939)	0	0	0
Reserves	(9,939)	0	0	0
Total	246,807	329,200	475,200	146,000

				Variance to
	Actual	Original	Original	Original
	2021-2022	Budget	Budget	Budget
	2022-2023	2022-2023	2023-2024	2022-23
	£	£	£	£
R765 The Arts & Tourism				
Employee Expenses	37,749	41,400	44,100	2,700
Transport Related Expenses	56	100	100	0
Supplies & Services	939	2,000	2,000	0
Revenue Income	(222)	0	0	0
Controllable	38,522	43,500	46,200	2,700
Supplies & Services Related Recharges	392	400	400	0
Central Support and Service Admin	9,113	10,500	13,000	2,500
Recharges	9,505	10,900	13,400	2,500
Total	48,027	54,400	59,600	5,200

				Variance to
	Actual	Original	Original	Original
R770 Health & Wellbeing	2021-2022	Budget	Budget	Budget
	2021-2022	2022-2023	2023-2024	2022-23
	£	£	£	£
Employee Expenses	68,333	67,300	72,700	5,400
Transport Related Expenses	45	400	400	0
Supplies & Services	35,824	2,000	2,000	0
Revenue Income	(76,218)	(76,200)	(78,500)	(2,300)
Controllable	27,984	(6,500)	(3,400)	3,100
Supplies & Services Related Recharges	751	800	700	(100)
Central Support and Service Admin	10,080	8,200	8,800	600
Recharges	10,831	9,000	9,500	500
Transfer from Reserves	(52,247)	0	0	0
Reserves	(52,247)	0	0	0
Total	(13,432)	2,500	6,100	3,600

				Variance to
	Actual	Original	Original	Original
R780 Events	2021-2022	Budget	Budget	Budget
	2021-2022	2022-2023	2023-2024	2022-23
	£	£	£	£
Employee Expenses	60,855	13,800	14,300	500
Supplies & Services	24,339	73,900	69,900	(4,000)
Revenue Income	(400)	(16,200)	(34,000)	(17,800)
Controllable	84,794	71,500	50,200	(21,300)
Supplies & Services Related Recharges	214	200	100	(100)
Central Support and Service Admin	24,116	13,300	15,200	1,900
Recharges	24,330	13,500	15,300	1,800
Transfer to Reserves	10,300	0	0	0
Transfer from Reserves	(26,607)	(3,000)	(3,000)	0
Reserves	(16,307)	(3,000)	(3,000)	0
Total	92,818	82,000	62,500	(19,500)

Environment

		Actual	Original	Original	Variance to
		2021-2022	Budget	Budget	Original
		£	2022-2023	2023-2024	Budget
			£	£	2022-23
					£
Division					
R100	Taxi Licencing	57,969	24,100	48,700	24,600
R101	Other Licencing	17,274	55,000	76,900	21,900
R200	Environmental Protection	305,250	339,800	383,300	43,500
R205	Food, Health & Safety	275,588	269,800	263,000	(6,800)
R220	External Grant Schemes	0	0	0	0
R500	Waste Other	53,628	(92,000)	80,200	172,200
R501	Waste Recycling	60,813	1,165,600	1,729,900	564,300
R502	Waste Residual	1,963,844	1,199,900	1,758,500	558,600
R503	Waste Services	10,940	46,000	300	(45,700)
R505	Street Care	1,023,312	1,051,500	1,410,700	359,200
R514	Environment Service Support	0	0	57,000	57,000
R555	Fleet Management	(17,470)	4,100	(1,537,000)	(1,541,100)
R605	Selective Licensing	38,667	(44,700)	(137,100)	(92,400)
R715	Parks	1,828,239	1,897,700	2,223,000	325,300
R717	Parks - External Works	80,795	10,300	(7,800)	(18,100)
R720	Cemeteries	(117,221)	(28,100)	23,200	51,300
Total Environment Portfolio Budget		5,581,630	5,899,000	6,372,800	473,800
Transfer to/from Earmarked Reserves					
R500	Environment	(102,056)	(21,500)	73,000	94,500
Total Reserves		(102,056)	(21,500)	73,000	94,500
TOTAL		5,479,573	5,877,500	6,445,800	568,300
					Variance to
		Actual	Original	Original	Original
		2021-2022	Budget	Budget	Budget
		£	£	£	2022-23
Consisting of					
	Employee Expenses	4,796,335	4,970,500	5,291,800	321,300
	Premises Related Expenses	218,062	236,000	305,500	69,500
	Transport Related Expenses	555,173	603,700	699,400	95,700
	Supplies & Services	784,139	694,900	708,100	13,200
	Third Party Payments	73,081	73,900	73,900	0
	Revenue Income	(3,419,805)	(3,655,200)	(3,737,800)	(82,600)
Controllable		3,006,984	2,923,800	3,340,900	417,100
Consisting of					
	Premises Related Recharges	24,763	24,000	29,100	5,100
	Transport Related Recharges	1,648,312	1,759,200	1,608,300	(150,900)
	Supplies & Services Related Recharges	157,777	165,300	160,800	(4,500)
	Central Support and Service Admin	1,441,337	1,748,600	1,834,900	86,300
	Internal Recharges	(1,915,877)	(2,033,800)	(1,847,200)	186,600
Recharges		1,356,312	1,663,300	1,785,900	122,600
Consisting of					
	Capital Financing Charges	1,218,333	1,311,900	1,273,400	(38,500)
Capital		1,218,333	1,311,900	1,273,400	(38,500)
Total Environment		5,581,630	5,899,000	6,400,200	501,200
Consisting of					
	Transfer to Reserves	13,878	125,800	157,000	31,200
	Transfer from Reserves	(115,934)	(147,300)	(84,000)	63,300
Reserves		(102,056)	(21,500)	73,000	94,500
Transfer to/from Earmarked Reserves		(102,056)	(21,500)	73,000	94,500
TOTAL		5,479,573	5,877,500	6,473,200	1,191,400

				Variance to
	Actual	Original	Original	Original
R100 Taxi Licencing	2021-2022	Budget	Budget	Budget
	2021-2022	2022-2023	2023-2024	2022-23
	£	£	£	£
Employee Expenses	109,362	113,700	127,700	14,000
Premises Related Expenses	0	0	0	0
Transport Related Expenses	0	0	0	0
Supplies & Services	49,978	55,000	70,400	15,400
Revenue Income	(515,936)	(554,700)	(534,500)	20,200
Controllable	(356,596)	(386,000)	(336,400)	49,600
Transport Related Recharges	3,477	0	0	0
Supplies & Services Related Recharges	111,839	119,300	115,200	(4,100)
Central Support and Service Admin	299,249	290,800	269,900	(20,900)
Recharges	414,565	410,100	385,100	(25,000)
Transfer from Reserves	0	0	0	0
Reserves	0	0	0	0
Total	57,969	24,100	48,700	24,600

				Variance to
	Actual	Original	Original	Original
R101 Other Licencing	2021-2022	Budget	Budget	Budget
	2021-2022	2022-2023	2023-2024	2022-23
	£	£	£	£
Employee Expenses	82,293	84,100	93,000	8,900
Transport Related Expenses	36	0	0	0
Supplies & Services	0	1,900	1,900	0
Revenue Income	(109,316)	(101,500)	(103,000)	(1,500)
Controllable	(26,987)	(15,500)	(8,100)	7,400
Supplies & Services Related Recharges	959	900	800	(100)
Central Support and Service Admin	43,302	69,600	84,200	14,600
Recharges	44,261	70,500	85,000	14,500
Total	17,274	55,000	76,900	21,900

				Variance to
	Actual	Original	Original	Original
	2021-2022	Budget	Budget	Budget
	2022-2023	2022-2023	2023-2024	2022-23
	£	£	£	£
R200 Environmental Protection				
Employee Expenses	218,872	237,300	296,900	59,600
Transport Related Expenses	950	1,600	1,600	0
Supplies & Services	17,092	18,600	18,600	0
Third Party Payments	0	2,000	2,000	0
Revenue Income	(21,880)	(22,600)	(55,400)	(32,800)
Controllable	215,034	236,900	263,700	26,800
Transport Related Recharges	7,831	8,100	12,100	4,000
Supplies & Services Related Recharges	2,558	2,500	2,400	(100)
Central Support and Service Admin	79,827	98,100	106,800	8,700
Internal Recharges	0	(5,800)	(5,800)	0
Recharges	90,217	102,900	115,500	12,600
Transfer from Reserves	0	0	0	0
Reserves	0	0	0	0
Total	305,250	339,800	379,200	39,400

				Variance to
	Actual	Original	Original	Original
	2021-2022	Budget	Budget	Budget
	2022-2023	2022-2023	2023-2024	2022-23
	£	£	£	£
R205 Food, Health & Safety				
Employee Expenses	221,711	207,500	198,500	(9,000)
Transport Related Expenses	1,639	3,700	3,700	0
Supplies & Services	6,481	6,700	6,700	0
Revenue Income	(4,414)	(8,000)	(8,200)	(200)
Controllable	225,417	209,900	200,700	(9,200)
Supplies & Services Related Recharges	1,930	1,900	2,000	100
Central Support and Service Admin	48,241	58,000	60,300	2,300
Recharges	50,171	59,900	62,300	2,400
Transfer from Reserves	(12,388)	0	0	0
Reserves	(12,388)	0	0	0
Total	263,200	269,800	263,000	(6,800)

				Variance to
	Actual	Original	Original	Original
	2021-2022	Budget	Budget	Budget
	2022-2023	2022-2023	2023-2024	2022-23
	£	£	£	£
R500 Waste Other				
Employee Expenses	38,060	358,700	388,500	29,800
Transport Related Expenses	2,633	0	0	0
Supplies & Services	0	28,600	28,600	0
Third Party Payments	18,060	11,200	11,200	0
Revenue Income	(51,331)	(731,300)	(787,400)	(56,100)
Controllable	7,422	(332,800)	(359,100)	(26,300)
Transport Related Recharges	31,953	203,800	188,500	(15,300)
Supplies & Services Related Recharges	422	400	3,100	2,700
Central Support and Service Admin	13,831	36,600	28,600	(8,000)
Recharges	46,206	240,800	220,200	(20,600)
Total	53,628	(92,000)	(138,900)	(46,900)

				Variance to
	Actual	Original	Original	Original
	2021-2022	Budget	Budget	Budget
	2022-2023	2022-2023	2023-2024	2022-23
	£	£	£	£
R501 Waste Recycling				
Employee Expenses	643,202	777,900	875,500	97,600
Transport Related Expenses	0	0	0	0
Supplies & Services	52,060	27,100	27,100	0
Revenue Income	(975,073)	(174,600)	(174,600)	0
Controllable	(279,810)	630,400	728,000	97,600
Transport Related Recharges	233,722	453,600	406,500	(47,100)
Supplies & Services Related Recharges	5,784	5,800	7,100	1,300
Central Support and Service Admin	101,118	79,900	87,600	7,700
Internal Recharges	0	(4,100)	0	4,100
Recharges	340,623	535,200	501,200	(34,000)
Transfer from Reserves	(2,000)	0	0	0
Reserves	(2,000)	0	0	0
Total	58,813	1,165,600	1,229,200	63,600

				Variance to
	Actual	Original	Original	Original
	2021-2022	Budget	Budget	Budget
	2021-2022	2022-2023	2023-2024	2022-23
	£	£	£	£
R502 Waste Residual				
Employee Expenses	1,149,294	720,800	820,500	99,700
Transport Related Expenses	0	0	0	0
Supplies & Services	351,165	261,000	261,000	0
Third Party Payments	1,039	0	0	0
Revenue Income	(569,016)	(621,400)	(621,400)	0
Controllable	932,481	360,400	460,100	99,700
Transport Related Recharges	732,875	413,100	365,400	(47,700)
Supplies & Services Related Recharges	11,177	11,200	6,500	(4,700)
Central Support and Service Admin	336,887	462,600	519,000	56,400
Internal Recharges	(55,427)	(53,300)	(53,300)	0
Recharges	1,025,513	833,600	837,600	4,000
Capital Financing Charges	5,850	5,900	0	(5,900)
Capital	5,850	5,900	0	(5,900)
Transfer from Reserves	(4,878)	0	0	0
Reserves	(4,878)	0	0	0
Total	1,958,967	1,199,900	1,297,700	97,800

				Variance to
	Actual	Original	Original	Original
	2021-2022	Budget	Budget	Budget
	2021-2022	2022-2023	2023-2024	2022-23
	£	£	£	£
R503 Waste Services				
Employee Expenses	10,940	0	(0)	(0)
Transport Related Expenses	0	400	400	0
Supplies & Services	0	5,400	5,400	0
Third Party Payments	0	1,500	1,500	0
Revenue Income	0	0	0	0
Controllable	10,940	7,300	7,300	(0)
Central Support and Service Admin	0	300	300	0
Internal Recharges	0	38,400	(7,300)	(45,700)
Recharges	0	38,700	(7,000)	(45,700)
Transfer from Reserves	(10,940)	0	0	0
Reserves	(10,940)	0	0	0
Total	(0)	46,000	300	(45,700)

				Variance to
	Actual	Original	Original	Original
	2021-2022	Budget	Budget	Budget
	2022-2023	2022-2023	2023-2024	2022-23
	£	£	£	£
R505 Street Care				
Employee Expenses	657,798	575,400	646,400	71,000
Premises Related Expenses	1,432	42,400	63,800	21,400
Transport Related Expenses	47	400	400	0
Supplies & Services	104,933	82,500	82,500	0
Third Party Payments	462	2,200	2,200	0
Revenue Income	(30,555)	(32,900)	(34,300)	(1,400)
Controllable	734,117	670,000	761,000	91,000
Transport Related Recharges	242,682	252,300	227,600	(24,700)
Supplies & Services Related Recharges	6,171	6,200	5,800	(400)
Central Support and Service Admin	40,342	73,300	69,200	(4,100)
Recharges	289,195	331,800	302,600	(29,200)
Capital Financing Charges	0	49,700	70,100	20,400
Capital	0	49,700	70,100	20,400
Transfer from Reserves	(11,300)	(8,000)	(8,000)	0
Reserves	(11,300)	(8,000)	(8,000)	0
Total	1,012,012	1,043,500	1,125,700	82,200

				Variance to
	Actual	Original	Original	Original
	2021-2022	Budget	Budget	Budget
	2022-2023	2022-2023	2023-2024	2022-23
	£	£	£	£
R514 Environment Service Support				
Employee Expenses	122,066	109,200	73,900	(35,300)
Transport Related Expenses	160	100	100	0
Supplies & Services	966	1,000	1,000	0
Controllable	123,193	110,300	75,000	(35,300)
Supplies & Services Related Recharges	1,073	1,100	1,100	0
Central Support and Service Admin	24,711	49,400	57,000	7,600
Internal Recharges	(148,977)	(160,800)	(76,100)	84,700
Recharges	(123,193)	(110,300)	(18,000)	92,300
Total	0	0	57,000	57,000

				Variance to
	Actual	Original	Original	Original
R555 Fleet Management	2021-2022	Budget	Budget	Budget
	2021-2022	2022-2023	2023-2024	2022-23
	£	£	£	£
Employee Expenses	315,011	337,600	343,300	5,700
Transport Related Expenses	548,366	595,200	690,900	95,700
Supplies & Services	29,246	30,600	30,600	0
Third Party Payments	365	0	0	0
Revenue Income	(44,547)	(46,400)	(46,400)	0
Controllable	848,442	917,000	1,018,400	101,400
Premises Related Recharges	3,124	3,100	3,000	(100)
Transport Related Recharges	75,064	79,100	73,000	(6,100)
Supplies & Services Related Recharges	3,306	3,300	3,000	(300)
Central Support and Service Admin	94,365	139,600	161,300	21,700
Internal Recharges	(1,701,860)	(1,825,500)	(1,676,700)	148,800
Recharges	(1,526,001)	(1,600,400)	(1,436,400)	164,000
Capital Financing Charges	660,089	687,500	733,300	45,800
Capital	660,089	687,500	733,300	45,800
Transfer from Reserves	(2,800)	(7,500)	(7,500)	0
Reserves	(2,800)	(7,500)	(7,500)	0
Total	(20,270)	(3,400)	307,800	311,200

				Variance to
	Actual	Original	Original	Original
R605 Selective Licensing	2021-2022	Budget	Budget	Budget
	2021-2022	2022-2023	2023-2024	2022-23
	£	£	£	£
Employee Expenses	43,662	193,100	159,300	(33,800)
Transport Related Expenses	251	0	0	0
Supplies & Services	5,393	18,200	13,400	(4,800)
Revenue Income	(29,806)	(265,700)	(321,600)	(55,900)
Controllable	19,500	(54,400)	(148,900)	(94,500)
Supplies & Services Related Recharges	557	600	2,100	1,500
Central Support and Service Admin	18,611	9,100	9,700	600
Recharges	19,168	9,700	11,800	2,100
Transfer to Reserves	0	117,700	148,900	31,200
Transfer from Reserves	(20,056)	(63,300)	0	63,300
Reserves	(20,056)	54,400	148,900	94,500
Total	18,611	9,700	11,800	2,100

				Variance to
	Actual	Original	Original	Original
	2021-2022	Budget	Budget	Budget
	2021-2022	2022-2023	2023-2024	2022-23
	£	£	£	£
R715 Parks				
Employee Expenses	683,119	678,600	774,600	96,000
Premises Related Expenses	165,657	139,800	156,500	16,700
Transport Related Expenses	230	1,100	1,100	0
Supplies & Services	130,352	114,300	119,300	5,000
Third Party Payments	27,570	49,500	49,500	0
Revenue Income	(141,789)	(143,800)	(158,800)	(15,000)
Controllable	865,139	839,500	942,200	102,700
Premises Related Recharges	7,712	7,700	12,000	4,300
Transport Related Recharges	215,804	250,800	244,900	(5,900)
Supplies & Services Related Recharges	6,216	6,300	7,500	1,200
Central Support and Service Admin	224,062	277,400	300,000	22,600
Recharges	453,794	542,200	564,400	22,200
Capital Financing Charges	509,306	516,000	428,100	(87,900)
Capital	509,306	516,000	428,100	(87,900)
Transfer to Reserves	13,878	8,100	8,100	0
Transfer from Reserves	(46,572)	(68,500)	(68,500)	0
Reserves	(32,695)	(60,400)	(60,400)	0
Total	1,795,545	1,837,300	1,874,300	37,000

				Variance to
	Actual	Original	Original	Original
	2021-2022	Budget	Budget	Budget
	2021-2022	2022-2023	2023-2024	2022-23
	£	£	£	£
R717 Parks - External Works				
Employee Expenses	303,374	315,100	211,200	(103,900)
Premises Related Expenses	36,307	28,700	50,800	22,100
Transport Related Expenses	9	0	0	0
Supplies & Services	27,486	30,500	28,100	(2,400)
Third Party Payments	6,825	3,500	3,500	0
Revenue Income	(407,824)	(466,200)	(376,500)	89,700
Controllable	(33,823)	(88,400)	(82,900)	5,500
Premises Related Recharges	1,383	700	700	0
Transport Related Recharges	54,447	43,500	28,300	(15,200)
Supplies & Services Related Recharges	3,601	3,600	1,900	(1,700)
Central Support and Service Admin	57,510	59,800	37,800	(22,000)
Internal Recharges	(9,613)	(22,700)	(28,000)	(5,300)
Recharges	107,328	84,900	40,700	(44,200)
Capital Financing Charges	7,290	13,800	7,300	(6,500)
Capital	7,290	13,800	7,300	(6,500)
Total	80,795	10,300	(34,900)	(45,200)

				Variance to
	Actual	Original	Original	Original
	2021-2022	Budget	Budget	Budget
	2021-2022	2022-2023	2023-2024	2022-23
	£	£	£	£
R720 Cemeteries				
Employee Expenses	197,571	261,500	282,500	21,000
Premises Related Expenses	14,666	25,100	34,400	9,300
Transport Related Expenses	851	1,200	1,200	0
Supplies & Services	8,988	13,500	13,500	0
Third Party Payments	18,760	4,000	4,000	0
Revenue Income	(518,320)	(486,100)	(515,700)	(29,600)
Controllable	(277,484)	(180,800)	(180,100)	700
Premises Related Recharges	12,544	12,500	13,400	900
Transport Related Recharges	50,457	54,900	62,000	7,100
Supplies & Services Related Recharges	2,183	2,200	2,300	100
Central Support and Service Admin	59,281	44,100	43,200	(900)
Recharges	124,466	113,700	120,900	7,200
Capital Financing Charges	35,798	39,000	34,600	(4,400)
Capital	35,798	39,000	34,600	(4,400)
Transfer from Reserves	(5,000)	0	0	0
Reserves	(5,000)	0	0	0
Total	(122,221)	(28,100)	(24,600)	3,500

Sustainable Growth and Economy

				Variance to
		Actual	Original	Original
		2021-2022	Budget	Budget
		£	£	£
Division				
R105	Development Service Support	(0)	0	26,100
R110	Development Management	2,684	134,300	196,100
R115	Planning Policy	168,294	377,200	445,400
R120	Building Control Account	36,540	63,700	67,300
R121	Building Control Fee Earning Account	(2,786)	(18,700)	0
R172	Land Charges	10,194	(4,200)	(100)
R175	Economic Development	335,488	469,300	453,800
R600	Private Sector Housing	581,647	286,000	287,800
R640	Housing Strategy	76,838	79,600	85,100
Total Sustainable Growth and Economy Portfolio Budget		1,208,899	1,387,200	1,561,500
Transfer to/from Earmarked Reserves				
R700	Sustainable Growth and Economy	209,583	(108,800)	(80,700)
Total Reserves		209,583	(108,800)	(80,700)
TOTAL		1,418,482	1,278,400	1,480,800
				Variance to
		Actual	Original	Original
		2021-2022	Budget	Budget
		£	£	£
Consisting of				
	Employee Expenses	1,592,233	1,617,600	1,767,800
	Premises Related Expenses	7,845	0	0
	Transport Related Expenses	14,175	20,700	20,700
	Supplies & Services	274,124	190,700	716,100
	Third Party Payments	11,715	13,600	13,600
	Revenue Income	(1,576,183)	(968,400)	(1,531,100)
Controllable		323,908	874,200	987,100
Consisting of				
	Supplies & Services Related Recharges	18,838	24,700	22,900
	Central Support and Service Admin	576,146	586,200	635,400
	Internal Recharges	(120,521)	(98,900)	(84,900)
Recharges		474,463	512,000	573,400
Consisting of				
	Capital Financing Charges	1,309,251	1,000	1,531,000
	Capital Entries	(898,723)	0	(1,530,000)
Capital		410,528	1,000	1,000
Total Sustainable Growth and Economy		1,208,899	1,387,200	1,561,500
Consisting of				
	Transfer to Reserves	250,603	10,000	10,000
	Transfer from Reserves	(41,020)	(118,800)	(90,700)
Reserves		209,583	(108,800)	(80,700)
Transfer to/from Earmarked Reserves		209,583	(108,800)	(80,700)
TOTAL		1,418,482	1,278,400	1,480,800

				Variance to
	Actual	Original	Original	Original
	2021-2022	Budget	Budget	Budget
R105 Development Service Support	2022-2023	2022-2023	2023-2024	2022-23
	£	£	£	£
Employee Expenses	85,327	73,600	80,400	6,800
Supplies & Services	4,143	3,700	3,700	0
Controllable	89,470	77,300	84,100	6,800
Supplies & Services Related Recharges	1,083	1,100	800	(300)
Central Support and Service Admin	29,967	20,500	26,100	5,600
Internal Recharges	(120,521)	(98,900)	(84,900)	14,000
Recharges	(89,470)	(77,300)	(58,000)	19,300
Transfer from Reserves	(4,400)	0	0	0
Reserves	(4,400)	0	0	0
Total	(4,400)	0	26,100	26,100

				Variance to
	Actual	Original	Original	Original
	2021-2022	Budget	Budget	Budget
R110 Development Management	2022-2023	2022-2023	2023-2024	2022-23
	£	£	£	£
Employee Expenses	522,040	490,000	533,700	43,700
Transport Related Expenses	1,509	3,500	3,500	0
Supplies & Services	38,271	15,400	17,400	2,000
Revenue Income	(792,912)	(608,500)	(610,500)	(2,000)
Controllable	(231,092)	(99,600)	(55,900)	43,700
Supplies & Services Related Recharges	5,417	5,400	5,100	(300)
Central Support and Service Admin	228,359	228,500	246,900	18,400
Recharges	233,776	233,900	252,000	18,100
Transfer from Reserves	(7,800)	(2,000)	(8,200)	(6,200)
Reserves	(7,800)	(2,000)	(8,200)	(6,200)
Total	(5,116)	132,300	187,900	55,600

				Variance to
	Actual	Original	Original	Original
R115 Planning Policy	2021-2022	Budget	Budget	Budget
	2021-2022	2022-2023	2023-2024	2022-23
	£	£	£	£
Employee Expenses	262,109	235,900	299,200	63,300
Transport Related Expenses	76	600	600	0
Supplies & Services	45,606	39,700	39,700	0
Third Party Payments	11,715	13,600	13,600	0
Revenue Income	(222,699)	(600)	(600)	0
Controllable	96,806	289,200	352,500	63,300
Supplies & Services Related Recharges	3,187	3,200	2,900	(300)
Central Support and Service Admin	67,300	83,800	89,000	5,200
Recharges	70,487	87,000	91,900	4,900
Capital Financing Charges	1,000	1,000	1,000	0
Capital	1,000	1,000	1,000	0
Transfer to Reserves	168,103	0	0	0
Transfer from Reserves	(10,818)	(38,000)	(82,500)	(44,500)
Reserves	157,285	(38,000)	(82,500)	(44,500)
Total	325,578	339,200	362,900	23,700

				Variance to
	Actual	Original	Original	Original
R120 Building Control Account	2021-2022	Budget	Budget	Budget
	2021-2022	2022-2023	2023-2024	2022-23
	£	£	£	£
Employee Expenses	44,491	49,900	53,800	3,900
Transport Related Expenses	2,779	3,000	3,000	0
Supplies & Services	1,785	2,100	2,100	0
Revenue Income	(20,923)	(11,600)	(11,600)	0
Controllable	28,132	43,400	47,300	3,900
Supplies & Services Related Recharges	428	400	500	100
Central Support and Service Admin	7,980	19,900	19,500	(400)
Recharges	8,408	20,300	20,000	(300)
Total	36,540	63,700	67,300	3,600

R121 Building Control Fee Earning Account	Variance to			
	Actual	Original Budget	Original Budget	Original Budget
	2021-2022	2022-2023	2023-2024	2022-23
	£	£	£	£
Employee Expenses	161,289	159,600	173,100	13,500
Transport Related Expenses	8,248	7,000	7,000	0
Supplies & Services	3,159	4,000	4,000	0
Revenue Income	(229,979)	(255,900)	(250,700)	5,200
Controllable	(57,282)	(85,300)	(66,600)	18,700
Supplies & Services Related Recharges	1,810	1,800	1,600	(200)
Central Support and Service Admin	52,686	64,800	65,000	200
Recharges	54,496	66,600	66,600	0
Total	(2,786)	(18,700)	0	18,700

R172 Land Charges	Variance to			
	Actual	Original Budget	Original Budget	Original Budget
	2021-2022	2022-2023	2023-2024	2022-23
	£	£	£	£
Employee Expenses	2,924	3,000	3,100	100
Transport Related Expenses	0	0	0	0
Supplies & Services	22,753	24,400	24,400	0
Revenue Income	(72,436)	(73,100)	(68,900)	4,200
Controllable	(46,759)	(45,700)	(41,400)	4,300
Supplies & Services Related Recharges	591	6,400	5,800	(600)
Central Support and Service Admin	56,361	35,100	35,500	400
Recharges	56,953	41,500	41,300	(200)
Total	10,194	(4,200)	(100)	4,100

				Variance to
	Actual	Original	Original	Original
	2021-2022	Budget	Budget	Budget
	£	£	£	£
R175 Economic Development				
Employee Expenses	265,331	294,400	316,200	21,800
Premises Related Expenses	7,845	0	0	0
Transport Related Expenses	127	1,500	1,500	0
Supplies & Services	150,284	95,100	618,500	523,400
Revenue Income	(167,651)	0	(570,100)	(570,100)
Controllable	255,936	391,000	366,100	(24,900)
Supplies & Services Related Recharges	2,965	3,000	3,000	0
Central Support and Service Admin	76,587	75,300	84,700	9,400
Recharges	79,552	78,300	87,700	9,400
Transfer to Reserves	35,500	10,000	10,000	0
Transfer from Reserves	0	(7,400)	0	7,400
Reserves	35,500	2,600	10,000	7,400
Total	370,988	471,900	463,800	(8,100)

				Variance to
	Actual	Original	Original	Original
	2021-2022	Budget	Budget	Budget
	£	£	£	£
R600 Private Sector Housing				
Employee Expenses	200,284	250,800	245,000	(5,800)
Transport Related Expenses	1,412	4,500	4,500	0
Supplies & Services	6,839	5,700	5,700	0
Revenue Income	(69,583)	(18,700)	(18,700)	0
Controllable	138,952	242,300	236,500	(5,800)
Supplies & Services Related Recharges	2,096	2,100	2,600	500
Central Support and Service Admin	31,072	41,600	48,700	7,100
Recharges	33,168	43,700	51,300	7,600
Capital Financing Charges	1,308,251	0	1,530,000	1,530,000
Capital Entries	(898,723)	0	(1,530,000)	(1,530,000)
Capital	409,528	0	0	0
Transfer from Reserves	(18,002)	(71,400)	0	71,400
Reserves	(18,002)	(71,400)	0	71,400
Total	563,645	214,600	287,800	73,200

				Variance to
	Actual	Original	Original	Original
R640 Housing Strategy	2021-2022	Budget	Budget	Budget
	2022-2023	2023-2024	2022-23	
	£	£	£	£
Employee Expenses	48,438	60,400	63,300	2,900
Transport Related Expenses	23	600	600	0
Supplies & Services	1,284	600	600	0
Controllable	49,745	61,600	64,500	2,900
Supplies & Services Related Recharges	1,260	1,300	600	(700)
Central Support and Service Admin	25,833	16,700	20,000	3,300
Recharges	27,093	18,000	20,600	2,600
Transfer to Reserves	47,000	0	0	0
Reserves	47,000	0	0	0
Total	123,838	79,600	85,100	5,500

Corporate Resources and Performance

		Actual	Original	Original	Variance to
		2021-2022	2022-2023	2023-2024	Original
		£	£	£	Budget
					2022-23
					£
Division					
R130	HR, Performance and Service Planning	4,700	4,800	4,700	(100)
R140	Democratic Mgt & Representation	651,750	669,700	696,000	26,300
R145	Corporate Management	991,997	746,400	765,200	18,800
R150	Health & Safety and Emergency Planning	29,284	31,900	75,100	43,200
R157	Committee Services	167	0	0	0
R160	Legal Services	51,035	2,200	2,000	(200)
R165	Central Print Room	(3,000)	(3,000)	(3,000)	0
R170	Postages	(0)	0	0	0
R177	Registration Of Electors	166,093	200,700	211,000	10,300
R180	Elections	(31,579)	2,500	127,900	125,400
R182	Estates & Valuation	0	(0)	(5,000)	(5,000)
R185	Public Land & Buildings	38,716	152,900	172,800	19,900
R300	Information Technology	(65,200)	(17,300)	(24,000)	(6,700)
R340	Communications & Publicity	5,800	0	0	0
R350	Corporate Officers	18,395	(0)	0	0
R410	Business Units	(15,582)	(8,500)	(3,000)	5,500
R510	Public Conveniences	3,278	22,400	23,300	900
R520	Building Services	0	(0)	108,400	108,400
R540	Car Parks	589,205	122,000	122,200	200
R560	Public Offices	(2,811)	1,900	(40,800)	(42,700)
R630	Housing Needs	316,595	437,100	548,300	111,200
R775	Community Centres	171,921	146,200	198,300	52,100
R800	Corporate Administration	0	0	0	0
R805	Financial Services	65,000	0	(0)	(0)
R820	Customer Services	(0)	9,300	9,300	0
R825	Insurance Premiums	(2,078)	300	0	(300)
R835	Revenues-Local Taxation	332,910	767,300	802,300	35,000
R872	Central Provisions Account	(102,925)	37,200	(92,400)	(129,600)
R875	Non Distributed Costs	356,567	120,200	117,600	(2,600)
R877	Council Tax Benefits	(3,457)	(4,000)	(2,000)	2,000
R880	Rent Allowances	(27,804)	137,500	129,500	(8,000)
R882	Housing Benefit Administration	528,679	277,000	456,200	179,200
R885	Rent Rebates	7,537	2,800	8,800	6,000
R890	Corporate Income & Expenditure	(886,760)	366,700	215,100	(151,600)
R891	Movement in Reserves (MiRs)	577,825	(1,260,600)	(1,281,100)	(20,500)
Total Corporate Resources and Performance					
Portfolio Budget		3,766,257	2,965,600	3,342,700	377,100
Transfer to/from Earmarked Reserves					
R800	Corporate Resources and Performance	(1,781,545)	(297,100)	(158,600)	138,500
Total Reserves		(1,781,545)	(297,100)	(158,600)	138,500
TOTAL		1,984,712	2,668,500	3,184,100	515,600
		Actual	Original	Original	Variance to
		2021-2022	2022-2023	2023-2024	Original
		£	£	£	Budget
					2022-23
					£
Consisting of					
	Employee Expenses	5,358,203	5,168,300	5,560,500	392,200
	Premises Related Expenses	804,070	921,000	1,093,000	172,000
	Transport Related Expenses	3,486	15,200	15,200	0
	Supplies & Services	5,033,624	2,466,200	2,866,700	400,500
	Third Party Payments	194,156	231,700	253,500	21,800
	Transfer Payments	18,533,835	17,168,000	16,870,900	(297,100)
	Capital Interest	2,507,732	1,267,500	1,234,000	(33,500)
	Revenue Income	(24,099,895)	(19,667,800)	(19,752,200)	(84,400)
Controllable		8,335,211	7,570,100	8,141,600	571,500
Consisting of					
	Premises Related Recharges	60,190	75,300	75,500	200
	Transport Related Recharges	1,626	0	0	0
	Supplies & Services Related Recharges	57,377	54,500	55,000	500
	Central Support and Service Admin	2,469,432	2,701,800	2,915,000	213,200
	Internal Recharges	(5,225,959)	(5,823,000)	(6,276,100)	(453,100)
Recharges		(2,637,334)	(2,991,400)	(3,230,600)	(239,200)
Consisting of					
	Capital Financing Charges	1,378,031	507,500	527,800	20,300
	Capital Entries	(3,309,651)	(2,120,600)	(2,096,100)	24,500
Capital		(1,931,620)	(1,613,100)	(1,568,300)	44,800
Total Corporate Resources and Performance		3,766,257	2,965,600	3,342,700	377,100
Consisting of					
	Transfer to Reserves	1,154,819	180,000	190,000	10,000
	Transfer from Reserves	(2,936,364)	(477,100)	(348,600)	128,500
Reserves		(1,781,545)	(297,100)	(158,600)	138,500
Transfer to/from Earmarked Reserves		(1,781,545)	(297,100)	(158,600)	138,500
TOTAL		1,984,712	2,668,500	3,184,100	1,031,200

R130 HR, Performance and Service Planning	Variance to			
	Actual	Original	Original	Original
	2021-2022	Budget	Budget	Budget
	£	£	£	£
Employee Expenses	229,937	242,100	260,100	18,000
Transport Related Expenses	0	700	700	0
Supplies & Services	39,293	40,000	40,000	0
Revenue Income	(13,031)	(10,300)	(10,800)	(500)
Controllable	256,199	272,500	290,000	17,500
Supplies & Services Related Recharges	2,494	2,700	2,500	(200)
Central Support and Service Admin	45,542	63,700	64,000	300
Internal Recharges	(299,535)	(334,100)	(351,800)	(17,700)
Recharges	(251,499)	(267,700)	(285,300)	(17,600)
Transfer from Reserves	(4,700)	(4,700)	(4,700)	0
Reserves	(4,700)	(4,700)	(4,700)	0
Total	0	100	0	(100)

R140 Democratic Mgt & Representation	Variance to			
	Actual	Original	Original	Original
	2021-2022	Budget	Budget	Budget
	£	£	£	£
Employee Expenses	123,870	140,800	150,300	9,500
Transport Related Expenses	652	5,500	5,500	0
Supplies & Services	331,116	342,800	360,800	18,000
Revenue Income	(2,658)	(10,400)	(10,700)	(300)
Controllable	452,980	478,700	505,900	27,200
Supplies & Services Related Recharges	1,502	1,500	1,400	(100)
Central Support and Service Admin	197,268	189,500	188,700	(800)
Recharges	198,770	191,000	190,100	(900)
Transfer from Reserves	0	0	0	0
Reserves	0	0	0	0
Total	651,750	669,700	696,000	26,300

				Variance to
	Actual	Original	Original	Original
R145 Corporate Management	2021-2022	Budget	Budget	Budget
	2022-2023	2022-2023	2023-2024	2022-23
	£	£	£	£
Employee Expenses	447,889	497,300	500,600	3,300
Transport Related Expenses	164	3,200	3,200	0
Supplies & Services	192,937	194,600	194,600	0
Revenue Income	(16,903)	(7,000)	(7,000)	0
Controllable	624,087	688,100	691,400	3,300
Supplies & Services Related Recharges	5,223	5,300	5,200	(100)
Central Support and Service Admin	526,056	350,900	388,100	37,200
Internal Recharges	(163,369)	(297,900)	(319,500)	(21,600)
Recharges	367,910	58,300	73,800	15,500
Transfer from Reserves	(5,500)	0	0	0
Reserves	(5,500)	0	0	0
Total	986,497	746,400	765,200	18,800

				Variance to
	Actual	Original	Original	Original
R150 Health & Safety and	2021-2022	Budget	Budget	Budget
Emergency Planning	2022-2023	2022-2023	2023-2024	2022-23
	£	£	£	£
Employee Expenses	88,973	104,400	135,900	31,500
Transport Related Expenses	65	300	300	0
Supplies & Services	27,385	18,000	18,000	0
Third Party Payments	6,800	7,800	29,600	21,800
Revenue Income	0	0	0	0
Controllable	123,222	130,500	183,800	53,300
Supplies & Services Related Recharges	853	900	800	(100)
Central Support and Service Admin	29,455	31,600	32,200	600
Internal Recharges	(124,245)	(131,100)	(141,700)	(10,600)
Recharges	(93,938)	(98,600)	(108,700)	(10,100)
Transfer from Reserves	(21,300)	(23,500)	(66,700)	(43,200)
Reserves	(21,300)	(23,500)	(66,700)	(43,200)
Total	7,984	8,400	8,400	(0)

				Variance to
	Actual	Original	Original	Original
R157 Committee Services	2021-2022	Budget	Budget	Budget
	2022-2023	2022-2023	2023-2024	2022-23
	£	£	£	£
Employee Expenses	0	0	0	0
Supplies & Services	167	0	0	0
Controllable	167	0	0	0
Total	167	0	0	0

	Actual	Original	Original	Variance to
	2021-2022	Budget	Budget	Original
	2022-2023	2022-2023	2023-2024	Budget
	£	£	£	2022-23
				£
R160 Legal Services				
Employee Expenses	327,412	266,800	375,600	108,800
Transport Related Expenses	417	800	800	0
Supplies & Services	33,225	29,700	29,700	0
Revenue Income	(41,249)	(81,100)	(101,900)	(20,800)
Controllable	319,806	216,200	304,200	88,000
Supplies & Services Related Recharges	3,095	3,100	2,700	(400)
Central Support and Service Admin	44,726	63,000	65,200	2,200
Internal Recharges	(316,592)	(280,100)	(370,100)	(90,000)
Recharges	(268,771)	(214,000)	(302,200)	(88,200)
Transfer from Reserves	(51,035)	(2,000)	(2,000)	0
Reserves	(51,035)	(2,000)	(2,000)	0
Total	(0)	200	(0)	(200)

	Actual	Original	Original	Variance to
	2021-2022	Budget	Budget	Original
	2022-2023	2022-2023	2023-2024	Budget
	£	£	£	2022-23
				£
R165 Central Print Room				
Employee Expenses	6,672	6,600	7,600	1,000
Transport Related Expenses	9	0	0	0
Supplies & Services	11,833	15,100	15,100	0
Controllable	18,514	21,700	22,700	1,000
Supplies & Services Related Recharges	76	100	100	0
Central Support and Service Admin	1,695	2,400	3,000	600
Internal Recharges	(23,286)	(27,200)	(28,800)	(1,600)
Recharges	(21,514)	(24,700)	(25,700)	(1,000)
Transfer to Reserves	3,000	3,000	3,000	0
Reserves	3,000	3,000	3,000	0
Total	0	0	(0)	(0)

				Variance to
	Actual	Original	Original	Original
	2021-2022	Budget	Budget	Budget
	2022-2023	2022-2023	2023-2024	2022-23
	£	£	£	£
R170 Postages				
Supplies & Services	54,053	44,500	44,500	0
Revenue Income	0	(700)	(700)	0
Controllable	54,053	43,800	43,800	0
Central Support and Service Admin	0	800	900	100
Internal Recharges	(54,053)	(44,600)	(44,700)	(100)
Recharges	(54,053)	(43,800)	(43,800)	0
Total	(0)	0	0	0

				Variance to
	Actual	Original	Original	Original
	2021-2022	Budget	Budget	Budget
	2022-2023	2022-2023	2023-2024	2022-23
	£	£	£	£
R177 Registration Of Electors				
Employee Expenses	87,000	98,100	106,500	8,400
Transport Related Expenses	0	200	200	0
Supplies & Services	42,047	51,000	51,000	0
Revenue Income	(1,877)	(1,900)	(1,900)	0
Controllable	127,171	147,400	155,800	8,400
Supplies & Services Related Recharges	881	900	800	(100)
Central Support and Service Admin	38,040	52,400	54,400	2,000
Recharges	38,922	53,300	55,200	1,900
Total	166,093	200,700	211,000	10,300

				Variance to
	Actual	Original	Original	Original
	2021-2022	Budget	Budget	Budget
	2022-2023	2022-2023	2023-2024	2022-23
	£	£	£	£
R180 Elections				
Employee Expenses	105,854	0	73,500	73,500
Premises Related Expenses	22,529	0	14,500	14,500
Supplies & Services	110,902	0	65,500	65,500
Revenue Income	(275,122)	0	(32,000)	(32,000)
Controllable	(35,837)	0	121,500	121,500
Supplies & Services Related Recharges	2,669	0	3,500	3,500
Central Support and Service Admin	0	900	1,300	400
Recharges	2,669	900	4,800	3,900
Capital Financing Charges	1,589	1,600	1,600	0
Capital	1,589	1,600	1,600	0
Total	(31,579)	2,500	127,900	125,400

				Variance to
	Actual	Original	Original	Original
R182 Estates & Valuation	2021-2022	Budget	Budget	Budget
	2021-2022	2022-2023	2023-2024	2022-23
	£	£	£	£
Employee Expenses	110,539	147,500	171,200	23,700
Transport Related Expenses	7	300	300	0
Supplies & Services	16,286	17,700	17,700	0
Revenue Income	0	0	0	0
Controllable	126,831	165,500	189,200	23,700
Supplies & Services Related Recharges	1,724	1,700	1,700	0
Central Support and Service Admin	42,790	50,200	51,800	1,600
Internal Recharges	(171,345)	(217,400)	(247,700)	(30,300)
Recharges	(126,831)	(165,500)	(194,200)	(28,700)
Transfer from Reserves	0	0	(3,400)	(3,400)
Reserves	0	0	(3,400)	(3,400)
Total	0	0	(8,400)	(8,400)

				Variance to
	Actual	Original	Original	Original
R185 Public Land & Buildings	2021-2022	Budget	Budget	Budget
	2021-2022	2022-2023	2023-2024	2022-23
	£	£	£	£
Employee Expenses	1,479	0	0	0
Premises Related Expenses	38,649	84,700	64,800	(19,900)
Supplies & Services	22,347	37,000	27,000	(10,000)
Revenue Income	(167,606)	(188,200)	(260,500)	(72,300)
Controllable	(105,131)	(66,500)	(168,700)	(102,200)
Premises Related Recharges	11,314	16,900	18,200	1,300
Supplies & Services Related Recharges	0	0	0	0
Central Support and Service Admin	136,466	199,300	236,600	37,300
Recharges	147,780	216,200	254,800	38,600
Capital Financing Charges	(3,934)	3,200	86,700	83,500
Capital	(3,934)	3,200	86,700	83,500
Transfer to Reserves	0	0	3,300	3,300
Transfer from Reserves	(9,300)	(62,500)	0	62,500
Reserves	(9,300)	(62,500)	3,300	65,800
Total	29,416	90,400	176,100	85,700

				Variance to
	Actual	Original	Original	Original
R300 Information Technology	2021-2022	Budget	Budget	Budget
	£	£	2023-2024	2022-23
			£	£
Employee Expenses	334,566	352,400	381,000	28,600
Transport Related Expenses	174	500	500	0
Supplies & Services	673,734	792,100	834,400	42,300
Revenue Income	(9,305)	(11,100)	(11,100)	0
Controllable	999,168	1,133,900	1,204,800	70,900
Premises Related Recharges	9,339	9,400	2,000	(7,400)
Supplies & Services Related Recharges	3,935	3,900	3,700	(200)
Central Support and Service Admin	27,013	65,700	71,400	5,700
Internal Recharges	(1,206,995)	(1,426,300)	(1,434,100)	(7,800)
Recharges	(1,166,708)	(1,347,300)	(1,357,000)	(9,700)
Capital Financing Charges	102,340	196,100	128,200	(67,900)
Capital	102,340	196,100	128,200	(67,900)
Transfer to Reserves	107,000	107,000	113,700	6,700
Transfer from Reserves	(41,800)	(89,700)	(89,700)	0
Reserves	65,200	17,300	24,000	6,700
Total	0	0	0	0

				Variance to
	Actual	Original	Original	Original
R340 Communications & Publicity	2021-2022	Budget	Budget	Budget
	£	£	2023-2024	2022-23
			£	£
Employee Expenses	142,171	156,300	213,900	57,600
Transport Related Expenses	38	200	200	0
Supplies & Services	41,798	49,200	42,200	(7,000)
Revenue Income	(10,050)	(21,700)	(19,700)	2,000
Controllable	173,956	184,000	236,600	52,600
Supplies & Services Related Recharges	1,804	1,800	1,700	(100)
Central Support and Service Admin	49,870	58,500	64,700	6,200
Internal Recharges	(219,830)	(244,300)	(303,000)	(58,700)
Recharges	(168,156)	(184,000)	(236,600)	(52,600)
Transfer from Reserves	(5,800)	0	0	0
Reserves	(5,800)	0	0	0
Total	(0)	(0)	0	0

				Variance to
	Actual	Original	Original	Original
R350 Corporate Officers	2021-2022	Budget	Budget	Budget
	£	£	£	£
Employee Expenses	65,525	47,700	51,300	3,600
Supplies & Services	2,596	5,000	5,000	0
Revenue Income	0	(20,000)	(20,000)	0
Controllable	68,121	32,700	36,300	3,600
Supplies & Services Related Recharges	769	500	500	0
Central Support and Service Admin	1,447	2,900	3,500	600
Internal Recharges	(51,942)	(36,100)	(40,300)	(4,200)
Recharges	(49,726)	(32,700)	(36,300)	(3,600)
Transfer from Reserves	(18,395)	0	0	0
Reserves	(18,395)	0	0	0
Total	0	(0)	0	0

				Variance to
	Actual	Original	Original	Original
R410 Business Units	2021-2022	Budget	Budget	Budget
	£	£	£	£
Premises Related Expenses	112,494	113,700	109,900	(3,800)
Supplies & Services	0	1,000	1,000	0
Revenue Income	(213,260)	(216,400)	(207,200)	9,200
Controllable	(100,766)	(101,700)	(96,300)	5,400
Premises Related Recharges	7,387	7,700	4,300	(3,400)
Central Support and Service Admin	41,396	49,100	54,500	5,400
Recharges	48,783	56,800	58,800	2,000
Capital Financing Charges	36,401	36,400	34,500	(1,900)
Capital	36,401	36,400	34,500	(1,900)
Total	(15,582)	(8,500)	(3,000)	5,500

				Variance to
	Actual	Original	Original	Original
R510 Public Conveniences	2021-2022	Budget	Budget	Budget
	2021-2022	2022-2023	2023-2024	2022-23
	£	£	£	£
Premises Related Expenses	(5,055)	9,100	10,600	1,500
Supplies & Services	0	0	0	0
Controllable	(5,055)	9,100	10,600	1,500
Premises Related Recharges	66	100	400	300
Central Support and Service Admin	4,146	9,100	8,400	(700)
Recharges	4,212	9,200	8,800	(400)
Capital Financing Charges	4,121	4,100	3,900	(200)
Capital	4,121	4,100	3,900	(200)
Total	3,278	22,400	23,300	900

				Variance to
	Actual	Original	Original	Original
R520 Building Services	2021-2022	Budget	Budget	Budget
	2021-2022	2022-2023	2023-2024	2022-23
	£	£	£	£
Employee Expenses	88,726	128,900	138,500	9,600
Transport Related Expenses	35	100	100	0
Supplies & Services	740	3,200	3,200	0
Controllable	89,500	132,200	141,800	9,600
Supplies & Services Related Recharges	946	900	1,300	400
Central Support and Service Admin	22,168	12,900	19,800	6,900
Internal Recharges	(112,614)	(146,000)	(54,500)	91,500
Recharges	(89,500)	(132,200)	(33,400)	98,800
Transfer from Reserves	0	0	(3,300)	(3,300)
Reserves	0	0	(3,300)	(3,300)
Total	0	(0)	105,100	105,100

				Variance to
	Actual	Original	Original	Original
	2021-2022	Budget	Budget	Budget
	2022-2023	2022-2023	2023-2024	2022-23
	£	£	£	£
R540 Car Parks				
Employee Expenses	19,398	19,600	21,200	1,600
Premises Related Expenses	136,383	133,800	136,000	2,200
Transport Related Expenses	936	800	800	0
Supplies & Services	18,183	5,700	5,700	0
Third Party Payments	187,356	223,900	223,900	0
Revenue Income	(249,238)	(347,900)	(331,200)	16,700
Controllable	113,019	35,900	56,400	20,500
Premises Related Recharges	751	3,700	3,700	0
Supplies & Services Related Recharges	218	200	200	0
Central Support and Service Admin	34,561	45,300	51,700	6,400
Recharges	35,530	49,200	55,600	6,400
Capital Financing Charges	440,656	36,900	10,200	(26,700)
Capital	440,656	36,900	10,200	(26,700)
Transfer to Reserves	20,306	35,000	35,000	0
Transfer from Reserves	(3,000)	(3,000)	0	3,000
Reserves	17,306	32,000	35,000	3,000
Total	606,511	154,000	157,200	3,200

				Variance to
	Actual	Original	Original	Original
	2021-2022	Budget	Budget	Budget
	2022-2023	2022-2023	2023-2024	2022-23
	£	£	£	£
R560 Public Offices				
Employee Expenses	149,376	156,200	180,800	24,600
Premises Related Expenses	387,165	405,400	550,700	145,300
Supplies & Services	25,094	26,700	26,700	0
Revenue Income	(363,530)	(359,600)	(450,800)	(91,200)
Controllable	198,106	228,700	307,400	78,700
Premises Related Recharges	21,418	26,300	33,000	6,700
Supplies & Services Related Recharges	1,902	1,900	1,800	(100)
Central Support and Service Admin	78,691	161,700	167,900	6,200
Internal Recharges	(445,948)	(582,700)	(718,200)	(135,500)
Recharges	(343,938)	(392,800)	(515,500)	(122,700)
Capital Financing Charges	143,021	166,000	167,300	1,300
Capital	143,021	166,000	167,300	1,300
Transfer from Reserves	(2,377)	0	0	0
Reserves	(2,377)	0	0	0
Total	(5,188)	1,900	(40,800)	(42,700)

			Variance to	
	Actual	Original	Original	Original
R630 Housing Needs	2021-2022	Budget	Budget	Budget
	£	£	2023-2024	2022-23
			£	£
Employee Expenses	286,318	428,500	452,100	23,600
Premises Related Expenses	50,353	102,000	95,600	(6,400)
Transport Related Expenses	44	600	600	0
Supplies & Services	413,372	187,400	247,400	60,000
Revenue Income	(567,431)	(433,900)	(443,600)	(9,700)
Controllable	182,657	284,600	352,100	67,500
Premises Related Recharges	3,121	3,200	2,400	(800)
Supplies & Services Related Recharges	3,598	3,600	4,400	800
Central Support and Service Admin	114,634	133,300	146,800	13,500
Recharges	121,353	140,100	153,600	13,500
Capital Financing Charges	12,585	12,400	42,600	30,200
Capital	12,585	12,400	42,600	30,200
Transfer to Reserves	66,212	0	0	0
Transfer from Reserves	(54,820)	(36,000)	(86,500)	(50,500)
Reserves	11,392	(36,000)	(86,500)	(50,500)
Total	327,987	401,100	461,800	60,700

			Variance to	
	Actual	Original	Original	Original
R775 Community Centres	2021-2022	Budget	Budget	Budget
	£	£	2023-2024	2022-23
			£	£
Employee Expenses	119,442	116,000	129,200	13,200
Premises Related Expenses	41,114	53,100	83,400	30,300
Transport Related Expenses	0	200	200	0
Supplies & Services	8,669	7,400	7,400	0
Revenue Income	(90,259)	(113,800)	(113,200)	600
Controllable	78,966	62,900	107,000	44,100
Premises Related Recharges	6,794	8,000	11,500	3,500
Supplies & Services Related Recharges	1,537	1,500	1,100	(400)
Central Support and Service Admin	33,877	23,000	25,900	2,900
Recharges	42,207	32,500	38,500	6,000
Capital Financing Charges	50,748	50,800	52,800	2,000
Capital	50,748	50,800	52,800	2,000
Transfer from Reserves	(6,205)	0	0	0
Reserves	(6,205)	0	0	0
Total	165,716	146,200	198,300	52,100

				Variance to
	Actual	Original	Original	Original
R805 Financial Services	2021-2022	Budget	Budget	Budget
	£	£	2023-2024	2022-23
			£	£
Employee Expenses	672,794	594,000	644,400	50,400
Transport Related Expenses	217	100	100	0
Supplies & Services	88,851	89,400	89,400	0
Revenue Income	(44,614)	(45,000)	(45,000)	0
Controllable	717,248	638,500	688,900	50,400
Supplies & Services Related Recharges	6,682	6,600	6,100	(500)
Central Support and Service Admin	138,286	139,700	148,600	8,900
Internal Recharges	(797,215)	(784,800)	(843,600)	(58,800)
Recharges	(652,248)	(638,500)	(688,900)	(50,400)
Transfer from Reserves	(65,000)	0	0	0
Reserves	(65,000)	0	0	0
Total	0	(0)	(0)	0

				Variance to
	Actual	Original	Original	Original
R820 Customer Services	2021-2022	Budget	Budget	Budget
	£	£	2023-2024	2022-23
			£	£
Employee Expenses	731,380	735,200	829,900	94,700
Transport Related Expenses	313	700	700	0
Supplies & Services	12,104	8,100	8,100	0
Revenue Income	0	0	0	(0)
Controllable	743,797	744,000	838,700	94,700
Supplies & Services Related Recharges	7,837	7,800	7,300	(500)
Central Support and Service Admin	147,960	195,000	201,500	6,500
Internal Recharges	(899,594)	(937,500)	(1,038,200)	(100,700)
Recharges	(743,797)	(734,700)	(829,400)	(94,700)
Transfer from Reserves	0	(9,300)	(9,300)	0
Reserves	0	(9,300)	(9,300)	0
Total	(0)	0	(0)	(0)

				Variance to
	Actual	Original	Original	Original
R825 Insurance Premiums	2021-2022	Budget	Budget	Budget
	2022-2023	2022-2023	2023-2024	2022-23
	£	£	£	£
Supplies & Services	310,281	276,000	276,000	0
Revenue Income	(36,373)	0	0	0
Controllable	273,908	276,000	276,000	0
Central Support and Service Admin	0	300	0	(300)
Internal Recharges	(275,986)	(276,000)	(276,000)	0
Recharges	(275,986)	(275,700)	(276,000)	(300)
Transfer to Reserves	37,078	35,000	35,000	0
Transfer from Reserves	0	0	0	0
Reserves	37,078	35,000	35,000	0
Total	35,000	35,300	35,000	(300)

				Variance to
	Actual	Original	Original	Original
R835 Revenues-Local Taxation	2021-2022	Budget	Budget	Budget
	2022-2023	2022-2023	2023-2024	2022-23
	£	£	£	£
Employee Expenses	405,361	449,200	489,500	40,300
Transport Related Expenses	341	500	500	0
Supplies & Services	290,452	180,500	304,600	124,100
Revenue Income	(674,250)	(335,000)	(507,600)	(172,600)
Controllable	21,904	295,200	287,000	(8,200)
Transport Related Recharges	1,626	0	0	0
Supplies & Services Related Recharges	5,060	5,000	4,800	(200)
Central Support and Service Admin	367,728	524,000	574,400	50,400
Internal Recharges	(63,409)	(56,900)	(63,900)	(7,000)
Recharges	311,006	472,100	515,300	43,200
Transfer to Reserves	363,906	0	0	0
Transfer from Reserves	(165,419)	(111,400)	(62,000)	49,400
Reserves	198,487	(111,400)	(62,000)	49,400
Total	531,396	655,900	740,300	84,400

			Variance to	
	Actual	Original	Original	Original
R872 Central Provisions Account	2021-2022	Budget	Budget	Budget
	2021-2022	2022-2023	2023-2024	2022-23
	£	£	£	£
Employee Expenses	31,200	40,000	(222,000)	(262,000)
Supplies & Services	1,317,804	(4,000)	129,600	133,600
Revenue Income	(1,451,929)	0	0	0
Controllable	(102,925)	36,000	(92,400)	(128,400)
Central Support and Service Admin	0	1,200	0	(1,200)
Recharges	0	1,200	0	(1,200)
Transfer to Reserves	510,217	0	0	0
Transfer from Reserves	(562,700)	0	0	0
Reserves	(52,483)	0	0	0
Total	(155,408)	37,200	(92,400)	(129,600)

			Variance to	
	Actual	Original	Original	Original
R875 Non Distributed Costs	2021-2022	Budget	Budget	Budget
	2021-2022	2022-2023	2023-2024	2022-23
	£	£	£	£
Employee Expenses	316,493	117,600	117,600	0
Supplies & Services	2,008	0	0	0
Controllable	318,501	117,600	117,600	0
Central Support and Service Admin	0	2,600	0	(2,600)
Recharges	0	2,600	0	(2,600)
Capital Financing Charges	38,066	0	0	0
Capital	38,066	0	0	0
Transfer from Reserves	(204,300)	0	0	0
Reserves	(204,300)	0	0	0
Total	152,267	120,200	117,600	(2,600)

				Variance to
	Actual	Original	Original	Original
R877 Council Tax Benefits	2021-2022	Budget	Budget	Budget
	2021-2022	2022-2023	2023-2024	2022-23
	£	£	£	£
Transfer Payments	0	500	500	0
Revenue Income	(3,457)	(4,500)	(2,500)	2,000
Controllable	(3,457)	(4,000)	(2,000)	2,000
Central Support and Service Admin	0	0	0	0
Recharges	0	0	0	0
Total	(3,457)	(4,000)	(2,000)	2,000

				Variance to
	Actual	Original	Original	Original
R880 Rent Allowances	2021-2022	Budget	Budget	Budget
	2021-2022	2022-2023	2023-2024	2022-23
	£	£	£	£
Supplies & Services	(5,005)	18,000	(8,000)	(26,000)
Transfer Payments	18,402,201	16,996,000	16,674,900	(321,100)
Revenue Income	(18,425,000)	(16,876,500)	(16,537,400)	339,100
Controllable	(27,804)	137,500	129,500	(8,000)
Central Support and Service Admin	0	0	0	0
Recharges	0	0	0	0
Total	(27,804)	137,500	129,500	(8,000)

				Variance to
	Actual	Original	Original	Original
R882 Housing Benefit Administration	2021-2022	Budget	Budget	Budget
	2021-2022	2022-2023	2023-2024	2022-23
	£	£	£	£
Employee Expenses	465,828	323,100	351,800	28,700
Transport Related Expenses	75	500	500	0
Supplies & Services	200,574	30,100	30,100	0
Revenue Income	(487,989)	(353,700)	(219,300)	134,400
Controllable	178,489	0	163,100	163,100
Supplies & Services Related Recharges	4,574	4,600	3,400	(1,200)
Central Support and Service Admin	345,616	272,400	289,700	17,300
Recharges	350,190	277,000	293,100	16,100
Transfer to Reserves	47,100	0	0	0
Transfer from Reserves	(145,005)	0	0	0
Reserves	(97,905)	0	0	0
Total	430,774	277,000	456,200	179,200

				Variance to
	Actual	Original	Original	Original
	2021-2022	Budget	Budget	Budget
	2021-2022	2022-2023	2023-2024	2022-23
	£	£	£	£
R885 Rent Rebates				
Supplies & Services	(525)	0	0	0
Transfer Payments	131,634	171,500	195,500	24,000
Revenue Income	(123,572)	(168,700)	(186,700)	(18,000)
Controllable	7,537	2,800	8,800	6,000
Central Support and Service Admin	0	0	0	0
Recharges	0	0	0	0
Total	7,537	2,800	8,800	6,000

				Variance to
	Actual	Original	Original	Original
	2021-2022	Budget	Budget	Budget
	2021-2022	2022-2023	2023-2024	2022-23
	£	£	£	£
R890 Corporate Income & Expenditure				
Employee Expenses	0	0	0	0
Premises Related Expenses	20,437	19,200	27,500	8,300
Supplies & Services	588,113	0	0	0
Capital Interest	364,585	407,500	419,000	11,500
Revenue Income	(831,193)	(60,400)	(231,400)	(171,000)
Controllable	141,942	366,300	215,100	(151,200)
Central Support and Service Admin	0	400	0	(400)
Recharges	0	400	0	(400)
Capital Entries	(1,028,702)	0	0	0
Capital	(1,028,702)	0	0	0
Transfer from Reserves	0	0	0	0
Reserves	0	0	0	0
Total	(886,760)	366,700	215,100	(151,600)

				Variance to
	Actual	Original	Original	Original
R891 Movement in Reserves (MiRs)	2021-2022	Budget	Budget	Budget
	2022-2023	2022-2023	2023-2024	2022-23
	£	£	£	£
Employee Expenses	0	0	0	0
Supplies & Services	163,189	0	0	0
Capital Interest	2,143,147	860,000	815,000	(45,000)
Controllable	2,306,336	860,000	815,000	(45,000)
Capital Financing Charges	552,438	0	0	0
Capital Entries	(2,280,949)	(2,120,600)	(2,096,100)	24,500
Capital	(1,728,511)	(2,120,600)	(2,096,100)	24,500
Transfer to Reserves	0	0	0	0
Transfer from Reserves	(1,569,708)	(135,000)	(21,000)	114,000
Reserves	(1,569,708)	(135,000)	(21,000)	114,000
Total	(991,883)	(1,395,600)	(1,302,100)	93,500

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Local Pride and Community Engagement Portfolio

Revenue Budget Summary 2023-24

Major Variances in Net Controllable Expenditure

The major variances within employee expenses are mainly due to the estimated pay award of 5%, service restructures, the removal of Bands 1 and 2 with the staff affected moving to Band 3 and a national insurance reduction of 1.25% due to the withdrawal of the Health and Social Care Levy.

The main variances in premises expenses are due to increases in electricity (81.5%), gas (200%) and fuel oil (53%).

The other major variances are detailed below.

Community Protection & Dog Control

No major variances

Community Grants

Variance mainly due to reduction in Members Pot grants.

Lifestyles, Health & Well-Being Portfolio

Revenue Budget Summary 2023-24

Major Variances in Net Controllable Expenditure

The major variances within employee expenses are mainly due to the estimated pay award of 5%, service restructures, the removal of Bands 1 and 2 with the staff affected moving to Band 3 and a national insurance reduction of 1.25% due to the withdrawal of the Health and Social Care Levy.

The main variances in premises expenses are due to increases in electricity (81.5%), gas (200%) and fuel oil (53%).

The other major variances are detailed below.

Leisure Centres

Variances mainly due to changes in NNDR charges based on 1 April 2023 re-valuation plus increases in income from inflation and efficiencies. The BigWave Swim programme has increased the cost of instructors but this is fully offset by additional income due to growth of programme. DNA members are still not back to pre-covid numbers resulting in lower income.

Arnold Theatre

Variances mainly due to reduction in NNDR charges based on the 1 April 2023 re-valuation plus increases in income from inflation and efficiencies

Richard Herrod Centre

Variances mainly due to increase in NNDR charges based on the valuation plus increase in income from inflation and efficiencies that is offset by reductions in attendances in the bar and bookings in the Millennium Suite.

Arts & Tourism

No major variances

Health & Wellbeing

No major variances

Events

Variances mainly due to the cessation of the Arnold Carnival.

Environment Portfolio

Revenue Budget Summary 2023-24

Major Variances in Net Controllable Expenditure:

The major variances within employee expenses are mainly due to the estimated pay award of 5%, service restructures, the removal of Bands 1 and 2 with the staff affected moving to Band 3 and a national insurance reduction of 1.25% due to the withdrawal of the Health and Social Care Levy.

The main variances in premises expenses are due to increases in electricity (81.5%), gas (200%) and fuel oil (53%).

The other major variances are detailed below.

Taxi Licensing

Variances are due to a review of the Taxi Licensing service.

Other Licensing

No major variances

Environmental Protection

Variance mainly due to efficiency to increase in income on Pest Control.

Food, Health & Safety

No major variances

Waste Other

Variance mainly due to efficiencies to increase in income on Garden Waste.

Waste Recycling

No other major variances

Waste Residual

Variance mainly due to efficiency on Waste - round optimisation review and trade waste income.

Waste Services

No major variances

Street Care

Variance mainly due to increased depreciation costs on pavilions

Environmental Service Support

Variance mainly due to efficiency on Waste/PASC administration system improvements.

Fleet Management

Variance mainly due to increase in fuel costs. Also resource development bid for the introduction of HVO (Hydrogenated Vegetable Oil) diesel as well as increases in depreciation costs on vehicles.

Selective Licensing

Variances are due to continuation of Phase 2 of the programme and introduction of Phase 3. These are offset by contributions to reserves.

Parks

Variances mainly due to cessation of Arnot Hill bowls green and PASC - Deferred 22-23 staffing efficiency. Also removal of Commercial Tree Team, costs related to shared vehicle moved to in house tree team along with some income.

Parks – External Works

There is an increase on contract value for Bestwood Country Park. Also there is additional activity on the Pet Cremation service.

Cemeteries

Variance mainly due to income inflation and the introduction of a Remembrance Tree at Carlton Cemetery.

Sustainable Growth and Economy Portfolio

Revenue Budget Summary 2023-24

Major Variances in Net Controllable Expenditure

The major variances within employee expenses are mainly due to the estimated pay award of 5%, service restructures, the removal of Bands 1 and 2 with the staff affected moving to Band 3 and a national insurance reduction of 1.25% due to the withdrawal of the Health and Social Care Levy.

The main variances in premises expenses are due to increases in electricity (81.5%), gas (200%) and fuel oil (53%).

Other major variances are detailed below.

Development Service Support

No major variances

Development Management

Variance mainly due to market supplement for Principal Planning Officer (funded from reserves).

Planning Policy

Variance mainly due to Temporary Planning Officer (funded from reserves).

Building Control Account

No major variances

Building Control Fee Earning Account

No major variances

Land Charges

No major variances

Economic Development

Variance mainly due to UK Shared Prosperity Fund (Year 2 plan) project and also efficiencies within Localities service review.

Private Sector Housing

No major variances

Housing Strategy

No major variances

Corporate Resources and Performance Portfolio

Revenue Budget Summary 2023-24

Major Variances in Net Controllable Expenditure

The major variances within employee expenses are mainly due to the estimated pay award of 5%, service restructures, the removal of Bands 1 and 2 with the staff affected moving to Band 3 and a national insurance reduction of 1.25% due to the withdrawal of the Health and Social Care Levy.

The main variances in premises expenses are due to increases in electricity (81.5%), gas (200%) and fuel oil (53%).

Other major variances are detailed below.

HR, Performance and Service Planning

No major variances

Democratic Management & Representation

Variance mainly due to staff restructure.

Corporate Management

No major variances

Health & Safety and Emergency Planning

Variance mainly due to resource development bid for Health & Safety Advisor.

Legal Services

Variance mainly due to additional posts within the service, partially offset by income.

Central Print Room

No major variances

Postages

No major variances

Registration of Electors

No major variances

Elections

Variance due to Local Elections taking place in May 2023

Estates & Valuation

No major variances

Public Land & Buildings

Variance mainly due to reduction on NNDR charges based on 1 April 2023 re-valuation. Additional income from rents on market stalls and business units.

Information Technology

Variance mainly due to allowing for increase in inflation software and licensing costs.

Communications & Publicity

Variance mainly due to staffing efficiency to be delivered.

Corporate Officers

No major variances

Business Units

No major variances

Public Conveniences

No major variances

Building Services

No major variances

Car Parks

Variance mainly due to reduction in NNDR charges based on 1 April 2023 re-valuation. Also a reduction on income based on activity.

Public Offices

Variance mainly due to changes in NNDR charges based on valuations. Additional rent from DWP in Civic Centre and reduction in rent at Arnot Hill House as first floor empty.

Housing Needs

Variances mainly due to B&B increase charges, budget has been allocated from within Housing Needs and reserves.

Community Centres

Variances mainly due to changes in NNDR charges based on valuations and income increases from inflation

Financial Services

No major variances

Customer Services

No major variances

Insurance Premiums

No major variances

Revenues-Local Taxation

Increase in Council Tax Support offset by Government grant.

Central Provisions Account

Variance due to 2023/24 efficiency programme, including increased vacancy provision and service reviews

Non Distributed Costs

No major variances

Council Tax Benefits

No major variances

Rent Allowances

No major variances

Housing Benefit Administration

Variance mainly due to support grant being paid through RSG (Revenue Support Grant) and a reduction in admin subsidy

Rent Rebates

No major variances

Corporate Income & Expenditure

Variance due to increase in interest rates leading to additional income

Movement in Reserves (MiRS)

Variance due to Direct Revenue Financing of the Capital Programme and depreciation

Major Inflation Indices - Medium Term Financial Plan

	2023/24	2024/25	2025/26	2026/27	2027/28
Council Tax (Excluding Future Taxbase Changes)	2.98% £204,300	2.98% £210,400	2.98% £216,700	2.98% £223,200	2.98% £229,900
Pay Award	5.0% £774,900	3.0% £479,500	2.0% £329,200	2.0% £335,800	2.0% £342,500
Premises Expenses:	%	%	%	%	%
Gas	200	5	5	5	5
Electricity	86	5	5	5	5
Water	2	2	2	2	2
NNDR	2	2	2	2	2
General Supplies & Services	0	0	0	0	0
Discretionary Income	5	5	3	3	3
Vacancy Provision Basic	-£150,000	-£150,000	-£150,000	-£150,000	-£150,000

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Movement on Earmarked Reserves

Reserve
Joint Use & Base Maintenance Reserve
Pub Watch/Shop Radio Replacement Reserve
IT Replacement Reserve
Community & Crime Reserves
Risk Mgmt Reserve
S106 Revenue Reserve
Housing & Housing Benefits Reserve
Insurance Reserve
Efficiency & Innovation Reserve
Asset Management Reserve
Local Development Framework Reserve
Earmarked Grants Reserve
CCTV Reserve
LA Mortgage Scheme Reserve (LAMS)
Apprentice Reserve
NNDR Pool Reserve
Transformation Fund Reserve
Economic Development Fund Reserve
Leisure Strategy Reserve
Property Management Fund
Selective Licensing
ARG Reserve
Inflationary Pressures Contingency Reserve
Total Reserves

Original Estimate 2022/23			
Opening Balance 01/04/22	Transfer to Reserve	Transfer from Reserve	Balance 31/03/23
£	£	£	£
(150,167)			(150,167)
(37,461)	(3,500)		(40,961)
(637,110)	(110,000)	87,700	(659,410)
(161,916)		19,000	(142,916)
(69,158)		7,500	(61,658)
(134,103)		53,500	(80,603)
(248,889)		51,000	(197,889)
(340,478)	(35,000)		(375,478)
(327,059)		21,700	(305,359)
(520,514)	(71,100)	146,000	(445,614)
(269,683)		40,000	(229,683)
(1,020,341)	(117,700)	124,200	(1,013,841)
(152,300)	(32,300)	30,000	(154,600)
(110,593)			(110,593)
(43,019)		16,800	(26,219)
(573,579)		113,000	(460,579)
(444,658)		7,100	(437,558)
(118,787)		7,400	(111,387)
(255,300)			(255,300)
(64,000)			(64,000)
(193,036)			(193,036)
(0)		71,400	71,400
(250,000)			(250,000)
(6,122,151)	(369,600)	796,300	(5,695,451)

Revised Estimate 2022/23				
Opening Balance 01/04/22	Transfer to Reserve	Transfer from Reserve	Reclassify General Fund	Balance 31/03/23
£	£	£		£
(150,167)	0	0		(150,167)
(37,461)	(3,500)	0		(40,961)
(637,110)	(110,000)	87,700		(659,410)
(161,916)	0	37,000		(124,916)
(69,158)	0	22,100		(47,058)
(134,103)	0	53,500		(80,603)
(248,889)	0	61,000		(187,889)
(340,478)	(35,000)	36,500		(338,978)
(327,059)	115,000	21,700		(190,359)
(520,514)	(82,100)	347,700	64,000	(190,914)
(269,683)	0	151,300		(118,383)
(1,020,341)	(117,700)	256,900	100,000	(781,141)
(152,300)	(32,300)	30,000		(154,600)
(110,593)	0	0	110,593	0
(43,019)	0	16,800		(26,219)
(573,579)	(86,100)	124,400	25,407	(509,872)
(444,658)	(35,000)	428,200		(51,458)
(118,787)	(16,600)	127,300		(8,087)
(255,300)	0	110,000		(145,300)
(64,000)	0	0		(64,000)
(193,036)	0	0		(193,036)
(0)	0	0		(0)
(250,000)	(46,500)	296,500		0
0				0
(6,122,151)	(449,800)	2,208,600	300,000	(4,063,351)

Original Estimate 2023/24			
Opening Balance 01/04/23	Transfer to Reserve	Transfer from Reserve	Balance 31/03/24
£	£	£	£
(150,167)	0	0	(150,167)
(40,961)	(3,500)	0	(44,461)
(659,410)	(116,700)	87,700	(688,410)
(124,916)	0	40,400	(84,516)
(47,058)	0	29,300	(17,758)
(80,603)	0	53,500	(27,103)
(187,889)	0	101,500	(86,389)
(338,978)	(35,000)	0	(373,978)
(190,359)	0	21,700	(168,659)
(190,914)	(74,400)	29,000	(236,314)
(118,383)	0	82,500	(35,883)
(781,141)	(148,900)	8,200	(921,841)
(154,600)	(32,300)	30,000	(156,900)
0	0	0	0
(26,219)	0	16,800	(9,419)
(509,872)	0	62,000	(447,872)
(51,458)	0	7,100	(44,358)
(8,087)	0	6,700	(1,387)
(145,300)	0	0	(145,300)
(64,000)	0	0	(64,000)
(193,036)	0	0	(193,036)
(0)	0	0	(0)
0	0	0	0
(4,063,351)	(410,800)	576,400	(3,897,751)

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COUNCIL TAX COLLECTION FUND ESTIMATE OF OUTTURN 2022/23(Estimate of position at 31 March 2023 for distribution in 2023/24)

	<u>£000</u>	<u>£000</u>
Taxpayer Accounts Due	(102,040)	
LESS		
Council Tax Support	7,529	
Disabled Relief	101	
Exemptions	1,958	
Discounts	8,285	
Disregard	472	
Annexe Discount	4	
Transitional Relief	0	
Council Tax Receivable		(83,691)
Payment / (Receipt) of Previous Year Surpluses / (Deficits)		0
Precepts Paid		82,419
Anticipated Write-Offs	158	
Increase/(Decrease) in bad debt provision	<u>(122)</u>	36
Movement in the Collection Fund in 2022/23		<u>(1,236)</u>
(Surplus) / Deficit Brought Forward		248
(Surplus) / Deficit Declared - 15 January 2023		<u>(988)</u>

	<u>£000</u>
<u>Allocation of Council Tax (Surplus) / Deficit</u>	
Gedling Borough Council	(90)
Nottinghamshire County Council	(744)
Nottinghamshire Police and Crime Commissioner	(116)
Combined Fire Authority	<u>(38)</u>
TOTAL	<u>(988)</u>

	<u>£000</u>
<u>Summary:</u>	
Opening (Surplus) / Deficit 1/4/22	248
Previously declared (distributed 22/23)	<u>0</u>
Cumulative (Surplus) / Deficit 31/3/23	248
In year (Surplus) / Deficit for 2022/23	<u>(1,236)</u>
Estimated (Surplus) / Deficit 31/3/23	<u>(988)</u>

NON DOMESTIC RATES COLLECTION FUND ESTIMATE 2022/23

(Estimate of position at 31 March 2023 for distribution in 2023/24)

	<u>£000</u>	<u>£000</u>
Opening NDR Deficit at 1 April 2022		7,039
Collectible Rates	(22,887)	
Deficit declared January 2022	(7,135)	(30,022)
Net transitional relief payable		5
Central Government share		9,532
Nottinghamshire County Council and Fire Authority shares		1,907
Gedling share		7,626
Cost of Collection Allowance		98
Renewables		377
Net (Surplus)/Deficit - per NNDR1 23/24 Part 4		(3,438)

<u>Allocation of Surplus</u>	<u>Central Govt</u> £000s	<u>Gedling</u> £000s	<u>Notts CC</u> £000s	<u>Notts Fire</u> £000s	<u>Total</u> £000s
Prior Year Surplus/(Deficit)					
- Deferred Estimated 20/21	(350)	(280)	(63)	(7)	(700)
- 21/22	398	318	72	8	796
In Year Surplus/(Deficit)	1,671	1,337	301	33	3,342
Total per NNDR1 23/24 Pt4	1,719	1,375	310	34	3,438

Appendix 6 - Budget Reduction Proposals 2023/24

Portfolio	Service Area	Description	Efficiency Type		Ongoing
			Efficiency and Effectiveness	Income Generation	2023/24
			£	£	£
Local Pride and Community Engagement	Community Relations	Reduction in members pot by £500 p.a.	20,500		20,500
Portfolio Total			20,500	0	20,500
Lifestyles, Health and Wellbeing	Leisure Service + others as required	Fees and charges review		150,000	150,000
	Events & Festivals	Review and rationalisation of events	21,000		21,000
Portfolio Total			21,000	150,000	171,000
Environment	Cemeteries	Remembrance Tree		5,000	5,000
	Parks & Street Care	Optimise use of outdoor facilities	20,000		20,000
Portfolio Total			20,000	5,000	25,000
Portfolio Total			0	0	0
Corporate Resources and Performance	Corporate	Service reviews	72,000		72,000
	Corporate	Additional vacancy provision (one year)	150,000		150,000
	Communications	Additional advertising in Contacts		5,000	5,000
Portfolio Total			222,000	5,000	227,000
Grand Total			283,500	160,000	443,500

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Report to Cabinet

Subject: Review of the Gedling Plan 2023-27

Date: 16 February 2023

Author: Senior Leadership Team on behalf of the Leader

Wards Affected

Borough-wide

Purpose

To seek agreement for the Gedling Plan 2023-27 to be referred to Council for approval.

Key Decision

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

Recommendations

THAT: The Gedling Plan 2023-27 be agreed and referred to Council for approval on 2 March 2023

1 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 (known as the Gedling Plan) to the Cabinet for approval, highlighting budget priorities, growth items and proposed cuts.
- 1.2 The Executive is required to consider any comments made on the draft Budget and Performance Plan and to present the final drafts to Council for adoption in accordance with the statutory requirements. To fulfil these requirements the 2023/24 budget proposals, which are detailed in a separate report on the agenda, together with the Gedling Plan will be presented to Budget Council on 2 March 2023.

- 1.3 The Borough Council has a statutory responsibility to determine its Council Tax by 10 March.
- 1.4 As Cabinet is aware, the current Gedling Plan concludes at the end of March this year.
- 1.5 The last plan ran for a period of three years and was revisited during this time due to the sudden changes in priorities that were a result of the Covid pandemic. That said, a majority of actions were successfully completed during the lifetime of the Plan and these will be documented and celebrated in the Annual Report to be produced at year end.
- 1.6 Some examples of achievements made during the period of the last Gedling Plan are as follows:
- ✓ The regeneration and development of Arnold town centre and market, including a new iconic AMP building and public realm, including performance area;
 - ✓ Works at Carlton Square including a new public vehicle entrance, separation of the delivery yard, resurfacing of car parks, electric vehicle charging points, and new planting;
 - ✓ The provision of additional CCTV cameras;
 - ✓ Investment in leisure through refurbishments, new booking systems, free swimming sessions, and the introduction of free access to leisure for Armed Forces personnel;
 - ✓ Becoming a 'plastic clever council' and adopting a new Carbon Management Strategy to further the councils ambitions to be carbon neutral by 2030;
 - ✓ Further investment in parks and open spaces, play areas, and planting of native trees.
- 1.7 A new Gedling Plan for the four-year period 2023-2027 has now been developed following extensive consultation with Members and senior managers. This is shown at Appendix 1. The format of the new Plan is different to earlier years in that it is set at a more strategic level with detail being delivered through annual service plans. The Annual Report will be published in summertime each year and will document the Council's achievements and successes.

2 Proposal

- 2.1 In view of the fact that 2023 marks the beginning of a new Gedling Plan a full review has been carried out to ensure that it incorporates any changes necessary to address new challenges and reflects the Council's ambitions.

- 2.2 It was also an opportunity to re-focus, check and challenge whether the priorities and objectives were the right ones as well as reviewing the general approach to setting the plan which now is at a more strategic level than in the past.
- 2.3 A further report will be presented to Cabinet in March to seek approval for the strategic performance indicators which will be used to measure progress against the Gedling Plan.
- 2.4 It is important that the delivery of the Gedling Plan actions and performance indicators are monitored. Progress will be reported to Senior Leadership Team, Cabinet and Overview and Scrutiny Committee on a quarterly basis and performance reports published on the Council's website in the usual way.
- 2.5 It is proposed that the Gedling Plan 2023-2027 shown at Appendix 1 be approved by Cabinet and authorised to progress to Council on 2 March for formal ratification and adoption.

3 Alternative Options

- 3.1 An alternative option would be not to agree the proposed Gedling Plan at this time although to take this action would mean that the Gedling Plan could not be adopted by the Council in time for the new financial year and until a new Plan was passed to Council for approval, the organisation would be operating without a formal business plan in place.
- 3.2 A second alternative would be to adopt a different or amended plan. If an alternative plan were to be proposed then this would need to progress through committee process and be agreed by Cabinet in time to be considered by Council on 2 March 2023. The current plan proposal has been drafted by Senior Leadership Team following Member and senior officer consultation.

4 Financial Implications

- 4.1 There are no direct financial implications arising out of this report. Costs arising from actions and projects that will be undertaken during the life of the plan will be identified as part of the service planning and project delivery process.
- 4.2 The Gedling Plan will need to be delivered within existing and future approved budgets. The budget required for delivery of the Gedling Plan is

set out in the General Fund Revenue Budget 2023-24 report elsewhere on this agenda.

5 Legal Implications

- 5.1 The Constitutional requirement for the Leader to present, before 21 February each financial year, a draft Budget and Performance Plan (known as the Gedling Plan) to the Cabinet for approval is met by this report.
- 5.2 The Gedling Plan 2023-2027 also meets its obligations under the Equality Act 2010 to publish at least one objective that meets the requirement of the Act as detailed in Section 6.
- 5.3 Legal issues arising from actions and projects that will be undertaken during the life of the plan will be identified as part of the service planning and project delivery process. It is the Council that will formally adopt the new Gedling Plan 2023-27.

6 Equalities Implications

- 6.1 There are no direct equality implications arising out of this report. Equality implications arising from actions and projects that will be undertaken during the life of the plan will be identified as part of the service planning and project delivery process. The Equality Impact Assessment shown at Appendix 2 reflects the strategic level at which the Gedling Plan is set and identifies potential positive benefits across the whole of the community as service plan actions and projects aspire to improve lives and life chances of most sections of the community across the whole of the borough.
- 6.2 The Equalities Act 2010 requires the Council to publish at least one objective (at least every 4 years) aimed at achieving the following:
 - a) eliminating discrimination, harassment, victimisation and other conduct that is prohibited by or under the Act;
 - b) advancing equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - c) fostering good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 6.3 In relation to the Gedling Plan 2023-27 these obligations are met through the inclusion of the outward-facing theme of “equality, diversity and social inclusion” under the “Community” priority and the inward-facing theme of “healthy workforce” under the “Council” priority. In both of these areas in

the Gedling Plan, service plans will identify specific actions each year to meet these clearly identified ambitions.

7 Carbon Reduction/Sustainability Implications

- 7.1 There are no direct carbon reduction implications arising out of this report. Positive carbon reduction actions and projects will be undertaken during the life of the plan will be identified as part of the service planning and project delivery process.

8 Appendices

- 8.1 Appendix 1 – Gedling Plan 2023-2027
- 8.2 Appendix 2- Equality Impact Assessment

9 Background Papers

- 9.1 None identified.

10 Reasons for Recommendations

- 10.1 To approve the Gedling Plan 2023- 2027 and to ensure that strategic direction is clearly set out.

Statutory Officer approval

Approved by the Chief Financial Officer 7 February 2023

Approved by the Monitoring Officer 30 January 2023



GEDLING PLAN

2023-2027

Serving people Improving Lives



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Introduction



At the start of 2020 I introduced our previous Gedling Plan. At that time we set out an ambitious programme of work in which we hoped to deliver a range of improvements and positive changes for the residents, businesses and service users of the borough. I am delighted to say that at the end of the three years we have achieved delivery of most of these ambitions including some huge projects such as the acquisition and development of the Arnold Market Place (AMP) site. Even in normal times this would have been an achievement worthy of note but, put simply, recent years have been far from normal. In addition to delivery of our objectives we have had to focus our attention elsewhere for about eighteen months whilst we weathered the storm of covid-19 and worked tirelessly as members and officers to provide practical support to our community. During this time we supported the most vulnerable people within our communities through our community hub that distributed essential food items, also by ensuring that essential medical supplies were received by those who

were dependent upon support, and by pulling together to ensure that business grants were administered quickly and efficiently to help our local businesses survive. Through it all we continued to provide essential services such as refuse collection even if it meant other teams from our Parks and Street Cleansing Service and Leisure Services stepping in to help staff the refuse rounds.

Now I am proud to introduce our new Gedling Plan that sets out our key objectives for the next four years. Not only proud but also confident that we have the right teams, both members and officers, to provide first-rate services again. It won't be an easy task with the issues of high costs, high inflation and limited grant aid all being realistic scenarios not just in the short term but possibly for a significant proportion of the term of this plan. It may be the case that we cannot continue to deliver all the services that we do now and it may be that we have to modify some service delivery to do things in ways that are affordable. What you can be assured of though is that you have teams of dedicated, professional

and caring people that will be doing their best to meet or exceed your expectations.

The four-year plan aims to identify the three main themes of what we see as the cornerstones of good, solid local authority service; "Economy, Community and Place" underpinned by sound governance. Behind these themes service plans will be compiled each year to deliver practical and material improvements within the borough. Service Plans will reflect feedback that we have received over the last few years in our Residents' Survey and, more recent, Gedling Plan Survey. Our Annual Report will detail our achievements at the end of each year and will show you just how we have worked to meet our vision of,

"Serving People, Improving Lives".

Councillor John Clarke
Leader of the Council

Your views: feedback from the Gedling Plan survey (2022)



In preparation for the new Gedling Plan 2023 - 2027, the Council ran a consultation during August and September 2022. Questions focussed on the council's current priorities, how to close a budget gap, the future of our services in terms of potential spending reductions and areas for investment, keeping you informed, and accessibility.

Gedling Plan consultation results

- Comparatively high percentage of all respondents agree with the current council's priorities, which is on average 80%
- 'Prioritise spending in the local economy and housing to support residents and businesses in post pandemic recovery' was the most frequently selected category for the targeted investment alongside 'more spending in some service areas'
- 'The council to join up with its partners' is the most frequently selected category for the council's future plans to do things differently in order to transform its services
- 'Raise more income from charges to service users' is the most frequently selected category relating to the respondents' preferred option for closing the budget gap
- 55% of the respondents felt that they didn't feel well informed and the top reasons selected for this are related to the general activity of the council and the council's website

Our Vision

We are responsible for a wide range of local services that matter to our residents and businesses in the borough. The Gedling Plan sets out how the Council will operate and what it will focus on delivering to its businesses, residents and communities. At the heart of this is our vision:

"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

01

Openness and trust - We will be open, honest and trustworthy in the way we work and will make decisions in a timely way.

02

Communication and Empowerment - We will clearly communicate and be accountable for our own actions, and empower others with the skills to help themselves.

03

Fairness and respect - We will respond to people's needs in a fair and consistent way.

04

Continuous Improvement and Inclusivity - We will strive to be forward thinking and work with our communities, involving people in decisions that affect their lives, and be prepared to listen and take on new ideas.

Our Priorities

Economy

To encourage and support healthy businesses in our town and local centres, improving local skills and employment opportunities, and promoting an economy that attracts visitors throughout the day and supports leisure activity.



Community

To enable a resilient, empowered, connected, inclusive and healthy community.



Place

To enable a safe, attractive, clean and culturally vibrant borough that plays its part to tackle the climate emergency.



The Council

To ensure the council is a healthy place to work, it engages with its customers, has a focus on improvement, is financially sound, and ensures compliance with all relevant legislation.

Serving people **Improving Lives**

Economy



To encourage and support healthy businesses in our town and local centres, improving local skills and employment opportunities, and promoting an economy that attracts visitors throughout the day and supports leisure activity.

- **SKILLS AND EMPLOYMENT**

The council will support local people into employment using its influence and connectivity with partners to create jobs, and provide support and training.



- **BUSINESS**

A local economy that attracts new business investment enabling growth and the creation of jobs.



- **TOWN AND LOCAL CENTRES**

To provide vibrant town and local centres that attract shoppers and leisure users.



- **VISITORS**

A visitor economy that attracts tourism through our natural beauty and places to see.



Community

To enable a resilient, empowered, connected, inclusive and healthy community.



- **POVERTY AND THE VULNERABLE**

Financially vulnerable residents are supported through our welfare services and community partnerships.



- **CHILDREN AND YOUNG PEOPLE**

In partnership, improving the life chances and opportunities for our children and young people.



- **EQUALITY, DIVERSITY AND SOCIAL INCLUSION**

Providing opportunities for all people to connect and live, work and socialise together, and have equal access to services.



- **HEALTH AND WELLBEING**

Work with Health Service partners to enable residents to lead healthy lives through positive social and physical activity.



Place



To enable a safe, attractive, clean and culturally vibrant borough that plays its part to tackle the climate emergency.

- **CLEANLINESS, ENVIRONMENT AND CLIMATE CHANGE**

Cleanliness of our built environment and the protection and enhancement of our natural environment, including our waterways, parks and open spaces, habitats and wildlife; minimising pollution and waste by influencing the council's and borough's carbon emissions.



- **PRIDE OF PLACE**

Developing sustainable community hubs and infrastructure, and encouraging volunteering and participation in cultural activity and preserving our heritage.



- **COMMUNITY PROTECTION**

Reducing crime and the fear of crime so that residents feel safe and protected in their neighbourhoods, and the licensing and regulation of businesses for health and hygiene safety.



- **HOUSING**

Individuals and families can access high quality, affordable and energy efficient housing to bring life to neighbourhoods.



The Council



To ensure the council is a healthy place to work, it engages with its customers, has a focus on improvement, is financially sound, and ensures compliance with all relevant legislation.

• CUSTOMER ENGAGEMENT

Our customer experience is the best possible and our facilities and services are accessible to all.



• INNOVATION AND IMPROVEMENT

We strive to make improvements by doing things differently and collaboratively, using digital transformation of our services.



• GOVERNANCE AND COMPLIANCE

Governance and decision-making is transparent and evidence-led, and services continue to be delivered in accordance with legislation and professional guidance.



• FINANCIAL MANAGEMENT

We continue to deliver a balanced budget and receive unqualified opinions from our external auditors.



• HEALTHY WORKPLACE

The council provides a positive working environment for its staff; it is recognised as an employer of choice with a workforce that is empowered, skilled, diverse and responsive and is proud to work for the council; and it embraces all aspects of equality, diversity and inclusion.



010

What your Council tax pays for

The Council provides a broad range of services and our funding comes mainly from Council Tax, Central Government Funding and income from service users.

The 2022/23 Council tax for an average Band B property occupied by two or more people is £1,681 per annum.

Of this, Gedling Borough Council only receives £138, so about 8%.

The rest goes to Nottinghamshire County Council (76%), to the Police and Crime Commissioner (12%), and to the Fire and Rescue Authority (4%).

The following provides a summary of the functions provided by Gedling Borough Council and Nottinghamshire County Council:

GEDLING BOROUGH COUNCIL

Collection of council tax and business rates

Environmental health

Housing

Leisure centres and recreational facilities

Local plans and planning applications

Public conveniences

Waste collection and recycling

NOTTINGHAMSHIRE COUNTY COUNCIL

Birth, marriage and death registration

Education

Highways, including on-street parking, traffic management, and street lighting

Libraries

Recreation, arts and museums

Social care

Strategic planning

Trading standards

Transport planning and passenger transport

Waste disposal

POLICE AND CRIME COMMISSIONER

FIRE AND RESCUE AUTHORITY



011

Vision for the Future

The Council continues to face a very difficult financial future with grant aid from government having been substantially reduced over the last ten years and future awards being unclear. Although it has been possible to retain most services through recent years, albeit sometimes delivered differently or in a reduced way, this may not always be the case going forwards. 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. Although care needs to be taken to minimise risk and ensure that returns warrant investment, we will continue to explore ways to make services commercially-minded and that we maximise the returns from our assets.

This four-year plan gives a flavour of what we aim to achieve. We pride ourselves on being an "enabling Authority" that maximises its resources and harnesses the resources of others in order to secure long-lasting and high quality improvements for the borough. Increasingly we both want and need to work collaboratively with our communities, public sector partners, voluntary organisations, schools, universities and businesses in order to be able to deliver our vision. We

recognise that there is "strength in number". Also, by engaging more widely we hope to build and strengthen the sense of community pride and make the services that the Council provides or influences truly inclusive.

Whilst we will continue to develop the use of new technologies and embrace innovation to become more efficient, we won't forget our reason for being- that is to serve the residents, service users and businesses of the borough and to make improvement to their lives.

We will continue to support national priorities around housing delivery. The borough has experienced significant growth in recent years and aims to continue to support responsible development whilst recognising the sensitivity and sometimes conflicting demands that an ambitious programme of expansion brings. A continuing 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.

The completion of the Gedling Access Road is an example that demonstrates our commitment to the ongoing improvement to transport connectivity within the borough. We are not afraid to lobby

for and support ambitious schemes and we aspire to see an extension of the Nottingham tram into Gedling, a fourth road crossing built across the River Trent and high speed broadband provision across the borough. We have a track record of improving our town centres as the AMP (Arnold Market Place) development testifies as does the improvement works carried out in Carlton; we recognise the need to continue to improve and revitalise these centres of business and community.

The Environment Act imposes some difficult challenges for all local authorities to deliver against, but Gedling has committed to becoming carbon neutral by 2030. A Climate Change Officer has been appointed to support and guide the Council towards this ambition. There are some themes that underpin all of our work and alongside the carbon reduction agenda stand our actions to ensure that equality, diversity and inclusion is a thread that runs through the delivery plans across all services.

Equality Impact Assessment



Name of project, policy, function, service or proposal being assessed:	The Gedling Plan 2023- 2027				
The main objective of (please insert the name of accessed document stated above):	To ensure that any negative equality impacts are identified in order to be able to mitigate against them				
What impact will this (please insert the name) have on the following groups? Please note that you should consider both external and internal impact: <ul style="list-style-type: none"> • External (e.g. stakeholders, residents, local businesses etc.) • Internal (staff) 					
Please use only 'Yes' where applicable		Negative	Positive	Neutral	Comments
Gender	External		x		
	Internal		x		
Gender Reassignment	External		x		
	Internal		x		
Age	External		x		
	Internal		x		

Marriage and civil partnership	External		x		
	Internal		x		
Disability	External		x		
	Internal		x		
Race & Ethnicity	External		x		
	Internal		x		
Sexual Orientation	External		x		
	Internal		x		
Religion or Belief (or no Belief)	External		x		
	Internal		x		
Pregnancy & Maternity	External		x		
	Internal		x		
Other Groups (e.g. any other vulnerable groups, rural isolation, deprived areas, low income staff etc.)	External		x		
	Internal		x		

Is there any evidence of a high disproportionate adverse or positive impact on any groups?		No	Comment : Actions and projects will detail positive and negative equality impacts through the service plan and normal process
Is there an opportunity to mitigate or alleviate any such impacts?		N/a	Comment : Actions and projects will detail positive and negative equality impacts through the service plan and normal process together with any possible mitigation
Are there any gaps in information available (e.g. evidence) so that a complete assessment of different impacts is not possible?		Not known at this stage	
In response to the information provided above please provide a set of proposed action including any consultation that is going to be carried out:			
Planned Actions	Timeframe	Success Measure	Responsible Officer

Authorisation and Review



Completing Officer	Mike Hill
Authorising Head of Service/Director	On behalf of the Senior Leadership Team
Date	26 January 2023
Review date (if applicable)	



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Report to Council

Subject: Council Tax 2023/24

Date: 2 March 2023

Author: Leader of the Council

Wards Affected

Borough wide.

Purpose

This report summarises the Council's General Fund Revenue Budget for 2023/24. 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 2023/24.

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 2023/24 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. (The detailed calculations will be published separately, but before the meeting, once all final notifications from preceptors have been received.)

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. Further details are provided below at paragraph 2.5.7 below, 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 16 February 2023, the final Local Government settlement figures were announced on 6 February 2023, and related only to 2023/24.
- 1.7 The Government attempted to provide some clarity for 2024/25 by confirming that the core settlement (Revenue Support Grant and Business Rates Baseline Funding) will continue in a similar manner for 2024/25 (ie. there will be no implementation of the Fair Funding Review or reset of the Business Rates System) and that no further changes will be made to Council Tax referendum principles. However, the one-year settlement for 2023/24 means that councils still have no clarity or certainty of how services will be funded beyond March 2024, which presents significant challenges and inhibits meaningful financial planning and the development of a sustainable medium term financial plan. This is further exacerbated by the impact of the economic downturn, rising demand for council services, and inflationary pressures beyond existing expectations.
- 1.8 The Council's Settlement Funding Assessment (SFA) for 2023/24 totals £3,309,100 represented by retained business rates of £3,191,600 and Revenue Support Grant (RSG) of £117,500. The SFA represents a cash increase of £232,200 on the comparative figure for 2022/23, however the increase in RSG includes primarily the consolidation of funding previously received outside the Settlement process – ie. not additional funding.
- 1.9 The cumulative settlement reduction over the 2016/17 to 2023/24 spending review periods equates to 33%, or £1.63m in cash terms, when compared to the 2015/16 base position. Excluding the grants now consolidated into RSG, the cumulative settlement reduction equates to 35% or £1.75m over the same period. The total reduction in settlement when compared to the amount received in 2010/11 will be 64%, or £5.65m, by 2023/24. Settlement now accounts for only 23% 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. For Gedling this equates to 182 Band D properties. The Government has confirmed that NHB will continue for 2023/24 on the same basis as 2022/23, with no change to the way it is calculated, and again paid for **one** year only.
- 1.12 Between October 2021 and October 2022 housing growth in Gedling was 390 band D equivalent homes, equivalent to 0.85% growth. This growth is above the national baseline of 0.4% and NHB has been confirmed at £332,930 for 2022/23 (to be paid for one year only) including an affordable homes premium of £10,150 based on growth of 29 units in the period. No legacy payments are due in respect of previous years, and the impact of this on the 2023/24 budget is an overall decrease in NHB grant of £188,000 when compared to 2022/23. NHB has reduced by £2.067m when compared to 2016/17.
- 1.13 There remains much uncertainty around the future of the NHB scheme. The Government has indicated that it will set out the future of the NHB ahead of the 2024/25 local government finance settlement, considering the results of the consultation which was completed in April 2021. However, given that the Fair Funding Review will not be completed in this timescale, for medium term financial planning purposes, a similar award to 2023/24 is assumed for 2024/25 and zero NHB awards are assumed thereafter.

Services Grant

- 1.14 The Government introduced a new, un-ringfenced, Services Grant as part of the 2022/23 settlement, initially for one year only, to provide funding to all tiers of local government in recognition of the services they provide, and to manage inflationary pressures for example the increase in National Insurance contributions for the health and Social Care Levy. This grant is continuing in 2023/24 but will be reduced because there will no longer be an increase in National Insurance contributions. Gedling's allocation is £124,425.

Fair Funding Guarantee Grant

- 1.15 In recognition of inflationary pressures the Government has repurposed the previous Lower Tier Services Grant to create a new one-off funding guarantee. This is intended to ensure that all councils see at least a 3% increase in their Core Spending Power before any decision about efficiencies, use of reserves, and council tax levels. Gedling's Funding Guarantee grant allocation for 2023/24 is £349,912, however this is partly offset by the loss of the Lower Tier Services grant which was £140,739 in 2022/23. The net increase in funding is

therefore only £209,173 and falls substantially below the actual inflationary pressures faced.

Core Spending Power

- 1.16 Overall Core Spending Power (CSP) for local authorities in England has increased by 9.2% in 2023/24 whilst Gedling's rose by only 4.8%, meaning that Gedling's increase of just 4.8% falls short by 4.4%. The Government forecasts that the Council's cumulative reduction in overall CSP, which includes SFA, S31 Grants, NHB, Services Grant, Funding Guarantee/Lower Tier Services Grant, and council tax receipts (assumed at the maximum possible increases, but is in reality a local decision), to be 8% by 2023/24 when compared to 2015/16.
- 1.17 This gives Gedling the fifth largest reduction out of 333 councils in England. In 2022/23 Gedling was the seventh worst affected and in the previous two years, 2020/21 and 2021/22, Gedling was the worst affected council in England.
- 1.18 Only 10 (3%) councils have seen a reduction in CSP exceeding 5% when compared to 2015/16 whilst 287 (86%) have seen an increase. The largest increase for a comparable district council is 33%.

Referendum Limit

- 1.19 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's set limit this will trigger a referendum so that local voters can either support or reject the proposed rise. The referendum limit for 2023/24 for all shire districts has been set at a 3% increase (or more than 3%) and more than a £5 increase on the amount for 2022/23. Any council which sets an increase greater than the referendum limit, and does not get support from the electorate via the referendum, will have to revert to a council tax level that is compliant, and bear the cost of re-billing its residents.
- 1.20 For Gedling in 2023/24, the absolute maximum increase must be below 3% and a £5 cash limit equates to an increase of 2.81%.

Local Government Financing from 2024/25

- 1.21 The Government acknowledged as part of the 2023/24 Settlement that its ambition for "Levelling Up" requires them to assess in the longer term its commitment to update local government funding. It confirmed the previous commitment to carry out a Review of Relative Needs and Resources, ie. the Fair Funding Review initially intended for implementation in April 2020, and a reset of accumulated business rates growth.

- 1.22 It has now been confirmed that this update of local government funding will not be implemented within the current Spending Review period, but a further commitment has been made to making improvements within the next Parliament. The inequity of the current funding regime between local authority areas as demonstrated in the Core Spending Power statistics is not therefore expected to be resolved until 2025/26 at the earliest.

Fair Funding Review

- 1.23 Funding baselines for local authorities are based on an assessment of relative needs and resources. For RSG this consists of numerous economic and social indicators, and for business rates a range of top-ups and tariffs. The methodology 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. The outcome of the review will enable the government to reconsider how relative needs and resources of local authorities should be assessed, given that they will continue to have greater control over the money that they raise.
- 1.24 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 latest consultation proposed that the starting baseline for the purposes of transition will be a measure of the current funding available to each local authority, ie the core spending power measure excluding one-off grants. This should mean that no authority sees its funding reduce as a result of the new system in the first instance. It is proposed that the transition be time limited, establishing a fixed period to enable the target allocations to be reached as soon as practicable.
- 1.25 Whilst such a transition period is usual, there is a risk that CSP reductions suffered by Gedling since 2015/16 will be locked in and therefore Gedling will take an active part in any further Fair Funding Review consultation processes to ensure that its position is understood and its views are represented.

Future of Business Rates Retention

- 1.26 The business rates retention scheme will be retained at 50% for 2023/24, and there will be no reset of the business rates baseline for 2024/25, which provides a degree of funding certainty for the next two years. If the reset is implemented in 2025/26 it is expected that some existing business rates growth could be removed – reducing income levels.

2. Proposal

2.1 **Proposed Portfolio Budget 2023/24**

The proposed budgets for 2023/24, as recommended by Cabinet on 16 February 2023, are summarised in the following table:

Portfolio:	£
Local Pride and Community Engagement	927,500
Lifestyles, Health and Wellbeing	2,133,600
Environment	6,400,200
Sustainable Growth and Energy	1,561,500
Corporate Resources and Performance	3,342,700
Net Portfolio Budget 2023/24	14,365,500
Transfer to/(from) Earmarked Reserves	(165,600)
Net Council Budget 2023/24	14,199,900

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 had been received at the time of writing but any received subsequently will be reported at the meeting.

2.3 **The General Fund Balance**

The General Fund balance at 1 April 2023 is estimated to be in the region of £1,000,000, a significant reduction from the actual balance of £4,601,000 at 1 April 2022. However, £1,982,000 of additional S31 grant was received in 2021/22 in respect of expanded retail reliefs, and this was carried forward in the General Fund to finance the related 2021/22 declared deficit, charged to the General Fund in 2022/23 as a result of the accounting arrangements specific to the Collection Fund. In addition, the original estimate for S31 grant for expanded reliefs in 2022/23 was £1,344,700 higher than the projected outturn, with collectible business rates correspondingly lower. Again, due to the Collection Fund accounting arrangements whereby business rates income is fixed on the original estimate, this results in a significant declared surplus for 2022/23 – which will not be received by the General Fund until 2023/24, when it will be used to offset the repayment of the excess S31 grant during the same year.

If a Council Tax increase of £5.31 (2.98%) is approved, a further contribution

from balances of £978,700 will be required in 2023/24. 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 2023/24.

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 2023/24 revenue budget proposals and Capital Programme in the context of the Medium Term Financial Plan were reported to Cabinet on 16 February 2023, and are for information are also detailed in paragraphs 2.4.2 to 2.4.8 below.

2.4.2 Financial Settlement/Funding Streams

After a delay of two years, firstly due to Brexit and then to the Covid-19 pandemic (resulting in one year spending rounds for 2019 and 2020 and consequently one year local government finance settlements), the much awaited 3-year 2021 Comprehensive Spending Review (CSR21) was announced in October 2021. However, the 3 year Spending Review did not result in the 3 year local government finance settlement which had been requested by the sector, with a further one year settlement being made for 2022/23.

In the Autumn Statement 2022 the Chancellor maintained the Government commitment to the departmental expenditure limits set out in the CSR21, however once again this has not translated into a multi-year settlement for local government, with another one year settlement being made for 2023/24. The Government has now confirmed that the long awaited local government finance reforms ie. Fair Funding Review and Business Rates Retention reset which were initially due for implementation in 2020 will not now be implemented until 2025/26 at the earliest.

This means that council 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 plan. This is further exacerbated by the uncertainties resulting from the economic downturn in terms of ongoing demand and inflationary pressures and how they will be financed.

The 2021 Comprehensive Spending Review outlined the Government's spending plans for three next three years by setting budgets for each central government department. This included an average increase in Core Spending Power for local government of 3% in real terms over the three year Spending Review period. However, a substantial part of the additional £4.8billion of new grant funding to this department is primarily to meet social care pressures, which is an upper tier function, presenting a risk that district and borough councils will not receive the full 3% increase in real terms across the three year period.

Business Rates Retention / Fair Funding Review: The extension of the business rates retention scheme reset and implementation of the Fair Funding Review was originally planned for 2020/21 but this has now been delayed for five years, with the earliest implementation expected to coincide with the next Comprehensive Spending Review period and the 2025/26 local government finance settlement. In the absence of a review of the local government funding, pilots for the 100% business rates retention are continuing in 2023/24, but last year the Secretary of State for Levelling Up, Housing and Communities announced that the Government would abandon moves towards 75% Business Rates Retention as it considered that it conflicted with its levelling up agenda. Instead the Government plans to progress the Fair Funding Review and examine the mechanism for redistributing funding to the local authorities most in need.

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. The original intention of the business rates retention scheme was for it to be fiscally neutral and in order to achieve this, additional responsibilities would need to be transferred to local government in a move to 100% retention. In this scenario care will be needed to ensure that any new transferred responsibilities are capable of being fully funded in both the short and the long term, although the risk of this materialising is now reduced if the retention level stays at the current 50%.

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 when a large business relocates or closes. These changes may require local authorities to hold higher levels of

reserves in the future depending on the outcome of the review of the local government finance system.

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 2023/24. 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. A consultation on the future of the NHB was held in the spring of 2021 but there is as yet no firm indication as to how the government will wish to proceed with amendments to the scheme. The Government has stated that it now intends to set out the future of the NHB ahead of the 2024/25 local government finance settlement, which may result in further changes or reductions in advance of the Fair Funding Review, which will not be completed in this timescale.

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, before receiving a positive allocation of £427,670 for 2022/23, reducing to £332,930 in 2023/24. The MTFP assumes that NHB will continue at the same level for 2024/25 but thereafter will be zero. In the event that the Council does receive some NHB in the longer term, this will be used to support projects or be transferred to balances to support future budget setting but, in all probability, this will be matched by a corresponding reduction in other government grants.

Council Tax: The Government's Core Spending Power figures are based on the assumption that Council Tax will be increased by the maximum amount in accordance with the referendum principles and that growth in the tax base will be created through additional hereditaments. This rise is equivalent to the maximum possible without requiring a referendum and leaves no 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 2.98% increase will be applied between 2023/24 and 2027/28 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 2.98% will require an increase in the efficiency/budget reduction targets to ensure that a balanced MTFP is secured.

Economic Growth & Inflation: Both Brexit and Covid-19, and more recently the war in Ukraine, have had a major adverse impact on the economy, and ongoing uncertainty continues to create major challenges for economic forecasting. Overall the balance of risk to economic growth in the UK is now to the downside, with significant risks related to labour supply shortages proving more enduring and therefore depressing economic activity; inflationary pressures not being effectively controlled by monetary policy interventions; UK/EU trade agreements being effective. Without a multi-year settlement, or an understanding of what the Fair Funding Review or business rates retention reset will bring, the demand and inflationary pressures arising from the economic downturn need to be managed within local resources – i.e. from further budget reductions or efficiencies.

Inflation assumptions have been incorporated into the MTFP, including a pay award of 5% for 2022/23, 3% for 2023/24, and 2% per annum from 2024/25 to 2026/27. However, whilst the April 2023 pay award for local government staff will not be known for some time the request from the employee representatives is an increase equivalent to RPI + 2%, which at current prevailing rates is 15%. This level of pay claim presents a significant downside risk to the current MTFP projections, as do potential market adjustments that may be required to address skill shortages in key areas. However, given the uncertainties present in the economy, there is a minor 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.

A significant increase in contract prices for utilities is included in the 2023/24 budget. This aspect of the budget is likely to continue to be volatile and there is a downside risk that the full year effect of expected price increases will be higher than those currently projected. However, there is also an upside risk that energy prices will drop back and utility contract prices and budgets will fall back to some degree in the medium term.

- 2.4.3 A minimum balance of £1m on the General Fund, or 7.5% of net operating expenditure whichever is the greater, 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. Given the substantial inflationary pressures being experienced and the scale of the future budget reductions likely to be required, in the absence of funding increases, the level of minimum balances will be kept under review and may need to increase to reflect the increasing level of risk in the MTFP.
- 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 £160,100 in 2023/24, declining to

£6,300 by the end of 2027/28. 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. Whilst risk provisions and transformation funds (which mitigate the risk of non-delivery) have previously been approved, and in the main the delivery of the programme has gone well, more recently difficulties have been experienced, particularly with regard to projects that require more innovative and transformational approaches with inherent uncertainties, 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 are increasing compared to those in previous years, due to inflationary pressures, but whilst recognising the significant challenges ahead, this plan is considered robust. Gedling is not alone in facing this challenge as it is a national problem, but with the Council's long track record in delivering successful efficiency programmes it is well placed 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

- 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 the level of minimum balances will be kept under review. 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 be a significant challenge 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 now significant, and 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 2023/24**

2.5.1 **Tax Base**

The Council's overall tax-base was determined by the Portfolio-holder for Corporate Resources and Performance on 2 December 2022 as 38,503.71. 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 (including consolidated grants)	117,500
Business Rates - Baseline Funding Level	3,191,600
Settlement Funding Assessment (SFA) excl NHB	3,309,100

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 **surplus** of £987,659 was declared on 15 January 2023 for the estimated position at 31 March 2023, and this included a deficit of £207,152 representing the final 1/3 of the “spreading adjustment” in respect of the estimated “exceptional” 2020/21 in-year deficit of £621,457. This was largely due to the impact of Covid-19 and ensured that the full impact of the exceptional deficit did not fall in full on the 2021/22 accounts, as would normally have been the case. The spreading adjustment was required by regulations that came into force on 1 December 2020.

Proportionate Share – Council Tax:	£
Gedling Borough Council	(89,762)
Nottinghamshire County Council	(743,996)
Nottinghamshire Police & Crime Commissioner	(115,875)
Combined Fire & Rescue Authority	(38,026)
Total declared SURPLUS 15 January 2023	(987,659)

An NDR **surplus** of £3,438,501 was declared on 31 January 2023 for the estimated position at 31 March 2023, of which Gedling’s share is £1,375,400 and will be received by the General Fund in 2023/24.

It should be noted that the original 2022/23 estimate for S31 grant associated with expanded retail and hospitality reliefs was £1,344,700 higher than the projected outturn (on which the declared surplus is based), with the original estimate for collectible rates correspondingly lower. As regulations require payments to other preceptors and S31 receipts from central government to be fixed on the original estimates, and due to timing differences arising from the specific accounting arrangements for transfers between the Collection Fund and the General Fund, whilst the overall impact of this movement is neutral over the two years 2022/23 and 2023/24, £1,344,700 of the surplus declared at 31 January 2023 and credited to the General Fund in 2023/24 will in reality be required to fund the repayment in early 2024 of excess S31 grant received from central government in 2022/23 - due to it being based on the original estimate.

As with Council Tax above, the declared NDR surplus includes the final 1/3 of the “spreading adjustment” which ensured that the full impact of the exceptional deficit in 2020/21 did not fall on a single year’s accounts. This amounts to £700,323.

Proportionate Share - NDR:	£
Central Government 50%	(1,719,251)
Gedling Borough Council 40%	(1,375,400)
Nottinghamshire County Council 9%	(309,465)
Combined Fire & Rescue Authority 1%	(34,385)
Total declared SURPLUS 31 January 2023	(3,438,501)

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

2.5.4 Gedling Borough Council – Council Tax 2023/24

Cabinet have recommended a net budget of £14,199,900 and a Council Tax increase of £5.31 (2.98%) for 2023/24. The summary of the proposed budget and the amount to be raised by Council Tax of £7,060,700 is detailed in the table below, together with the estimated position on the General Fund Balances:

Budget 2023/24:	£
Total Portfolio Budget:	14,199,900
Less:	
Settlement Funding Assessment (SFA)	(3,309,100)
Funding Guarantee Grant	(349,900)
Services Grant	(124,400)
New Homes Bonus – current year only	(332,900)
Business Rate Levy	(25,800)
Council Tax collection fund surplus	(89,700)
NDR growth, renewables, & NDR collection fund surplus	(1,928,700)
NDR surplus related to excess 2022/23 reliefs	(1,344,700)
NDR amount to Balances re. overpaid 2022/23 S31 grant	1,344,700
Contribution from balances in the year	(978,700)
COUNCIL TAX REQUIREMENT 2023/24	7,060,700
ESTIMATED GENERAL FUND BALANCE AT 1 APRIL 2024	1,224,800
Minimum required General Fund balance at 1 April 2024	1,064,700

Gedling Borough Council's proposed Council Tax of £183.38 is calculated by dividing the amount to be raised through the Council Tax (£7,060,700) by the tax base (38,503.71). This produces an amount per Band D property.

2.5.5 Nottinghamshire County Council

Formal notification of precept has been received from Nottinghamshire County Council, following the meeting of the Council on Thursday 9 February 2023. The Council Tax will rise by £79.57 (4.84%, including an additional 2% permitted for adult social care), which produces an amount per Band D property of £1,723.66.

2.5.6 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 7 February 2023. The Council Tax will rise by £14.94 (5.88%), which produces an amount per Band D property of £269.19.

2.5.7 Combined Fire & Rescue Authority

The Combined Fire Authority will meet on Friday 24 February 2023. Current indications are that its Council Tax will rise by £5 (5.91%) which produces an amount per Band D property of £89.57, however 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 2023/24 by 1 March 2023. Formal notification has been received from most of the parishes and provisional (*) information has been provided by the remainder, and their requirements are detailed in the table below. Parish precepts total £852,786 an increase of 8.63% on those declared for 2022/23.

Parish:	Tax Base 2023/24	Precept 2023/24 £	Band D 2023/24 £	Band D 2022/23 £	Band D +/- £	Band D +/- %
Bestwood Village	686.09	20,000	29.15	37.22	-8.07	-21.68
Burton Joyce	1,517.02	218,519	144.04	132.01	+12.03	+9.11
Calverton	2,359.56	244,339	103.55	99.57	+3.98	+4.00
Colwick *	888.29	25,500	28.71	26.12	+2.59	+9.92
Lambley	508.09	17,860	35.15	34.00	+1.15	+3.38
Linby	362.81	18,840	51.93	43.87	+8.06	+18.37
Newstead	372.74	21,820	58.54	47.02	+11.52	+24.50
Papplewick	271.15	20,359	75.08	73.44	+1.64	+2.23
Ravenshead	2,776.18	155,680	56.08	53.10	+2.98	+5.61
St Albans	943.91	28,834	30.55	30.28	+0.27	+0.89
Stoke Bardolph	373.83	2,500	6.69	3.81	+2.88	+75.59
Woodborough	942.46	78,535	83.33	79.41	+3.92	+4.94
Unparished	26,501.58	n/a				
Total	38,503.71	852,786				

Percentage movements for parish councils 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 2023/24 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 2023/24.

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

- DLUHC Settlement report - Local Government Finance in England 2023/24;
- Prudential Indicators and Treasury Management Strategy Statement (TMSS) 2023/24;
- Capital Programme and Capital Investment Strategy 2023/24 to 2027/28;
- General Fund Revenue Budget 2023/24;
- Gedling Plan 2023–27;
- Precept notifications 2023/24.

10. Reasons for Recommendations

To set the Council Tax for 2023/24 and comply with the requirements of the Local Government Finance Act 1992.

Statutory Officer approval:

Approved by: Chief Financial Officer

Date: 20 February 2023

Approved by: Monitoring Officer

Date: 20 February 2023



Report to Council

Subject: Appointment of Deputy Electoral Registration Officers

Date: 2 March 2023

Author: Democratic Services Manager

Purpose

To seek approval to appoint two Deputy Electoral Registration Officers (ERO).

Recommendation

That members agree to appoint the Head of Governance and Customer Services and the Democratic Services Manager as Deputy EROs with the full powers of the ERO in their absence.

1 Background

- 1.1 Under Section 8(2) of the Representation of the People Act 1983, full Council must appoint an Officer to the position of 'Electoral Registration Officer' (ERO) who is responsible for maintaining the Electoral Register for the area. The Chief Executive was appointed as the ERO at a Council meeting held on 29 January 2020.
- 1.2 Under Section 52(2) of the Representation of the People Act 1983, the Council may appoint Deputy EROs who are able to perform and exercise any of the duties and powers of the ERO.
- 1.3 The changes contained in the Elections Act 2022, and in particular the new Voter Identification requirements which are being introduced, means that there are additional responsibilities for the ERO. Electoral Commission guidance recommends the appointment of Deputy EROs to carry out these additional functions and be available to act in their absence. The Elections Act 2022 places further obligations on the ERO, which it would be more practical for a deputy to undertake, such as the issuing of temporary Voter Authority Certificates.
- 1.4 Consequently, it is proposed that two Deputy EROs are appointed to enable the related tasks to be carried out in a practical and appropriate manner. If approved by Council the appointments will come into effect immediately.

2 Proposal

It is proposed that Members agree to appoint the Head of Governance and Customer Services and the Democratic Services Manager as Deputy Electoral Registration Officers with the full powers of the Electoral Registration Officer in their absence.

3 Alternative Options

Members could determine not to appoint the Deputy EROs but this would mean a potential risk in terms of resilience and capacity to undertake the EROs duties and responsibilities.

4 Financial Implications

There are no financial implications arising out of the appointments.

5 Legal Implications

Section 52(2) of the Representation of the People Act 1983 states that the Council may appoint Deputy EROs who are able to perform and exercise any of the duties and powers of the ERO.

6 Equalities Implications

There are no equality implications arising from this report.

7 Carbon Reduction/Environmental Sustainability Implications

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

8 Appendices

None.

9 Background Papers

None.

Statutory Officer approval

Approved by:

Date:

On behalf of the Chief Financial Officer

Approved by: Fran Whyley

Date: 20.02.2023

On behalf of the Monitoring Officer



Report to Council

Subject: Parental Leave Policy for Councillors

Date: 2 March 2023

Author: Chief Executive

Purpose

To seek approval of the Gedling Borough Council Parental Leave Policy for Councillors.

Recommendation(s)

THAT:

- 1) Members approve the Gedling Borough Council Parental Leave Policy at Appendix 1 in line with details set out in the report.**

1 Background

- 1.1 There is at present no legal right to parental leave of any kind for people in elected public office. This applies to MPs as well as Councillors. In 2017 only 4% of Councils in England and Wales had a formal parental leave policy in place, other authorities made informal arrangements. The Local Government Association's ("LGA") Labour Women's Taskforce was set up in 2018 to look at the issues faced by women in local government and as part of this work a model policy establishing parental leave for Councillors was drafted.
- 1.2 The LGA's 21st Century Councils Equalities Toolkit produced in 2019 recommends that Councils adopt a parental leave policy for members and as of February 2022, 33 councils had adopted the model policy created by the LGA.
- 1.3 The model policy aims to encourage a wider range of people to become

Councillors as well as offering support to those already in the role who may wish to start a family but remain as Councillors.

1.4 The model policy includes the following provisions for Members:

- a period of 6 months maternity leave which can be extended to 52 weeks by agreement
- a period of 6 months adoption leave which can be extended to 52 weeks by agreement.
- Shared parental leave if both parents are Members up to a maximum of 50 weeks
- Continued payment of basic allowance and special responsibility allowances during periods of leave

1.5 The model policy is clear that Members are still required by virtue of s.85 of the Local Government Act 1972 to attend a meeting of the Council within a 6 month period unless the Council agrees to an extended leave of absence prior to the expiration of the 6 month period. This legal duty remains and Members would have to ensure contact with the Council during any periods of parental leave.

1.6 Any agreed payment of allowances under a Parental Leave Policy, would need to be reflected in the Member's Allowance Scheme.

1.7 A consultation on a draft Parental Leave Policy for Gedling Borough Council was agreed by Council on 25 January 2023. The draft policy has been sent to all members of the Council and was considered by the Independent Remuneration Panel (IRP) as part of the annual review of the Member's Allowance Scheme. There have been no proposed amendments to the draft Parental Leave Policy following consultation and no comments on the allowances paid under the policy from the IRP.

2 Proposal

2.1 It is proposed that Members approve the Parental Leave Policy for Gedling Borough Councillors at Appendix 1 to this report.

3 Alternative Options

3.1 Members could determine not to approve the draft policy, or make amendments to the proposed policy, however following consultation there have been no proposed changes, and as such approval of the policy at

Appendix 1 is sought.

4 Financial Implications

- 4.1 There will be financial implications arising out of the adoption of a Parental Leave Policy, for example, it is proposed that any Members taking leave under the policy would continue to be entitled to basic allowance and special responsibility allowance through leave periods. In relation to basic allowance, even without the policy a Member could essentially refrain from attending meetings for up to six months and still be entitled to basic allowance so the impact is minimal.
- 4.2 Members are currently entitled to special responsibility allowance where they have special responsibilities in relation to the Council, full details are included in the Members Allowance Scheme. The policy, if adopted proposes maintaining payments of special responsibility allowance to Members during periods of parental leave. The policy also proposes payment of special responsibility allowance to any temporary replacements who may take over the special responsibilities of the Member on parental leave. This will have a budgetary impact as essentially special responsibility allowances may be paid twice for the same role but not to the same Member. It is clear in the draft policy and in the Member's Allowance Scheme that no individual member can be paid more than one special responsibility allowance.

5 Legal Implications

- 5.1 There is no legal requirement to have a parental leave policy for Councillors however improving accessibility to Members roles as well as supporting those in office who wish to have children is in alignment with the Equality Act 2010. The policy does take into account the statutory requirement for Members to attend Council meetings by virtue of s.85 of the Local Government Act 1972 and that duty remains.
- 5.2 The payment of basic and special responsibility allowance is made in accordance with the Council's Member Allowances Scheme which is in line with the Local Authorities (Member's Allowances)(England) Regulations 2003. Any changes to that scheme would need to be approved by Council if a Parental leave Policy were adopted.
- 5.3 Consultation has been undertaken with members in relation to this policy and the IRP have considered implications to the Member's Allowance Scheme. Any responses have been considered in the preparation of this report.

6 Equalities Implications

- 6.1 Improved provision for new parents would contribute towards increasing the diversity of experience, age and background of local authority Councillors. It would also assist with retaining experienced Councillors – particularly women – and making public office more accessible to individuals who might otherwise feel excluded from it.

7 Carbon Reduction/Environmental Sustainability Implications

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

8 Appendices

- 8.1 Appendix 1 – Gedling Borough Council Parental Leave Policy for Councillors

9 Background Papers

- 9.1 Local Government Association 21st Century Equality Toolkit

[Twenty-first Century Councils | Local Government Association](#)

Statutory Officer approval

Approved by:

Date:

On behalf of the Chief Financial Officer

Drafted by the Monitoring Officer

Gedling Borough Council's Draft Parental Leave Policy for Councillors

Introduction

The objective of the policy is to ensure that insofar as possible Members are able to take appropriate leave at the time of birth or adoption, that both parents are able to take leave, and that reasonable and adequate arrangements are in place to provide cover for portfolio-holders and others in receipt of Special Responsibility Allowances (SRA) during any period of leave taken.

Improved provision for new parents will contribute towards increasing the diversity of experience, age and background of local authority councillors. It will also assist with retaining experienced councillors – particularly women – and making public office more accessible to individuals who might otherwise feel excluded from it.

1. Leave Periods

1.1 Members giving birth are entitled to up to 6 months maternity leave from the due date, with the option to extend up to 52 weeks by agreement if required.

1.2 In addition, where the birth is premature, the Member is entitled to take leave during the period between the date of the birth and the due date in addition to the 6 months' period. In such cases any leave taken to cover prematurity of 28 days or less shall be deducted from any extension beyond the initial 6 months.

1.3 In exceptional circumstances, and only in cases of prematurity of 29 days or more, additional leave may be taken by agreement, and such exceptional leave shall not be deducted from the total 52 week entitlement.

1.4 Members shall be entitled to take a minimum of 2 weeks paternity leave if they are the biological father or nominated carer of their partner/spouse following the birth of their child(ren).

1.5 A Member who has made Shared Parental Leave arrangements through their employment is requested to advise the Council of these at the

earliest possible opportunity. Every effort will be made to replicate such arrangements in terms of leave from Council.

1.6 Where both parents are Members leave may be shared up to a maximum of 24 weeks for the first six months and 26 weeks for any leave agreed thereafter, up to a maximum of 50 weeks. Special and exceptional arrangements may be made in cases of prematurity.

1.7 A Member who adopts a child through an approved adoption agency shall be entitled to take up to six months adoption leave from the date of placement, with the option to extend up to 52 weeks by agreement if required.

1.8 Any Member who takes maternity, shared parental or adoption leave retains their legal duty under the Local Government Act 1972 to attend a meeting of the Council within a six month period unless the Council Meeting agrees to an extended leave of absence prior to the expiration of that six month period.

1.9 Any Member intending to take maternity, paternity, shared parental or adoption leave will be responsible for ensuring that they comply with the relevant notice requirements of the Council, both in terms of the point at which the leave starts and the point at which they return.

1.10 Any member taking leave should ensure that they respond to reasonable requests for information as promptly as possible, and that they keep officers and colleagues informed and updated in relation to intended dates of return and requests for extension of leave.

2. Basic Allowance

2.1 All Members shall continue to receive their Basic Allowance in full whilst on maternity, paternity or adoption leave.

3. Special Responsibility Allowances

3.1 Members entitled to a Special Responsibility Allowance shall continue to receive their allowance in full in the case of maternity, paternity, shared parental or adoption leave.

3.2 Where a replacement is appointed to cover the period of absence that person shall receive an SRA on a pro rata basis for the period of the temporary appointment.

3.3 The payment of Special Responsibility Allowances, whether to the primary SRA holder or a replacement, during a period of maternity,

paternity, shared parental or adoption leave shall continue for a period of six months, or until the date of the next Annual Meeting of the Council, or until the date when the member taking leave is up for election (whichever is soonest). At such a point, the position will be reviewed, and will be subject to a possible extension for a further six month period.

3.4 Should a Member appointed to replace the member on maternity, paternity, shared parental or adoption leave already hold a remunerated position, the ordinary rules relating to payment of more than one Special Responsibility Allowances shall apply.

3.5 Unless the Member taking leave is removed from their post at an Annual General Meeting of the Council whilst on leave, or unless the Party to which they belong loses control of the Council during their leave period, they shall return at the end of their leave period to the same post, or to an alternative post with equivalent status and remuneration which they held before the leave began.

4. Resigning from Office and Elections

4.1 If a Member decides not to return at the end of their maternity, paternity, shared parental or adoption leave they must notify the Council at the earliest possible opportunity. All allowances will cease from the effective resignation date.

4.2 If an election is held during the Member's maternity, paternity, shared parental or adoption leave and they are not re-elected, or decide not to stand for re-election, their basic allowance and SRA if appropriate will cease from the Monday after the election date when they would technically leave office.

NB For further details in relation to Member Allowance levels please refer to the Council's Members' Allowance Scheme.



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Report to Council

Subject: Independent Remuneration Panel - Report and recommendations for 2023/24

Date: 3 March 2023

Author: Democratic Services Manager

Purpose

To inform Council of the latest report from the Council's Independent Remuneration Panel (IRP), relating to member remuneration for 2023/24, and invite Council to consider the recommendations made by the Panel.

Recommendations

- 1) To consider the report of the Independent Remuneration Panel and whether to accept the recommendations contained in the report;**
- 2) Consequent on those recommendations, to agree the schedule of members' allowances for 2023/24 as attached at Appendix 2 to this report; and**
- 3) To authorise the Monitoring Officer to make appropriate amendments to section 29 of the Constitution to reflect any changes to the members' allowances scheme agreed and to publish a notice confirming the amendments to the scheme, as detailed in the report.**

Background

The Council's Independent Remuneration Panel met in January to carry out its annual review of members' allowances.

Following that meeting, the Panel prepared a report to members with regard to the level of members' allowances to be payable for 2023/24.

Proposal

The Panel's report, including associated recommendations, is attached at Appendix 1. Should Council be minded to accept the Panel's recommendations on allowances, then the level of allowances to be paid to members for 2023/24, subject to any pay award, will be as set out at Appendix 2.

Alternative Options

The Independent Remuneration Panel is advisory in nature so Council could decide on an alternative scheme of allowances payable to members.

Financial Implications

Should Council accept the Panel's recommendations, then costs can be accommodated from within existing budgets.

Legal Implications

The Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended) set out that local authorities must establish a panel to review and advise on the level of allowances payable to members. The Council must have regard to the recommendation made by the Panel. If the recommendations are approved, the regulations requires the Council to publish a public notice confirming the amendments to the Members Allowances Scheme.

Equalities Implications

There are no equalities implications arising from this report.

Carbon Reduction/Environmental Sustainability Implications

There are no environmental sustainability implications arising from this report.

Appendices

Appendix 1 – Report of the Independent Remuneration Panel 2023/24
Appendix 2 – Indicative schedule of Members Allowances 2023/24

Background Papers

None identified

Statutory Officer approval

Approved by: Mike Hill
Date: 21.01.2023

Financial Officer

Approved by: Fran Whyley
Date: 20.01.2023

Monitoring Officer

APPENDIX 1

Report of the Gedling Independent Remuneration Panel in respect of the 2023/24 year.

Introduction

- 1.1 The Independent Remuneration Panel was established under the Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended) to provide advice and recommendations to the Council on its Members' Allowances Scheme and amounts to be paid under it.
- 1.2 The panel received administrative support from the Democratic Services Manager.
- 1.3 The Panel's Terms of Reference are as follows:

The Independent Remuneration Panel will review, on an annual basis, the level and extent of allowance payments made to Borough Councillors having particular regard to:

- The role of Councillor and the importance of effective democratically accountable local government and community leadership;
- The scale and complexity of the Council's operations and changes taking place in the various roles Councillors are expected to fulfil and the particular responsibilities attached to the various roles;
- The time commitment required from Councillors to enable both the Council and individual Councillors to be effective in their various roles; and
- The importance of encouraging people from all backgrounds and circumstances to serve in local government without suffering financial loss as a consequence of their membership of the Council.

The Panel will also:

- Consider the level and extent of travel and subsistence allowances including dependent carers' allowance; and
- Review the payment of allowances and expenses payable in relation to attendance at seminars, conferences and other council business.

The Panel's operation:

- The Panel is comprised of three Independent Members
- Panel members are recruited by public advertisement and should be of good standing in the community either as a resident and/or a stakeholder in the Borough. Ideally members should have sound

knowledge of employment and financial matters with an understanding of the operations of a local authority.

- The Panel is advisory in nature and the recommendations it makes are not binding on the authority. However, the Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended) requires Council to "have regard" to the Panel's recommendations when setting its allowances.

Process

- 2.1 A Strategic Review of Members' Allowances took place in 2015. The Review looked in detail at all allowances paid to Members including the Basic Allowance and all positions attracting a Special Responsibility Allowance. The Review resulted in a completely rewritten scheme of members' allowances. The Panel made a series of recommendations to Council in March 2016 and a new scheme was agreed by Members.
- 2.2 For the 2020 year, following the 2019 borough elections, Council adopted a revised scheme of members' allowances that better reflected the political makeup of the authority. In particular adjustments to the scheme were made to ensure that the amount of a special responsibility allowance was better aligned to the size of a political group. Council also approved a new list of approved duties and a rate at which dependent carers allowance can be claimed.
- 2.3 For the 2022/23 year, a cash settlement was offered to senior local government staff, which aligned to an increase of 2.66% for SCP 82. This percentage increase is due to be applied to member's allowances accordingly and will be backdated to April 2022.
- 2.4 As is usual practice, all members of the Council were contacted directly and asked for their views on the current levels of allowances paid to members
- 2.5 No submissions were received from any members of the Council or Political Groups.
- 2.6 All members of the Panel contributed their views (John Flowers, Ted Mills and Paul Mullins)

Panel's Deliberations

- 3.1 The Panel noted that no submissions were received on Members' Allowances from members. Furthermore the panel heard that there had been no material change to duties performed by councillors since the last review. They heard the impact that the Covid 19 pandemic

had on the council's operations and financial position, and also considered the impact of the cost of living and energy crises.

- 3.2 The Panel next noted that the National Pay Award for senior local government staff had yet to be offered or agreed for the 2023-24 financial year, although an offer of 1.5-2% was likely. In previous years the Panel had recommended that all member allowances increase in line with the pay award for Senior Managers (SCP 82) and saw no reason not to make this recommendation for the coming year.

Basic Allowance

- 3.3 On the issue of the Basic Allowance the Panel noted that no representations had been received from Members and concluded that their findings and recommendations from the previous review were still relevant. A recommendation to increase the basic allowance in line with the pay award for Senior Managers (SCP 82) was therefore agreed.

Special Responsibility Allowances (SRAs)

- 3.4 As no new information had come to light since the last meeting, there was no need to suggest any amendments to the levels of Special Responsibility Allowances that are currently paid. A recommendation to increase the special responsibility allowance in line with the pay award for Senior Managers (SCP 82) was therefore agreed
- 3.5 Finally the Panel considered the allowances paid to co-opted members as well as mileage, subsistence and dependent carers' allowances. The panel concluded that no adjustments to these were necessary.

Parental Leave Policy for Councillors

- 3.6 The Panel noted the draft Parental Leave Policy for Councillors and the impact on basic and special responsibility allowances this would have. They deemed that the policy was acceptable subject to member consultation and later approval.

Recommendations

- 1) That all Members' Allowances payable from 1 April 2023 should be increased by the same percentage in line with the pay award made to local government senior management; and
- 2) That no other changes to the members' allowances scheme should be made for the 2023/24 year; and

- 3) That a full review of the scheme be recommended for the 2024/25 year, after the local elections; and
- 4) That the Member Allowance Scheme reflects the parental leave policy for councillors, in terms of payments of allowances from 1 April 2023, if approved

APPENDIX 2 (please note that the 2023/24 pay award has NOT been applied to these figures)

From 1 April 2023 until 31 March 2024 inclusive:

	Percentage of the Leader's Allowance	Per Annum (£)
Leader of Council	100%	15,446.15
Deputy Leader of the Council	80%	12,356.92
Cabinet Members	50%	7,723.08
Leader of Main Opposition Group	25% plus £160.99 per elected member*	4,988.47
Leader of Minority Opposition groups	Flat fee of £160.99 per elected member*	321.98 (ind group) 482.97 (lib group)
Level One Committee Chair (Planning and Environment and Licensing Committees)	35%	5,406.15
Level Two Committee Chair (Audit and Overview and Scrutiny Committees)	25%	3,861.54
Level Three Committee Chair (Joint Consultative and Safety and Standards Committee)	10%	1,544.62
Business Manager of Majority and Main Opposition Groups	Flat fee of £160.99* per elected member	4507.72 (majority) 1126.93 (main opp)
Mayor	37.5%	5,792.31
Deputy Mayor	12.5%	1,930.77
Policy Adviser	12.5%	1,930.77

1. From 1 April 2023 until 31 March 2024
the Basic Allowance payable to each Councillor

4,497.12

2. Co-opted Members

500.00

3. Dependent Carers Allowance of up to £9.30 per hour payable to cover childcare and dependents. The person providing the care may not be a close relative defined as spouse, partner (opposite or same sex cohabitantes), parents, children, brothers, sisters, grandparents and grandchildren. The paid care attendant must also sign a receipt to show that they have cared for the dependant during the hours claimed for.

4. Travelling and subsistence payable at the currently in force NJC employee rate.

*based on current membership at Feb 23 of number of Conservative, Labour, Liberal Democrat and Independent members

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