

Appendix 1

**Gloucestershire
County Council**

**Medium Term Financial
Strategy Approved by
County Council 12th
February 2020**

2020/21 to 2022/23

Budget 2020/21

A Context

- 1 This Medium Term Financial Strategy (MTFS) was presented to Cabinet for approval 29th January 2020, prior to final approval of County Council on 12th February 2020. It has been prepared using best estimates from available data, based on the final financial settlement made 6th February 2020.
- 2 The MTFS contains the approved budget for 2020/21. The budget totals £468.183 million and is based on a 1.99% Council Tax increase, plus the Adult Social Care Levy which has been extended for a further year and allows the Council to increase council tax levels by an additional 2% specifically to fund Adult Social Care. This 2% levy raises an additional £6.3 million for Adult Social Care services.
- 3 Since the consultation period a number of changes to the 2020/21 budget proposals have been approved by Cabinet in January 2020. Details of these changes together with subsequent funding changes can be found in section E below.
- 4 The approved MTFS should be considered in the context of the Council Strategy, Looking to the Future, which sets out the Council's ambitions, plans and priorities for Gloucestershire.
- 5 Commissioning Intentions for each service area which expand on the high level plans included in the Council Strategy are provided in Annex 1. The Commissioning Intentions highlight current achievements and future plans in relation to the different services provided by the Council. These detailed narratives cover Adults (Annex 1.1), Children and Families (Annex 1.2), Economy, Environment & Infrastructure (Annex 1.3), Gloucestershire Fire & Rescue Service (Annex 1.4) and Prevention and Well Being (Annex 1.5)

B Looking to the Future – Our Council Strategy 2019/22

- 6 The Council Strategy – 'Looking to the Future' - is the key high-level document that, along with the MTFS, sets the Council's strategic policy direction. It was approved by the Council in February 2019 and sets out the Council's vision, its ambitions for the county and its priorities for addressing the challenges and opportunities it faces.
- 7 The Council's vision is to make the most of all that Gloucestershire has to offer, help improve the quality of life for every community, support businesses to be successful and make sure Gloucestershire is a place where people want to live, work and visit.
- 8 Our ambition is for Gloucestershire to be:
 - **A Magnet county** - A growing working age population, with more 18-40 year olds with high level qualifications choosing to live and work in the county
 - **An Innovative county** - More businesses starting up, growing and investing in research and innovation
 - **A Skilled county** - More people with high-level skills and jobs in skilled occupations

- **A Prosperous county** - Rising productivity and household incomes offering higher living standards
- **An Inclusive county** - The economic and social benefits of growth to be felt by all
- **A Healthy county** - People to have a good work/life balance and improved health and wellbeing
- **A Connected county** - Improved transport and internet connections so that people and businesses can connect with each other more easily
- **A Sustainable county** - More efficient use of resources and more use of sustainable energy
- **A Resilient county** - Active, resilient local communities that keep people safe, provide them with support and help them to make a positive contribution

9 The priorities and actions we will take over the coming years are set out in more detail in the document which accompanies this MTFS.

C Consultation

A formal budget consultation took place between 20th December 2019 and 17th January 2020 with the following groups:

- All Gloucestershire residents,
- Key partners including Health, the Independent and Voluntary sectors and town and parish councils,
- Trade Unions and professional associations,
- Staff, via the usual communication channels,
- Gloucestershire businesses,
- Schools, via the schools forum, open meetings and Head Teacher groups

10 As well as targeted stakeholder engagement, the Council carried out a strong social media campaign, including Facebook advertising to target hard to reach groups.

11 Full details of the formal budget consultation are included as Appendix 2 to the MTFS report considered by Council on 12th February 2020.

12 The Corporate Overview and Scrutiny Committee have also undertaken their own budget scrutiny process on 9th January 2020. Their report is included as Appendix 3 to the MTFS report considered by Council on 12th February 2020.

D Finance Settlement and Funding Assumptions

13 The overall funding assumptions for the Council are based on central governments 2019 Spending Review (SR19) and provisional and final settlements received in December 2019 and February 2020.

14 The SR19 is a one year settlement, meaning that uncertainty remains for the medium term. It has however provided the Council with more funding certainty and stability for the 2020/21 financial year. At SR19, and confirmed by the provisional settlement received in December 2019, the Chancellor announced a funding package of more than £3.5 billion nationally for vital council services. This is the biggest year on year real terms increase in spending power for local government in a decade.

15 Funding beyond 2020/21 will be subject to another Spending Review in 2020, when it is also expected that a wider consultation will be implemented on the Fair Funding Review and the new Business Rates Retention System.

Financial Settlement 2020/21

16 The Council receives its funding through a number of sources; government grant, business rates retention income, council tax and charging for some of its services through fees and charges.

17 The financial settlement sets out the Settlement Funding Assessment (SFA) and Core Spending Power (CSP) calculation for each authority. The SFA includes the Revenue Support Grant (RSG) and the Baseline Funding Level (BFL), which is split between the Business Rate Top Up Grant and target business rates. RSG and the Top Up grant form the main grants received by the Council. The BFL is part of the Business Rates Retention Scheme (BRR).

18 The BRR Scheme was introduced from 2013/14. The Scheme allows the Council to retain some of the business rates raised locally, and currently the scheme is a 50% retention scheme. This means the business rate yield is divided equally between central and local government. The Council's share of the locally retained element is 20%. The Top Up grant is received in order to protect upper tier services (i.e. those with responsibility for children's and adults social care) with the BFL representing the "need" level of the Council. The Council does not receive this BFL as a grant, instead receiving an allocation of 10% of business rates raised from the district councils based on the estimate of total business rates to be collected.

19 During 2019/20 the Council, together with the district councils in Gloucestershire, submitted an application to be a 75% Business Rates Pilot, however was unsuccessful despite being part of a 100% Business Rates Pilot during 2018/19. As a result the Council reverted to being part of a Business Rates Pool. This meant that an additional element of growth is retained locally. The Council will continue to be part of this Business Rates Pool for the 2020/21 financial year. This is detailed more fully in the Business Rate Pool / Pilot section below.

20 The Government envisages that a revised BRR scheme will be introduced in 2021/22, one year later than originally expected. It is expected that consultation papers on how the new funding system will operate will be circulated during 2020.

21 Under the current BRR 50% arrangements, Revenue Support Grant (RSG) has reduced by 84% over the last spending review period (i.e. from 2016/17 to 2019/20). SR19 confirmed that RSG would continue into 2020/21 at a cash flat level, with our allocation being confirmed with the provisional settlement in December 2019, at £8.2 million. Top Up grant remains relatively stable increasing in line with CPI, and again was confirmed at the provisional settlement and totals £54.2 million. The Council's share of business rate yield was forecast to rise in line with CPI, and was confirmed on 31st January 2020 at £22.6 million.

Other Funding Streams

22 In addition to the main un-ringfenced grants received, the Council also receives a number of other grants, which central government include in their presentation of CSP of local authorities. Following the SR19 and the provisional settlement in December 2019, many of the one off grants provided for 2019/20 were confirmed as continuing. The grants now included in CSP include:

- Improved Better Care Fund
SR19 announced that this grant will continue. It consists of several funding streams that were announced at different times, but have now been combined into one. This includes the original Improved Better Care Fund and additional money that was announced on a reducing balance basis from 2017/18. In addition, the one off Winter Pressures grant announced for 2019/20 has also become part of this grant. In total for 2020/21, confirmed at the provisional settlement in December 2019, the Council will receive £19.4 million – the same as in 2019/20. The Council continues to work closely with Health partners to use this funding to facilitate more integrated working between health and social care.
- Social Care Support Grant
SR19 announced additional support for social care. Following the provisional settlement our allocation has been confirmed at £9.7 million. This together with the continuing 2019/20 allocation of £4.3 million means that the Council will receive £14.0 million to support both adults and children's social care in 2020/21.
- New Homes Bonus (NHB)
The Government introduced the NHB as a cash incentive scheme to reward councils for new home completions and for bringing empty homes back into use. This provided match funding for each new property. Government have confirmed with the provisional settlement that NHB will continue for another year but intends to phase it out by 2023/24. As a result of this there will be no returned NHB funding for 2020/21 and any new amounts earned will only be awarded for one year. This results in lower amounts for both 2021/22 and 2022/23. The Council's allocation for 2020/21 is £2.8 million.
- Public Health Grant
The Council will receive £24.3million for Public Health in 2020/21 compared to £23.6 million in 2019/20.

23 Two thirds of the Council's funding comes from Council Tax - in 2020/21 the Council will generate £313.5 million from Council Tax. The general Council Tax referendum limit for upper tier authorities has been confirmed as being 2% for 2020/21. In addition it was confirmed that the Adult Social Care levy was to be continued for at least one more year, set at a rate of 2%. The Budget for 2020/21 therefore proposes to raise council tax by 1.99% with an additional 2% Adult Social Care Levy.

24 The budget assumptions includes a 1.2% increase in the tax base for the county in 2020/21, as a result of a net growth in the number of properties and a surplus of £2.1 million on the Collection Fund.

25 Alongside the current settlement there are other significant longer term changes that will impact on local government funding and will affect the future financial forecasts for the Council. This includes the proposed changes to the BRR scheme, the Fair Funding Review and the fact that SR19 was just a one year settlement, meaning that there will need to be a 2020 Comprehensive Spending Review. In addition the Government has confirmed its intention to bring forward proposals aimed at addressing the long term funding solutions for social care.

The Gloucestershire Pool / Pilot

26 The Council entered into a pooling agreement with all six district councils in the county in 2013/14. The reason for this was to retain a larger proportion of additional business rate income within the county to support council services and economic growth. This occurs as a result of paying a lower levy on growth above the baseline to central government

27 In the first year of operation, 2013/14, the Pool reported a surplus, however in 2014/15 the Pool suffered a loss due to the impact of backdated appeals on rateable values and, in particular, the successful backdated appeal by Virgin Media, the largest valued business in Tewkesbury. Due to on-going issues and concerns around the appeals issue with Virgin Media, the Pool reformed from 2016/17 to exclude Tewkesbury Borough Council, thus reducing the risk of a deficit occurring. An improved Pool position was reported in 2015/16, 2016/17 and 2017/18 with the Pool once again in a surplus.

28 An offer was made to local authorities to apply for a Business Rate 100% Pilot in 2018/19 and the Council together with all six districts successfully applied. As a result the Council was able to support additional service spend, with a Pilot one off gain of over £8.0 million.

29 The Council along with the district councils was unsuccessful in its bid to be a 75% pilot in 2019/20, and only devolution areas have been awarded pilot status for 2020/21. As a result the Council reverted to being part of a Business Rates Pool with all six districts once again taking part from 2019/20. Early forecasts are that the gain for 2019/20 will be £0.568 million with a similar gain expected for 2020/21.

Fair Funding Review

30 The National Fair Funding Review will review the underlying needs formula and distribution methodology used for assessing need and allocating funding to Local Government because the formula has not been reviewed since 2013. MHCLG are looking for a formula based model with common cost drivers such as population, sparsity and deprivation, which are relevant, objective, distinct, stable and future proof. Originally, the review was expected to be completed in time to implement the new approach by 2019/20 however delays have meant that it is now expected to be implemented in 2021/22. As consultations are received the Council will review and feed back as necessary.

E Revenue Budget Proposal 2020/21

31 The Consultation budget approved by Cabinet December 2019, totalled £468.183 million.

32 Further to the formal consultation process the following changes to the revenue budget proposals were approved by County Council 12th February 2020:-

- Removal of the proposed waste saving - District Council Service change (£0.044 million)
- Removal of the proposed waste saving - Cost recovery from re-use shops at HRCs (£0.013 million)
- Removal of the proposed waste saving - Review tipping away payments (£0.014 million)
- Reduce E, E & I structural changes growth item by £0.071 million to compensate for the removal of the savings proposals above.
- Additional saving from the re-procurement of the Garden Waste Treatment Contract (£0.500 million)
- Additional one off contribution of £0.015 million per member for the Highways Local Scheme (£0.695 million Revenue plus £0.100 million capital)
- Additional efficiency savings within Corporate Resources (£0.030 million)
- An additional £1m into the Vulnerable Children's Earmarked Reserve (funded from the existing Invest to Save Earmarked Reserve).
- Additional one off investment for a study into mobility barriers for people with disabilities (£0.030 million)
- Additional one off investment in Bus Shelter improvements (£0.05 million)
- Additional one off investment in Traffic Regulation Order Fund (£0.05 million)
- Additional budget support for Think Travel Co-ordinator (£0.015 million)
- Additional one off investment to provide Suicide Prevention Training (£0.05 million)
- Additional one off investment in prevention of Period Poverty (£0.01 million)
- Additional one off investment in the provision of Youth Services of £1,000 per member (£0.053 million)
- Additional one off investment to tackle Holiday Hunger (£0.03 million)
- Additional one off investment in the provision of WIFI for Care Leavers (£0.02 million)
- Additional one off investment in the provision of driving lessons for Care Leavers (£0.02 million)
- Additional one off investment to increase grants to Community Libraries (£0.02 million)
- Reduction to the budget pressure for increased Utility costs (£0.015 million)
- Additional one off budget savings as a result of the £10 million early payment of pension contributions under the Local Government Pension Scheme (£0.498 million)
- Reduction to the Corporate Property Condition Works Project within the Capital Programme (£0.100)

33 The following table shows the revenue funding movements as a result of updated NNDR and Council Tax information received from the District Councils on 31st January 2020:

Detail	£m
Budget per Cabinet January 2020	468.183
Increase in business rate income	0.510
Reduction in Taxbase linked to Council Tax	-0.749
Reduction in Taxbase linked to ASC Council Tax	-0.072
Reduction in declared Council Tax Surplus	-1.877
Increase in non ringfenced grant	0.655
Reserve transfer from Rates Retention Reserve	1.533
Revised Budget	468.183

In order that the 2020/21 revenue budget remained at £468.183 million it was approved that a one off transfer of £1.533 million from the Rates Retention Reserve is made.

- 34 The proposed allocations expected under the Dedicated Schools Grant for 2020/21 have been updated based on the Department for Education announcement on 19th December 2019. Further details of these changes can be found in Section G.
- 35 In addition to the above changes, the starting budget for individual services (shown in Annexes 2 and 3) has also been realigned to reflect permanent budget transfers occurring between October 2019 and December 2019.
- 36 The Council also receives a number of specific grants. The latest position is as follows:-

Ringfenced Revenue Grants, not included in Base Funding	Revised	Forecast
	2019/20	2020/21
	£'000	£'000
Adoption Support Fund - SGO	180	180
Adult Education Budget (ESFA)	2457	2457
Adult Apprenticeships (ESFA)	226	226
Better Care Fund (joint funding with CCG)	38,717	39,453
Brexit Preparation Grant	175	-
Dedicated Schools Grant (DSG)	255,198	268,721
Emergency Services Mobile Communication Programme (ESMCP)	591	0
Extended Personal Adviser Duty Implementation Grant	0	0
Extended Rights to Free Travel	503	503
Fire Link Grant	240	247
Independent Living Fund	887	895
Lead Local Flood	52	52
Local Reform and Community Voices	356	356
Music service	802	802
New Dimension Service and Maintenance Grant	80	80
Primary School PE and Sport Funding	3,524	3,524
Pupil Premium Grant	11,831	11,831
Rapid Rehousing Pathway	711	711
Responding to New Risks (Fire MTFA)	29	29
School Improvement Grant	784	784
SEN Implementation	0	0
Sixth Form Funding	1,493	1,493
Staying Put	260	260
Tackling Troubled Families & PbR	1,148	1,148
Teacher's Pay Grant	1,499	1,499
Teachers Pension Employer Contribution	2,219	3,803
The Private Finance Initiative (PFI)	4,875	4,875
Unaccompanied Asylum Seekers	1,000	1,000
Universal Infant Free School Meals Grant	5,376	5,376
Virtual School Head s31	77	77
War pension disregard grant	169	169
Youth Justice Board	494	490
Youth Justice Board - Remands	48	48
Total Ringfenced Grant	336,001	351,088

37 A summary of this draft budget is provided below.

Medium Term Financial Strategy – 2020/21 Budget – Overall Summary

Budget Area	MTFS 2019/20	MTFS 2019/20	MTFS	MTFS 2019/20 Base Budget	Pay Inflation Costs	Cost Increases	Cost Reductions	Proposed 2020/21 Budget	Cash Increase / Decrease	Percentage Increase / Decrease
	Employee Base Budget	Other Operating Expenditure Budget	2019/20 Income Budget							
	£000	£000	£000	£'000	£000	£000	£000	£'000	£000	%
Programme Budget Areas										
Adults	36,648	145,061	-35,118	146,591	712	7,986	-4,799	150,490	3,899	2.66%
Vulnerable Children	37,901	50,369	-575	87,695	724	12,295	-20	100,694	12,999	14.82%
Other Children Services	9,331	8,026	-887	16,470	189	1,862	-550	17,971	1,501	9.11%
Economy, Environment and Infrastructure	15,434	65,084	-15,318	65,200	305	8,595	-1,547	72,553	7,353	11.28%
GFRS & Regulatory Services	15,432	3,511	-619	18,324	306	889	-	19,519	1,195	6.52%
Corporate Resources	24,070	15,556	-7,134	32,492	537	3,891	-1,854	35,066	2,574	7.92%
Technical and Cross Cutting	10,056	30,470	-2,536	37,990	20	942	-1,448	37,504	-486	-1.28%
Prevention & Wellbeing	2,071	30,246	-100	32,217	63	2,433	-327	34,386	2,169	6.73%
Total Budget	150,943	348,323	-62,287	436,979	2,856	38,893	-10,545	468,183	31,204	7.14%

38 The 2020/21 draft budget is funded as follows:

	£000
Original 2019/20 Budget	429,661
Additional Ring fenced Grant Funding now rolled into base budget	10,421
Removal of 2019/20 One Off Investments	- 3,103
Revised 2019/20 Budget	<u>436,979</u>
Inflation	2,856
Cost and spending increases	38,893
Cost reductions	-10,545
Total 2020/21 Budget	<u>468,183</u>
Less:	
Settlement Funding	85,023
Public Health Grant	24,292
Improved Better Care Fund	19,436
New Homes Bonus	2,828
Social Care Grant	13,985
Other Non Ring Fenced Grants	5,504
Collection Fund Surplus	2,123
Reserve Transfer	1,533
Budget to be met by Council Tax Payers	<u>313,459</u>

Council Tax at Band D = £1,345.32

39 The approved budget for 2020/21 contains provision to fund key budget pressures including estimates for unavoidable contractual inflation, pay (including the impact of the National Living Wage), demographic increases in demand led services and corporate priorities such as additional funding for Children & Families to fund the continuing improvement following the OFSTED inspection.

F Financial Performance in 2019/20

40 The current forecast of the year end revenue position for 2019/20, based on actual expenditure at the end of November 2019 and forecasts made in December 2019, is a balanced position following a review of reserves and in year efficiencies. Details of the forecast year end position, analysed by service area, is provided in the table below.

Directorate Breakdown for Cabinet Report - Position as at the end of November 2019

Service Area	2019/20 Budget	Forecast Outturn Position	Forecast Outturn Variance	Variance %	Forecast Variance Previously reported	Change in variance
	£000	£000	£000	%	£000	£000
Adults	148,940	148,940	0	0.0%	0	0
Prevention & Wellbeing	32,606	32,598	-8	0.0%	-12	4
Children & Families	113,712	127,074	13,362	11.8%	11,916	1,446
Economy, Environment & Infrastructure	70,232	70,710	478	0.7%	773	-295
GFRS and Regulatory Services	20,297	20,433	136	0.7%	140	-4
Corporate Resources	32,934	32,414	-520	-1.6%	-111	-409
Corporate Resources Recharges	-32,934	-32,934	0	0.0%	0	0
Total for Services	385,787	399,235	13,448	3.5%	12,706	742
Technical & Countywide	43,874	37,014	-6,860	-15.64%	-6,555	-305
Total	429,661	436,249	6,588	1.53%	6,151	437
Review of Reserves and In-Year Efficiencies	0	-6,588	-6,588		-6,151	-437
Revised Total	429,661	429,661	0	0.00%	0	0

41 Further details of the forecast year end position can be found in the Financial Monitoring Report 2019/20 presented to Cabinet 29th January 2020. The assumption built into the MTFS is that un-forecast in year pressures will be managed as they occur and the budget will be balanced at the end of 2019/20.

G Dedicated Schools Grant (DSG)

42 The DfE announced the DSG for 2020/21 on the 19th December 2019.

43 The DSG will continue to be received based on national funding formulas for 4 separate blocks. The 2020/21 position for Gloucestershire is:

<u>2020/21 DSG Summary</u>					
	Central School				
	Schools	Services	High Needs	Early Years	Total DSG
19/20	£356.305m	£2.559m	£59.895m	£33.559m	£452.318m
20/21	£376.745m	£2.579m	£66.429m	£34.180m	£479.933m
Change	£20.440m	£0.020m	£6.534m	£0.621m	£27.615m
	5.74%	0.78%	10.91%	1.85%	6.11%

44 This represents an increase in the total DSG of £27.6m (6.1%) from the current 2019/20 DSG.

Schools Block and Delegated Schools Formula

45 The Schools Block is used to cover both growth funding for new and growing schools and funding delegated to schools through the schools funding formula. Also up to 0.5% of the schools block can also be transferred to the High Needs Block with Schools Forum approval.

46 The Schools Forum met on the 9th January 2020 and agreed that the schools block funding for 2020/21 should be used as follows:

Use of Schools Block funding

Growth fund for new and growing schools	1.531m	0.4%
Funding delegated to schools through the schools funding formula	374.332m	99.4%
Funding transferred to the High Needs Block	0.882m	0.2%
Total Schools Block use 2020/21	376.745m	100.0%

Funding Delegated to Schools through the Schools Funding Formula

47 The Schools Forum had previously agreed that when setting the schools funding formula the local authority should match their allocation method to the National Funding Formula (NFF) as close as the funding and allocation methods would allow.

48 For 2020/21 the settlement is enough for each formula factor rate and the minimum funding levels of £5,000 Secondary and £3,750 Primary to be implemented 100% at the NFF level and for the MFG to be set at +1.84% also in line with the NFF. Annex 9 shows a summary of that 2020/21 schools funding formula.

Funding Transferred to the High Needs Block

49 It was possible to both cover the required growth fund for 2020/21 and the schools funding formula for 2020/21 to be allocated 100% at the NFF level therefore the Schools Forum agreed that the balance remaining on the Schools Block should be transferred to the High Needs Block for the following purposes:

Transfer to High Needs Block

Support for management of attendance	0.043m
Additional capacity for Multi Agency Safeguarding Hub (MASH)	0.016m
Contribution towards the 1 in 40 rule that supports schools where a large proportion of their pupils have high needs SEN	0.823m
Total transfer to High Needs Block	0.882m

50 Any transfers to the high needs block need to be agreed by the forum on an annual basis. The above transfer agreement therefore only applies for 2020/21.

Early years

51 Hourly rates for two and three and four years olds were published on the 31 October 2019 with an 8 pence increase on both rates. This provides additional funding in 2020/21 of £0.605 million based on current numbers. The disability access fund has also increased by £15,990, giving an overall increase to the early years block of £0.621m.

52 At the Schools Forum meeting on the 9th January 2020 the Forum agreed that the 8 pence increase should be added to hourly rate passed to Early Years providers for 2, 3 and 4 year olds and that there should be a consultation with providers on the early years formula including the deprivation and quality supplements for 3 and 4 year olds.

Central School Services Block (CSSB)

53 The CSSB includes funding for on-going responsibilities of Local Authorities for the statutory duties that they hold for both maintained schools and academies. It includes funding for Admissions, School Forum coordination, copyright licences and centrally retained duties. The allocation is based on a formula using pupil numbers (90%), free school meals (Ever 6, 10%) with an area cost adjustment applied. The indicative rate per pupil for 2020/21 is £31.94 and there has been an increase of £20,123 related to the net increase in pupil numbers.

54 The Schools Forum have agreed for these funds to cover the following costs:-

Central School Services Block	
Copyright licences	0.493m
Schools Forum	0.127m
Admissions Coordination	0.750m
Centrally Retained Duties	1.209m
TOTAL	2.579m

High Needs

55 The current 2019/20 forecast for the High Needs budget is for an in-year deficit of £7.036m and a cumulative High Needs deficit at year end of £9.919m.

56 At its 9th January 2020 meeting the Schools Forum agreed that in creating a draft high needs budget requirement for 2020/21 it should be assumed that the rising Education Health Care Plan (EHCP) number trends seen in 2019/20 will continue, along with where the children and young people will be educated (mainstream or specialist provision).

57 This assumes the net increase in EHCPs in 2020/21 will be 355 in line with the rise seen in 2019/20 and continues to reflect national trends. It also assumes specialist provision in line with the 2019/20 trend as follows:

	Mainstream	Maintained Special Schools	Independent non-maintained Special Schools	FE/P16	Other (AP, GHES etc.)
% of total no. of CYP with EHCPs	45%	35%	6%	10%	4%

58 Based on these trends it is currently forecast that the high needs budget in 2020/21 will overspend by £4.518m this is after taking into account the additional High Needs Block DSG of £6.534m which has not fully covered the rise in spend in 2019/20 and the £0.823m contribution to the 1 in 40 protection from the Schools Block.

59 Options on how to deal with the high needs overspend will be considered as part of a full public consultation which will report to the Schools forum in September 2020, with a view to implementation in 2021/22 (should central policy and funding positions not change during the year).

H Council Tax

60 The Council's current 2019/20 Band D Council Tax is £1,293.70, including the Adult Social Care Precept. For 2020/21 Council Tax will increase by 1.99% plus an additional 2% for the Adult Social Care Precept thereby making Band D Council Tax £1,345.32 (an increase of £51.62 or just under £1 per week).

61 Forecast Council Tax levels for each band are shown below.

Band	2020/21 Budget	Increase on 2019/20	
		£	£
A	896.88		34.41
B	1,046.36		40.15
C	1,195.84		45.88
D	1,345.32		51.62
E	1,644.28		63.09
F	1,943.24		74.56
G	2,242.20		86.03
H	2,690.64		103.24

Nearly two-thirds of households are in Bands A, B or C.

I The Robustness of the Budget Proposals

- 62 The MTFS and approved detailed budget for 2020/21 have been formulated in accordance with the medium term financial planning framework and budget principles as detailed in Annex 4.
- 63 The starting point for producing the MTFS for the next three years and the detailed budget proposals for 2020/21 is the 2019/20 MTFS.
- 64 The approved 2020/21 budget and future years' budgets take into account forecast funding changes, new unavoidable commitments, changes in legislation and Administration priorities.

J Flexible Use of Capital Receipts

- 65 As part of the local government settlement for 2016/17 Government announced greater flexibility for councils in how they make use of capital receipts. Councils were previously only allowed to use capital receipts for repaying debt or funding further capital spend. The rules now allow new capital receipts to be used to fund the revenue costs of transformation projects designed to generate ongoing revenue savings in the delivery of public services or to transform service delivery in a way that reduces costs or demand for services in the future. It is assumed that this flexibility is extended to cover the one year spending review for 2020/21.
- 66 The approved budget 2020/21 does not anticipate the use of capital receipts in this way during 2020/21 financial year. However, given the expected size and scale of the transformation programme required to balance the budget over the coming years, it may become likely the facility to use capital receipts in this flexible manner will be required in future. Using capital receipts in this way will require the approval of the County Council.
- 67 When developing and adopting a Flexible Use of Capital Receipts Strategy the impact on the Council's Prudential Indicators would be carefully considered.

K Council's Financial Standing and Risks

- 68 Under the Local Government Act 2003 the Council has a responsibility to ensure that reserves are adequate. During 2019/20 all reserves have been examined in detail.
- 69 A summary of the Council's forecast reserves as at 31st March 2020, and movements since 31st March 2019 are as follows:

	31st March	31st March
	2019	2020
	£000	£000
Earmarked Revenue Reserves -Non Schools	135,014	74,558
Earmarked Reserves – School Related	18,263	8,619
General Fund Reserves	18,520	18,520

70 General balances are anticipated to remain unchanged at a level of £18.520 million, assuming a balanced revenue outturn position for 2019/20.

71 This is considered to be a satisfactory level of general reserves. However given the risks facing the council it is not recommended that General Reserves drop below this level.

72 Non School Revenue Earmarked Reserves are forecast to fall from £135.014 million as at 31st March 2019, to £74.558 million as at 31st March 2020, a reduction of £60.456 million. This is largely as a result of drawdowns from the Strategic Waste Reserve (£38.671 million), Capital Fund (£3.183 million), Rates Retention (£4.517 million), Transformation Reserve (£3.638 million), Economic Stimulus Reserve (£2.688 million), Adults (£2.053 million), Public Health (£0.875 million) to support in year budget pressures.

73 School Related Reserves are forecast to reduce from £18.263 million at 31st March 2019, to £8.619 million as at 31st March 2020, as a result of the forecast over spend on the Dedicated School Grant. The DSG reserve is anticipated to be in a £10.461 million deficit position as at 31st March 2020, as a result a full recovery plan is currently being developed with the Schools Forum.

74 It is anticipated that Capital Reserves will remain at similar levels as those held at 31st March 2019.

75 Annex 5 provides further detail on the Earmarked Reserves, including all of the proposed and forecast reserve movements during the year.

L Section 151 Officer Review of the Budget

76 In October 2019 a new requirement to have regard to the CIPFA Financial Management Code (FM Code) was introduced, with the 2020/21 financial year being a shadow year before full implementation from April 2021. The Council has reviewed the new requirements of the FM Code and has concluded that processes are in place to ensure compliance from 2020/21.

77 The level of General Reserves needs to reflect the risks the Council is facing. These risks will depend upon the robustness of the budgets, the ability to generate planned savings / efficiencies, the adequacy of budgetary control and external factors such as inflation and interest rates. Other specific risks include the ability to find a solution to the high needs block overspend within DSG, increased demand for Adult and Children's social care, pay awards exceeding the level assumed in the budget and funding the OFSTED improvement plan.

78 In preparing the budget, and in the context that non schools earmarked reserves will fall during 2019/20, the following risks have been taken into account in the budget:

- Account has been taken of current spending trends and, where known, additional unavoidable cost pressures have been built into the proposed 2020/21 budget. Current spending trends, especially the volatility of expenditure in Children and Families, and the emergence of new cost pressures will continue to be monitored as the budget is developed.
- Budget risks have been explicitly considered in preparing the budget and taken into account, particularly the funding constraints going forward.

- The level of reserves has been examined and will continue to be closely monitored during the period of this MTFS, in the context of protecting the Council from existing and future liabilities.
- Balancing the Council's budget over this period of financial constraint requires a series of major challenges. Whilst robust programme management plans have been put into place to deliver these savings, as evidenced by performance over the last three years, there is inevitably some residual risk.
- The highest risk areas continue to be demand led services, especially care for vulnerable people including Children in Care where demand is continuing to increase. Additional resources are being invested in these areas under the proposed 2020/21 budget options.
- Provision has been made for pay awards, pension and national insurance increases, contractual inflationary pressures and the forecast impact of the National Living Wage.
- The reserves held are invested and the interest received supports the Council's budget.
- Consideration to the funding pressures within the DSG High Needs Block Funding has been made. Whilst the Council has a programme in place to resolve this issue and will benefit from additional funding in 2020/21 this issue will need to be closely monitored during 2020/21 and beyond.

79 On the basis of the above, the Section 151 Officer's advice is that the level of reserves, following the movements indicated earlier, are adequate and the financial standing of the Council is sound in the context of the key risks. Therefore the approved budget is robust and achievable. As mentioned earlier in the report the Spending Review only covered a single financial year so funding beyond 2020/21 is uncertain therefore making medium term financial planning more difficult.

M Public Sector Equality Duty

80 Members are reminded that we have a legal duty to give due regard to the implications for people with protected characteristics. The Due Regard Statement before us today includes the relevant details.

N Forward Draft Plans for the Revenue Budget

81 The Council's plans are set for the three years covering 2020/21 to 2022/23. The proposed detailed budget for 2020/21 is set out within the MTFS, whilst the current draft forecast budgets for 2021/22 and 2022/23 are:

	2021/22	2022/23
	£m	£m
Budget	479.7	492.6

82 Annex 6 gives outline financial proposals for 2021/22 and 2022/23, and will be updated as further information becomes available.

O Capital Strategy and the Prudential Code

83 The prudential framework for local authority capital investment was introduced through the Local Government Act 2003. CIPFA developed the Prudential Code for Capital Finance in Local Authorities (the Code) as a professional code of practice to support local authorities in taking decisions on capital investments. The Code was fully updated in 2017 bringing in a new requirement for a Capital Strategy.

84 The Capital Strategy, Annex 7, has been developed in line with the CIPFA guidance. It gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.

85 The objectives of the Code are:

- To ensure that capital expenditure and investment plans are affordable.
- For the Council to be accountable by providing a clear and transparent framework.
- All external borrowing and other long-term liabilities are within prudent and sustainable levels.
- Treasury management and other investment decisions are taken in accordance with professional good practice.

86 The Council's Capital Strategy 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 the impact on the achievement of priority outcomes. The capital strategy forms part of the Council's integrated revenue, capital and balance sheet planning.

87 The Council complies with the Prudential Code by:

- Having a Capital Strategy,
- Having medium term plans (Corporate Strategy, Revenue and Capital budgets),
- Complying with the Treasury Management Code of Practice, and
- Producing indicators for affordability and prudence.

88 The capital programme has been developed in accordance with the Capital Strategy which is set out in Annex 7.

P Capital Expenditure

89 The proposed capital programme is set out in Annex 8a, with details of the financing of this programme being provided at the start of this Annex.

90 The capital programme provides investment in the county totalling £587.35 million. The main investment relates to Economy, Environment and Infrastructure (£290.56 million), Schools and facilities for children (£159.89 million), Corporate Resources (£105.89 million) and Adults (£31.01 million). Consistent with the Council's priority to reduce the level of long term debt, and the impact of interest and capital repayments on the revenue budget, the capital programme for 2020/21 is "capped" at the level of developer contributions, capital grants received and revenue contributions from capital financing budgets with internal borrowing only being used for key administration priorities.

New Capital Investment 2020/21 onwards

91 The capital programme for 2020/21 onwards contains £83.71 million of new investment on capital schemes, financed from grants, revenue contributions, capital financing budgets and internal borrowing. There have been no changes to these proposals from those reported within the consultation budget in December 2019.

Funding for New Capital Investment

New Capital Funding	£000
Adults – Disabled Facilities Grant 2020/21 (indicative)	6,030
Children and Families – Basic Need Grant 2020/21 (balance remaining)	6,441
Children and Families – Schools Condition Allocation 2020/21 (indicative)	4,700
Infrastructure – Highways Block Maintenance Grant 2020/21 (indicative)	14,350
Infrastructure – Highways Block Maintenance Grant - Incentive Element 2020/21 (estimate)	3,012
Infrastructure – Integrated Transport Block Grant 2020/21 (indicative)	2,861
Infrastructure – Pothole Action Fund 2020/21	1,435
Total Grant	38,829
Internal Borrowing - Highways	16,000
Capital Receipts - New MTFS Bids	19,111
Capital Fund - New MTFS Bids	9,397
Total Capital Financing Budgets	44,508
Revenue contributions – Highways (estimate)	375
Total Revenue Contributions	375
Total New Capital Funding 2020/21 onwards	83,712

92 Priority schemes not supported by grants or contributions, which are detailed in Annex 8b, have been included within the new programme on the basis that they can be funded from capital receipts and internal borrowing, thereby avoiding the need for new external borrowing. These new schemes recommended for approval amount to £28.51 million. The £16.00 million of internal borrowing, listed separately in the table above, is the future years' element of the £29.00 million approved last year to invest in Highways structural maintenance.

Adults

93 An indicative figure for the Disabled Facilities Grant of £6.03 million has been included for 2020/21 based on the allocation received for 2019/20.

Children and Families

94 The Council receives 2 main capital grants for schools from the Department for Education: Basic Need and Schools Condition Allocation (SCA).

95 The Basic Need allocation of £35.81 million for 2020/21 was approved in the 2019/20 MTFS for future years' spend. £29.37 million of this has been allocated to the current capital programme, leaving a balance available of £6.44 million. The Department for Education have not yet announced the Basic Need allocations for 2021/22 onwards.

96 An indicative figure for the Schools Condition Allocation of £4.70 million has been included for 2020/21, based on the allocation received for 2019/20.

Economy, Environment and Infrastructure

97 The Council receives capital grants for Highways Maintenance Block and Integrated Transport Block.

98 The Department of Transport has provided an indicative amount of £14.35 million for the Maintenance Block Grant allocation and £3.01 million is estimated for the Incentive Element of the Maintenance Block Grant allocation in 2020/21.

99 The Integrated Transport Block Grant funding arrangements were revised from 2015/16. In 2020/21 the total Integrated Transport Grant allocation for Gloucestershire is £2.861 million of non ring-fenced grant directly from the government.

100 The Pothole Action fund is included with an estimate of £1.435 million.

Q Borrowing

101 Total borrowing requirement at the end of 2019/20 (excluding the new Waste financing liability and the impact of technical changes for accounting for leases) is forecast to be £309.4 million, an increase of £4.2 million compared with the £305.2 million outstanding at the end of 2018/19. It is intended to use internal borrowing to meet this additional requirement. Including the Waste financing liability and the impact of technical changes for accounting for leases in these figures increases the capital financing requirement to £886.1 million.

102 If external borrowing were required it would previously have been obtained from the Public Works Loans Board (PWLB), usually at fixed rates of interest, over a set number of years. However in October 2019 the government increased PWLB rates by 1% so in future it is likely other options will also be considered should borrowing need to be externalised.

103 In recent years, due to the significant differential between interest rates charged by the PWLB and interest earned on invested balances, the Council has internally funded borrowing from investment balances (mainly reserves). This strategy, currently followed by the majority of local authorities, essentially involves lending investment balances to ourselves to reduce overall interest costs. Since the increase in PWLB rates, the Council will now also look to borrow any long-term loans (should there be a need to externalise internal borrowing) from other sources including banks, pensions and local authorities, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code.

- 104 In line with the Council's aim to reduce the level of external borrowing required, capital receipts have increasingly been used to fund capital expenditure. This funding is mainly used to repay debt or finance capital expenditure to avoid new borrowing. A Disposal Schedule will be considered by Cabinet in March 2020 in line with the Disposal Strategy.
- 105 The proposed capital programme includes significant investment – the vast majority of projects will be funded from government grants or capital financing budgets. Internal borrowing is planned for three major investment projects: Cheltenham School, where we have a statutory duty to provide sufficient school placements, Quayside development and highway investment to fulfil the manifesto promise of investing over £150 million in highways over 5 years.
- 106 The Council will remain open to the potential for additional capital investment opportunities arising from commercial activities linked to regeneration. Any such opportunities will be subject to a robust business case and Cabinet approval. Funding for such investments will be reviewed on a case by case basis and may include additional borrowing where there is a clear financial benefit.

R Treasury Management and Investment Strategy

- 107 The proposed Treasury Management Strategy Statement 2020/21 is shown in Annex 10.
- 108 It was considered by the Audit and Governance Committee on 24th January 2020 alongside the Capital Strategy and Investment Strategy – minor amendments were recommended at Cabinet on 29th January 2020.
- 109 Annex 10 provides details of:
 - Treasury Management Strategy for 2020/21.
 - Non Treasury Management Investment Strategy 2020/21.
 - Policy on the use of Financial Derivatives.
 - Minimum Revenue Provision (MRP) Statement.
 - Updated Treasury Management Policy on Responsible Investment.

- 110 Following a motion agreed by Council in November 2019 the Council has updated the Treasury Management Policies to include a Responsible Investment Policy which will rule out new investments in fossil fuel companies.

S Risk Management Policy Statement and Strategy

The Risk Management Policy Statement and Strategy for 2018/21, which was approved by Cabinet in January 2018 is shown in Annex 11. The aims of this Strategy are to support the challenges that the Council may face, allowing it to react dynamically to changing external circumstances by enabling the Council to handle risk effectively and deliver successful outcomes.

T Attached Annexes

- Annex 1 Commissioning Intentions
- Annex 2 Budget Movements by Service Area
- Annex 3 Budget Summaries by Service Area
- Annex 4 Medium Term Financial Planning Framework
- Annex 5 Reserves and Balances Analysis
- Annex 6 Revenue Budget Forward Projections
- Annex 7 Capital Strategy
- Annex 8a Capital Programme 2020/21
- Annex 8b New Schemes 2020/21 Funded from Capital Receipts
- Annex 9 Dedicated Schools Grant – Schools Block
- Annex 10 Treasury Management Strategy and Investment Strategy
- Annex 11 Risk Management Policy Statement and Strategy

Annex 1 Commissioning Intentions

Annex 1.1: Adults Commissioning Intentions

The 2019/20 net budget for Adult Social Care is £136.7 million, the single biggest area of expenditure of the County Council. We support approximately 25,000 people who have a disability, are vulnerable, or live with an age-related disorder, as well as commissioning services aimed at addressing social care and health inequalities, promoting health and wellbeing. We work in partnership with our service users and carers, health, housing and the third sector to maximise people's potential for independence, meeting assessed need within a legal framework most notably as set out in the Care Act 2014.

The overall performance of adult services continues to improve particularly in the key policy areas of reducing reliance on residential and nursing care and self directed support. We are also increasing the numbers of people supported to live independently through the use of technology (telecare) and continue to make progress in supporting people with disabilities into employment. We have also devoted additional resources to ensuring timely hospital discharge and are actively addressing the timeliness of assessment work and the robustness of our intermediate care offer.

Strategic Direction

Our strategic ambition as set out in the Council Strategy continues to be to support people to live independently. This reflects the national policy framework created by Think Local Act Personal, which built on the direction set by "Putting People First" with its focus on community support and involvement, early intervention, prevention and reablement services. This has also been reinforced by the detailed guidance released in support of the Care Act 2014. As part of this, and for those people who have ongoing needs, we want to ensure we put each individual service user in control of their care and support, offering choice, providing professional advice and enabling their voice to be heard, with the ultimate aim of improving outcomes for people.

We are reducing reliance on institutional care, creating innovative alternatives and encouraging the use of universal services, whilst recognising that there will always be a place for specialists too. We are also addressing the wider responsibilities in the Act for carers and notwithstanding that some elements have now been postponed to 2020 for all people with care needs and not just those we support. We are also continuing to promote an ethos of early intervention and prevention as an integral element to our intentions.

Although the focus in this document is on Adult Social Care, most of our integrated commissioning work is carried out with the Gloucestershire Clinical Commissioning Group (GCCG) and many of the intentions referred to reflect integrated commissioning priorities. During 2020/21 and beyond the Council will also work with GCCG and other local Health partners on the developments needed to take full advantage of Gloucestershire's Integrated Care System (ICS) status.

Integrated Commissioning within Adult Social Care and the Integrated Care System

We have much to be proud of in Gloucestershire with regards to how we approach commissioning across our health and social care system. Our shared approach and long history of joint commissioning directly contributes to improving the quality of life for our citizens. Collectively – seeing health, public health, social care, and other local authority functions such as housing, education and leisure, as a whole system rather than lots of individual services can only benefit our residents. Key to

this is the role of employment within our system. This is at the heart of our approach as an Integrated Care System.

The Commissioning process can be resource intensive and there are efficiencies in doing this in an integrated manner. In many instances, the needs of patients and service users are indivisible to agency boundaries.

The delivery principles below echo our status as an Integrated Care System. They provide the backdrop for our shared our ambitions to deliver a step change for health and social care in Gloucestershire. Our vision is to:

- Place a far greater emphasis on personal responsibility, prevention and self-care, supported by additional investment in helping people to help themselves.
- Place a greater emphasis on joined up community based care and support, provided in patients' own homes and in the right number of community centres, supported by specialist staff and teams when needed.
- Continue to bring together specialist services and resources in to 'Centres of Excellence', where possible reducing the reliance on inpatient care (and consequently the need for bed based services) across our system by repurposing the facilities we have in order to use them more efficiently and effectively in future.
- Develop new roles and ways of working across our system to make best use of the workforce we have, and bring new people and skills into our delivery system to deliver patient care.

Integrated Commissioning – Delivery Principles

The main purpose of integrated commissioning is to improve the wellbeing of service-users/citizens/patients and to ensure that those services are provided in a way which:

- Are integrated from the point of view of the people who live in Gloucestershire
- Take account of the particular needs of the people using the services
- Take account of the particular needs of people in different parts of the area in which the service is being provided
- Take account of the particular characteristics and circumstances of the people who live in Gloucestershire
- Respect the rights of the people using the services
- Take account of the dignity of the people using the services
- Take account of the participation by service-users in the community in which people live
- Protect and improve the safety of the people who live in Gloucestershire
- Improves the quality of the service
- Are planned and led locally in a way which is engaged with the community
- Best anticipates needs and prevents them arising
- Makes the best use of the available facilities, people and other resources.
- Are within the resources available

The three integrated Commissioning Hubs (Older People, Disabilities and Children and Families) work closely to ensure that the circa 200 staff (employed by the CCG and the council) work as integrated teams, with the same methodological approach to the commissioning cycle, service redesign and procurement / contract management. All members of staff have a 'dual nationality' and are able to work on areas of integrated commissioning across the sector, for both organisations. This integrated approach to developing proactive system solutions is seen as beneficial and is part of the continued development towards an Integrated Care System (ICS) in Gloucestershire. There are multiple examples of additional funding secured into the system based on the integrated approach.

The work of the Joint Commissioning Partnership Executive (JCPE) has grown and is responsible for a wide range of services across the health and social care system and manages a collective budget of circa £200m via Section 75 and 256 agreements.

Needs Analysis

The number of adults aged 18 and over in Gloucestershire is projected to rise from 496,800 to 579,100 between 2016 and 2041, with the 18-64 age group predicted to grow by 1.4% and the over-65s by 59.4% in the same period. The projected increase in older people (over-65s) in Gloucestershire, in particular, exceeds the national level (50.8%), and the number is predicted to rise from 129,700 in 2016 to reach 206,700 by 2041.

In 2020, an estimated 28,060 older people in the County will have a long-term illness or disability that limits their day-to-day activities a lot. The number is predicted to rise to 36,700 by 2030. The number of older people unable to manage at least one self-care activity is also predicted to increase from 40,000 to 52,000 between 2020 and 2030. The majority of this increase will be among the over-75s.

There will be a significant percentage increase in the number of older people who have severe hearing impairment, dementia and severe depression between now and 2030. In absolute numbers, the biggest increases are expected to be among people who are unable to manage at least one self care activity, have obesity, bladder problem, moderate or severe sensory impairment and diabetes.

The main areas of concern among carers who care for older people are around social isolation; lack of encouragement and support; lack of control over own daily life; and not doing anything they valued or enjoyed with their time.

15,600 of carers as recorded in the Census were over-65s. The number is projected to rise to 22,300 by 2025, of which just under a quarter (24.1%) are predicted to be over-80s, who may require extra support to provide care.

Various measures suggest that old-age in itself is not necessarily felt as a deficit among many older people. On personal wellbeing, a higher proportion of older people have reported very high level of life satisfaction, worthwhileness and happiness than the younger age groups. The 65-74 age group, in particular, shows a relatively high level of social capital compared to other age groups e.g. to have volunteered in the past 12 months, be interested in politics, and be members of political, voluntary, professional or recreational organisations.

It is estimated that in 2020 there will be 3,400 people in Gloucestershire aged 18-64 who have a serious personal care need and 15,600 who have a moderate care need, as a result of a physical disability. Both numbers are expected to increase slightly between 2020 and 2025 and then to fall slightly between 2025 and 2030.

For both working-age and older people in Gloucestershire, arthritis and other musculoskeletal diseases are the most common physical disabling condition for claiming disability benefits. This is followed by neurological diseases for the under-65s, and heart disease and cerebrovascular disease for the over-65s.

Many people with a physical disability have complex needs. Some of the most common conditions that people with physical disabilities also experience are long-term pain, depression and mental health conditions.

A Gloucestershire survey by Barnwood Trust found that 73% of local people with mobility impairments had a high level of sense of belonging to their local area. The proportion, however, dropped to 54% among those with a sensory impairment.

Around four-fifths of carers providing physical or sensory support have difficulty finding time to do the things they enjoy and nearly two-thirds say they do not have enough social contact with people.

An estimated 11,900 people aged 18 and over in Gloucestershire will have a learning disability in 2020. Of these, 2,420 have a moderate or severe learning disability. There were 3,623 people in Gloucestershire diagnosed by local GPs as having a learning disability in 2017/18. The most prevalent type of learning disabilities in Gloucestershire is autistic spectrum disorder and an estimated 6,300 adults will be affected in 2020.

While the overall number of adults with moderate or severe learning disability is predicted to rise by 5.8% between 2020 and 2030, the number is predicted to rise most steeply in the older age group, rising by 25.6% for the over-65s in the same 10-year period.

Many people with a learning disability have complex needs. People with learning disabilities are ten times more likely to have a vision impairment compared to the general population. Approximately 40% of people with learning disabilities have a hearing impairment, with people with Down's syndrome at a particularly high risk of developing vision and hearing loss.

A survey by Barnwood Trust found that 51% of local people living with a learning disability have a high level of sense of belonging to their local area. This was, however, among the lowest proportion of all disability groups.

Over half of carers caring for people with a learning disability have a long-standing illness or disability themselves. They are also more likely than other carers to have concerns about their personal safety. They are also amongst the least likely to say they get encouragement and support.

The PANSI model estimates that in 2020, around 70,000 people aged 18-64 in Gloucestershire will have a common mental disorder, 12,300 will have antisocial personality disorder, 8,900 will have borderline personality disorder and 2,600 will have a psychotic disorder.

There is a link between mental health and alcohol and drug use. It is estimated that in Gloucestershire, an estimated 22,100 people aged 18-64 will have alcohol dependence and a further 12,500 will have drug misuse issues in 2020. Research also shows an association between child sexual abuse and childhood and adult mental disorders. It is estimated that in 2020 there will be 42,700 adults aged 18-64 in Gloucestershire who experienced abuse as a child.

Long-term illness or disability can lead to mental health issues, making the needs more complex. It is estimated that 46% of people who have a long-term health condition and 30% of people who have long-term pain have a mental health condition. An estimated 34% of people who have sight loss suffer from depression. Research also shows that lonely people are more likely to experience depression, and the lonelier a person is, the more likely they are to experience increased depressive symptoms.

There were 1,211 emergency hospital admissions for self-harm in Gloucestershire in 2017/18 and 163 suicides in Gloucestershire in the three year period from 2015 to 2017.

Around 60% of carers providing mental health support or support with memory and cognition have a long-standing illness or disability. Carers providing mental health support are more likely than other carers to experience mental health problem themselves.

A survey by Barnwood Trust found that 43% of local people living with a mental health need have a high level of sense of belonging to their local area. This was, however, the lowest proportion of all disability groups.

Meeting the Challenge 2019/20

In line with the strategic direction set out above, we have a series of projects targeted at living within our means and adjusting to meeting demand differently. Most of these are designed around the implementation of national policy and good practice – expanding on the model of reablement, working in multidisciplinary teams whilst increasing our investment in the management of the social care function, avoiding crisis, commissioning differently, listening to our service users and improving the customer journey. We also continue to look at our processes.

Looking Forward

Following the Spending Review 2019 the proposed budget for 20/21 includes a one-off additional increase of 2% for the National Social Care Levy. In addition to meeting the costs to date of implementing the Care Act, the increase will be used to part address the impact of demographic changes and cost pressures including the National Living Wage. It will also help enable the transition to an approach based on a higher level of investment in early intervention and prevention.

Recognising that not all pressures can be addressed within the resources available and in the context of our intentions to improve outcomes, we will seek to achieve financial balance in adult services by:

- continuing to strengthen our assessment and care management function whilst also developing stronger links with primary care as part of the integrated multidisciplinary place based model
- supporting more people to live independently in the community
- develop our offer to carers in line with Care Act requirements
- improving transitions to adult services for children with special needs by ensuring they are prepared adequately for independence in adulthood from the age of 16
- being more responsive to potential demand through early intervention and prevention
- ensure that the impact of an increase in people with dementia is reflected in all relevant commissioning plans whether that's: working to develop dementia friendly communities; addressing early impact dementia for people with learning disabilities; or, through to ensuring adequate provision of residential and nursing care for older people when they are no longer capable of living independently
- developing specialist services enabling people with behavioural issues to maintain their independence
- continuing with our cultural change work which supports both staff and service users to reflect on their attitude to managing risk in everyday life
- working with the NHS to better case manage people at risk of crisis or in need of urgent support, facilitate timelier discharges from hospital and reduce admissions and readmissions
- supporting a Population Health Management approach with a particular focus on making better use of data available across organisations to promote proactive case finding (people pre at a risk of crisis stage but where an intervention now will have significant medium and longer term health and wellbeing gains)
- further improvements in the efficiency and effectiveness of services we commission including integrated commissioning with the Clinical Commissioning Group (CCG)

- the NHS 5 year Long Term Plan provides a platform for our integrated commissioning priorities
- decommissioning services that are no longer peoples' preferred choice as they opt to meet their needs in different ways
- stimulating the market and empowering communities who want to be involved
- working with District Councils and Housing Associations to both enhance the specialist housing offer and future-proof new-build homes to enable all lives to be lived as independently as possible
- working with partners to develop new opportunities for volunteering
- building on our success with helping people into the workplace by exploring innovative employment links to increase the number of disabled people in paid work
- continuing to actively review high unit cost contracts to seek efficiencies including tighter management of voids in shared housing
- through our integrated commissioning develop with the CCG the Shared Lives service in the county
- ensuring our Telecare offer helps people to live independently through solutions which improve service and cost less than traditional care
- enabling people with a learning disability to live more inclusive and independent lives in the community improving quality of life and ensuring each person has a circle of support around them
- we will continue to work across the system to ensure that our most vulnerable individuals are supported to live a full and purposeful life in our or communities.
- continuing to embed the use of Electronic Call Monitoring systems and ensuring we use the information that flows from the system to improve the quality of care and to inform our commissioning
- continuing the roll out of an outcomes based approach in the new domiciliary care service
- partnering with the CCG to ensure people with a learning disability in long stay hospitals are returned to independent living in their own community
- respond to the learning from the involvement of our mental health fieldwork services in the national integration accelerator pilot work
- we will continue to work with key system partners to facilitate a range of services that enable us to sustain our position with regards to parity of esteem for Mental Health Services
- ensuring we are prepared to meet our obligations under the new Liberty Protection Safeguards (that came into place in May 2019), putting in place the necessary resources to achieve this

Delivering Change

Demographic changes indicate a rising demand for support from people with increasingly complex needs that requires us to better manage and respond to demand. This will involve a range of partnerships, many of which will be new relationships with communities. Whilst it will be challenging financially, it will result in investment in local communities and will provide opportunities to work with community and voluntary sector agencies in new ways and ensure we are sensitive to the communities in which many of our service users live.

The scale and pace of change continues at an unprecedented level and will create transitional issues as we all adjust to working in a different way. Communicating our intentions and listening to the voice of those we serve will be central to our thinking and will assist us to ensure all voices are heard and concerns and questions are actively addressed.

All activities will be subject to community impact assessments and specific consultation will be undertaken where appropriate with stakeholders. We will actively pursue opportunities to engage with service users and their carers to continue to build confidence in those partnerships.

At the heart of this work is culture change, based on a three tier conversation at the frontline in adult services that gives us a simple structure to help focus on helping people to help themselves.

Tier one – Help to help yourself.

Tier two – Help when you need it.

Tier three – Ongoing support for those that need it.

To ensure that we align this culture change work with our approach to communities, commissioning and other integrated commissioning developments we will continue to operate a single programme governance structure for Adult Social Care.

It is particularly the case that we need to ensure that change is creating opportunities across all client groups and thus promoting both equity of outcomes and proportionality in our responses.

Annex 1.2: Children and Families Commissioning Intentions 2020/21

Introduction

The Council has wide ranging responsibilities for services for children, young people and families; this includes leading and co-ordinating all local partners to ensure outcomes for children and young people improve. In 2019/20 the total budget for Children's Services excluding the Dedicated Schools Grant was £103.8 million; this included other grants and funding from formula/Council Tax. The strategic direction for Children's Services is set by the local Families Framework, which is currently being replaced by a new Children and Families Plan when combined together with the Council Strategy, identifies a continuing need to improve outcomes for the most vulnerable.

Background

Since our last Ofsted inspection in February 2017 Gloucestershire's Children's Services have been on an improvement journey 'Building the Best'. This improvement plan sets out how we are bringing about the necessary improvements to services for children and young people across Gloucestershire and to ensure clarity and direction for Children's Services, our partners and everyone who needs to be involved in our transformation journey.

Following the Ofsted inspection and seven subsequent monitoring visits, we are now in the final preparations for a full inspection within the next few months. It is acknowledged that Children's Services continue to be on a very structured improvement journey and whilst there are some strong signs of improvement, the challenge is to both increase pace and ensure consistent practice and performance remains. The service is very clear as to the main areas that require focus in readiness for the full Ofsted inspection, and dedicated work is underway to ensure these remains a priority. There is a communication and implementation strategy to prepare all staff and partners for the pending inspection, so Gloucestershire has every opportunity to demonstrate all the improvement work that has taken place, how practice has changed, and the wider long term vision for Children's Services.

Strategic Direction

Gloucestershire County Council and the Clinical Commissioning Group are committed to an integrated commissioning model that spans both children's and adults services. Within the Children and Families Commissioning Hub we have much to be proud of with regards to how we approach commissioning across our children's health and social care systems. Our shared approach and commitment to jointly commission directly contributes to improving outcomes for our most vulnerable children, young people and their families. As part of the single vision for Gloucestershire, local partners are committed to the development of a highly aspirational vision for Gloucestershire's children and young people. It will be informed by the views of children and young people in both its development and delivery phases through the Child Friendly County project. The Health and Wellbeing Board will provide strategic oversight and direction. This includes our strategic aspirations around improving outcomes for not only children, young people and their families, but for the wider partnerships and Children's Services workforce.

We are now just entering into the second year of our Placement Sufficiency Strategy for Gloucestershire, which initially set out our revised blueprint to improve Gloucestershire Children's Services over a three year period. The Sufficiency Strategy aligns with our improvement journey for improving front line practice, especially in planning for and where appropriate, preventing children and young people from coming into care. The number of children and young people in care has increased, and the strategy sets out how we intend to purchase placements, to achieve the best possible outcomes for children and young people, and use our resources in the most efficient and effective way.

While we have made progress in some areas to implement the Sufficiency Strategy by embedding oversight and compliance, through the implementation of a number of panels, there is still some development work taking place over the next few months. As part of all this work and to ensure we embed commissioning into practice a number of tools have been created to support practice and partners with this new approach.

The NHS Long Term Plan, 2019 – 2024 sets out the vision for the NHS redesign of services to better support, and properly join-up care at the right time in the optimal care setting. Our local commissioning intentions reflect the national priorities in the long term plan, in particular for children – reducing health inequalities for children and young people including children in care and care leavers, faster access to community and crisis mental health services; ensuring children with learning disabilities and/or autism live happier, healthier and longer lives with timely support to children and families; and improving the health of children and young people with long term conditions.

Gloucestershire Health and Wellbeing Board has published a new coherent narrative of change, (Gloucestershire Joint Health and Wellbeing Strategy 2019-2030), which creates a universal strategy for the county by setting out our future ambitions to improve the health and wellbeing outcomes of all Gloucestershire residents and reduce inequalities. The Board oversees two linked strategic initiatives of particular relevance to our emerging Youth Support Strategy within the Children and Families Commissioning Hub:

- The development of a single, strategic shared plan/vision for all children and young people in Gloucestershire. This complements existing plans on social care practice, safeguarding and the welfare of the most vulnerable, with a wider focus on the safety, health and well-being of all children and young people.
- The Child Friendly Gloucestershire youth engagement and research project, which has been working closely with the third sector to engage a wide range of young people, host a platform for their diverse voices, and report back in 2020. The overarching aim is to create an infrastructure through which to have a continuing, authentic dialogue with young people on the scope and quality of our offer.

Working through its recently revised multi-agency child safeguarding and commissioning arrangements, Gloucestershire is currently reviewing its approach towards early help, which will set out the vision with our partners to join up current activity and providers of early help to develop a coherent partnership plan that meets the needs of children and their families at a lower level of need to stop the escalation into specialist services. The key drivers for this plan will be to intervene at the earliest point for the children or family, to be outcome focused in our approach, using evidenced based practice where possible, build resilience and above all keep families together where it is safe to do so. The Early Help Strategy once implemented will deliver some of the biggest changes to families, by identifying and responding to need in a timely and proportionate manner, which in turn will reduce the pressures on statutory services. Getting this element of the continuum right is critical to not only turning the curve on improving outcomes for children and families but also for the wider improvement journey in Gloucestershire.

Commissioning has a key role to play within early help services, not just with the external Children and Families Centres, but also to contribute towards a shared commissioning and investment strategy in this space across all areas of the continuum including working with partners. Commissioning will scope the development of community hubs within children and family centres where midwifery, health visitors and family support services can be aligned and staff are co-located. This will support the development of family hubs identified within the Early Help Strategy.

Commissioning has reconfigured the composition and function of departmental panels to achieve better consistency of practice and decision making across children's and families. The revised panel configurations for 2019/20 are:

- Access to Resources – which oversees a range of spend and creates a framework of providers from auditing of needs against spend to commissioning high quality and efficient therapeutic services.
- Multi-Agency Panel – which actively monitors and reviews provision, through local services or out of authority placements for Children and Young people with exceptional needs.
- Transition Tracking Panel – for all placements where adult service assessments need to be undertaken.
- 16 Plus Panel – for all young people becoming care leavers, to review their placements. To also track young people in B&B's, hotels, sofa surfing or at risk of being evicted.
- High Risk, Cost and Unregulated Placements – this is the Corporate Parent's senior management and structural response to oversee and scrutinise those children and young people whose needs, risks and consequently costs are most acute.

Wider Drivers for Change

The Children and Families Act 2014 seeks to improve services for vulnerable children and support their families. It underpins wider reforms to ensure that all children and young people can succeed, no matter what their background. The changes in the law give greater protection to vulnerable children, better support for children whose parents are separating, a new system to help children with special educational needs and disabilities, and help for parents to balance work and family life. It also ensures vital changes to the adoption system can be put into practice, meaning more children who need loving homes are placed faster. Reforms for children in care can be implemented, including giving them the choice to stay with their foster families until their 21st birthday.

The Care Act 2014 is designed to bring the current laws relating to adult social care together into one Act. Whilst predominately focused on adults, the Care Act did introduce new legislation to support young people who find themselves caring for a parent or sibling. Gloucestershire Young Carers project was recommissioned in 2019, at this time it was expanded to include the development of new young adult care services to support young carers who want to remain in education or training.

Following on from the Keep on Caring Strategy 2016, the Children and Social Work Act 2017 is intended to improve support for children in care and care leavers, promote the welfare and safeguarding of children, and make provisions about the regulation of social workers. The Act reinforces the corporate parenting principles for the Council as a whole to be the best parent it can be to every child in its care. These are largely a collation of existing duties local authorities have towards children in care and those preparing to leave care, and are now extending our duties up to the age of 25 for all care leavers who require ongoing advice and support. For those who choose not to receive support post 21, we are keeping in contact to ensure they know their right to come back into the service if they wish to. We are required to publish our support offer to care leavers and to promote the educational attainment of children who have been adopted or placed in other long term arrangements. The legislation extends the current considerations of the court when making decisions about the long term placement of children to include an assessment of current and future needs and of any relationship with the prospective adopter. The Act makes changes to the arrangements for local child safeguarding partnerships and the serious case review process, including provision for a central Child Safeguarding Practice Review Panel for cases of national importance. It also establishes a new regulatory regime for the social work profession.

Commissioning has responded proactively to the statutory requirement in the 2017 act. We continue to work in partnership with our care leavers to publish a local offer by reviewing our corporate commitment to ensure care experienced young people are placed in the right placement first time (Sufficiency Strategy 2018-2021). In 2019 we reviewed the offer and updated it leading to the development of a revised Care Leavers Strategy which places greater emphasis on the voice of young people and committing to make every service we commission good enough for our children and care leavers, thereby giving them a positive experience of their transition to adulthood.

Liberty Protection Safeguards were introduced in the Mental Capacity (Amendment Act) 2019, replacing the Deprivation of Liberty Safeguarding system that is currently in place. The Safeguards will provide protection for people who are deprived of their liberty as part of their care or treatment, and don't have mental capacity to consent to their care arrangements. Groups who might have a Liberty Protection Safeguards authorisation include those with dementia, autism and learning disabilities. The amended act will have a significant impact on young people aged 16 years + in several key areas of children and families commissioning including health, placements, youth support and care assisted young people, which will drive change in the way we commission services for these groups in 2020/21.

Commissioning has been mindful of the substantial impact the Brexit agenda and accompanying legislative changes will have on the services we provide for children and families in 2020/21. Commissioning has taken the departmental lead on Brexit and has been instrumental in the dissemination of Brexit related information across the department, to ensure adequate preparatory plans are in place for the anticipated legislative changes. The most pertinent legislative change affecting children and families is the European Settlement Scheme (EUSS), which sets out a new application process to be completed by EU citizens, their families and

others currently working or residing in the UK post Brexit. Commissioning continues to ensure that Social Care practitioners are aware of the EUSS for existing as well as new staff in the coming year, and will work with all partners to ensure that Gloucestershire County Council Looked After Children and Care Leavers who are EU nationals are supported to apply for the right to reside, study and work in the UK.

Needs Analysis

The Joint Strategic Needs Analysis (JSNA) identifies a number of areas that require review.

In 2017, Gloucestershire had a high number of permanent school exclusions in comparison to national, regional, and statistical neighbour rates. The proportion of secondary pupils excluded was the third highest among our statistical neighbours, and in the highest quartile among authorities in England. Almost half of these exclusions relate to children and young people with additional needs. Exclusions in Gloucestershire have reduced by 18% for the 2018 academic year, with significant reduction in the primary phase; putting us below comparators for that phase.

Fixed term exclusions have historically been relatively low in Gloucestershire compared to national and statistical neighbour averages but are now starting to rise as an alternative to permanent exclusion.

Over the past few years there has been a national increase in children being identified as having social, emotional and mental health needs; and this is no different in Gloucestershire. From an education perspective, there is an increase in those children with such needs requiring independent specialist provision (mainly due to their need for alternative or vocational curriculum, a nurturing/therapeutic environment and mentoring approach). Commitment has therefore been made to build a new free school to meet such needs in county by 2021.

For the Early Years Foundation Stage in 2019, 71.9% of children achieved a good level of development (GLD), this has been steadily improving since 2014 and for the first time Gloucestershire is slightly above the national average of 71.8% although more improvement is needed to bring us in line with statistical comparators. There remains a notable gap in gender with 78.4% of girls, and 65.4% of boys achieving a GLD (mirroring the national gender differences). The achievement gap between the lowest attaining 20% of children continues to reduce in Gloucestershire and is currently at 29%. This is compared to the national gap, which is increasing and currently at 32.4%.

51.9% of the children in Gloucestershire who are eligible for free school meals have achieved a good level of development which although increased, is still slightly below the 56.4% national level. However the trend is upwards and has improved significantly from 30% in 2013.

The Joint Additional Needs Strategy brings together a multi-agency response to understanding and responding to children's needs. There have been noteworthy improvements to the support offered to such children, however this requires greater co-ordination and strategic multi-agency leadership moving forward. As such, a number of work streams to deliver the strategic priorities have been established, with oversight from strategic leaders across the Council. This will form a key part of our work moving forward across the education, social care and health arenas; not only meeting our statutory duties but also providing the most appropriate and effective support for children and young people.

The 2017/18 rate of young people aged 10-24 admitted to hospital for self harm in Gloucestershire (456 per 100,000) is similar to England (421) and lower than more than half of our statistical neighbours. Now rated as "Amber", this represents a decrease from 526 per 100,000 in 2014/15 and 507 per 100,000 in 2016/17, indicating a downward trend. While it is not possible to pinpoint the reason for the decrease, a number of local initiatives may have contributed:

- Whole system approach to supporting the mental health and wellbeing of young people, led by the Gloucestershire Clinical Commissioning Group.
- Comprehensive Action Plan for the Prevention of Self Harm, led by Gloucestershire County Council, which includes improved access to training, resources and support for those working with children and young people who self harm.

- Mental Health and Well-being Partnership Strategy - owned by the Mental Health and Wellbeing Partnership Board which reports to the Health and Wellbeing board. This includes an Action Plan for the Prevention of Suicide and Self Harm.

Education permeates across all aspects of children and families commissioning. As a result of the local area SEND inspection in 2016, Ofsted and CQC were pleased with the Council's initial response to the SEND reforms following implementation of the Children & Families Act.

The second round of inspections are now being formulated and it is anticipated that these will focus more specifically upon; joint commissioning, impact for children and young people resulting from effective multi-agency working across social care, education and health, early help across all services and embedded co-production with parent and carers. Whilst there has been much progress in relation to supporting children and young people with SEND and additional needs in the county these areas have been identified as requiring greater leadership and impact prior to any future inspection regime.

We have a Joint Strategy for Children and Young People with Additional Needs (including SEND) agreed with the Clinical Commissioning Group and partners, and this outlines the county's approach to meeting the needs of these children and young people (0-25 years) between 2018-2021, across education, health and care. This supports the holistic assessment and provision for children and young people which holds them at the centre. This is further supported by our High Needs, Post 16 and Specialist Commissioning strategies which ensure that our commissioning provides value for money and meets emerging changes in children's needs whilst preparing them for effective transition into adulthood.

We have a new School Place Commissioning Strategy which sets out our educational requirements over the next five years to ensure that all children have access to local, quality provision which meets their needs. This sets the expectation that most children will have their needs met in mainstream education settings and therefore underpins the Specialist Commissioning Strategy which focuses on specialist education settings for children with higher level of needs.

Following the academy agenda and the financial pressures on the education system, the increasing concerns for home educated children, those with SEND and those who have been excluded or off-rolled from schools has gained significant national coverage and parliamentary interest. The new Ofsted framework which came into place in September 2019 for schools which has a greater focus on outcomes for all children is therefore welcomed. It is also anticipated that there will be legislative changes made to how the education system responds to these challenges in the next year – with a greater expectation of inclusion and ability to meet children's needs across school systems and greater accountability in how schools provide for all children.

Children's Social Care

Gloucestershire currently has an increasing cared for population which is forecast to reach nearly 750 by March 2020 from a previous level of 651 in March 2018. There are a number of possible reasons for this; the current improvement journey shows that our thresholds are not fully understood by all services, and therefore not consistently applied so, along with an improvement in practice and assessment; this could increase the number of children and young people becoming looked after. The Children and Social Care Act has also extended the statutory duties for young people leaving care up to the age of 25 (previously 21), irrespective of their educational, employment or training circumstances and this is likely to further increase our care population. We know our care leaving population will be one of our largest growth areas of the coming years.

Our work with children and young people who have additional needs as they transfer into adulthood will be a critical area of focus for the coming year. We are committed to developing and implementing a partnership approach to transitions, so that young people and their families get the right information, support and assessments at the earliest point, ensuring transitions are understood planned for and effective.

This will include tracking all young people who we believe might meet a threshold for adult services, from the age of 14 years or as early as possible post this age, so that joint planning, working and assessments can take place at the right point within a young persons journey.

Taking a collaborative and solution focused approach, our key ambition for all young people where possible is for them to remain in or return to county, with the appropriate support to fulfil their potential. To achieve this aspiration we will work together, make joint commissioning decisions, manage and develop our commissioning frameworks to allow for smooth transitions at 16 years as they journey to adulthood.

Meeting the Challenge (MTC) 2020/21

While having a substantial increase to the agency budget for 2019/20 this still shows a large predicted overspend in addition to the increased funding. While some of this additional expenditure is due to the increase in the numbers of children in care, efficiencies also need to be gained through better market management and purchasing. Commissioning continues to make savings through the review of packages of care for young people through High Cost Panel which has a savings target of £1.7 million for 2019/20.

There were no MTC targets for Children's Commissioning for 2020/21, but we have embarked on trying to capture some efficiencies, which was predominantly in relation to better management oversight and governance for corporate spend, high cost placements, access to recourses and applying a standardised assessment criteria to joint funding arrangements. There will also be a key focus on planning earlier for young people who transition to adult services, beginning this work earlier within a child's life, from the age of 14 years.

Over the duration of the next financial year, children and families will continually review services to ensure we manage demand in the most effective and efficient way.

Looking Forward

In preparation for the full Ofsted inspection, Children's Services are on a very structured improvement journey and the associated improvement plan has focused and driven our priorities.

We continue to strive to embed commissioning into practice and continue to work in partnership with internal and external partners to change practice and the overall outcomes for our children and young people. The implementation of our "How to guide" has provided clarity around practice and procedures relating to placement requests, writing a child or young person's profile, and how to make requests for both emergency and planned needs.

While the latest Ofsted monitoring feedback acknowledged some key areas of improvement, there are still clear priority areas in relation to assessment and risks, especially to young people, so it is important we continue to work at pace to embed change. While the focus is particularly on the children in care population, the Council will also need to continue to respond to changes in Government funding for core education services as responsibility for school improvement continues to transfer to schools and academies.

The new Children and Families Plan will underpin our wider strategic direction with our partners. During 2019/20 the Council reviewed our needs analysis and worked with all partners to develop both the Children and Families Plan and the Placement Sufficiency Strategy. Taking forward the priorities of our partnerships with a focus on prevention through to providing support for the most vulnerable and keeping children safe, the Children and Families Plan will have a family based focus and will frame the longer term commissioning strategy.

Delivering Change

The main drivers to our work in 2020/21 will be:

- To deliver against the OFSTED improvement plan pending full inspection
- Take forward the priorities identified in the forthcoming Children and Families Plan including areas identified in the JSNA.
- Implementing the changes in legislation outlined in the Children and Social Care Act 2017.
- Develop and implement a new Transition Strategy - in partnership with adult services, the Clinical Commissioning Group and partners.

- Continue to deliver on the key priorities identified in the Sufficiency Strategy “Right placement First Time” 2018-2021.
- Deliver on priorities in the NHS Long Term Plan 2019 -2024.
- The joint strategy for children and young people with additional needs (including SEND 2018-2021).
- Implementation of the Liberty Protection Safeguards introduced in the Mental Capacity (Amended Act) 2019 – for young people aged 16 years+.
- Improve services around children with special education needs and disabilities including EHCP, learning disabilities service, positive behavioural support, medical needs in schools and personal health, early years, placement for children with disabilities and additional needs.
- Implement the new Positive Behaviour Service for children with additional needs
- Implementation and mobilisation of Trevone House.

Specific Planned Activities

1. Review the first year of the strategy and align this to the continued implementation of the Sufficiency Strategy for Children’s Services. This is a whole system change and will include extensive market management and the development and reconfiguration of provision across the continuum of need, which will include:
 - A new Early Help Strategy, to deliver a robust early help offer that is understood and implemented across all partners and services.
 - Establish new IRIS (Intensive Recovery Intervention Service) day service model - to offer a multi-agency service that meets the needs of our most complex young people.
 - Implement the Trevone House project in furtherance of our pledge to achieve the right placement first time for our care experienced young people.
 - Edge of Care Services - reconfigure provision and where appropriate, prevent children and young people from coming into care.
 - Improved placement stability – through better planning and market developments.
 - Increasing the capacity of in-house fostering provision by 100 new households over the next three years.
 - An increase in placements offered in county to support children and young people to remain in local schools, with improved access to health services allowing children to stay connected to their families and communities.
 - Development of placement and support services provision in county to meet the needs of children and young people with additional needs, so where possible they can stay at home, and purchase services through direct payments and personal budgets.
 - The development of emergency provision to meet current needs, including the Out Of Hours and PACE (Police and Criminal Evidence) placements.
 - Development of the market for accommodation of young people to meet the new Duty for Care Leavers which comes into force from January 2019 - this will include UASC (Unaccompanied Asylum Seeking Children) young people.
 - Redesign services for young people who are at risk of Missing and Exploitation, jointly with our partners.
 - Our commitment is to ensure young people are actively involved in the development, design and monitoring of ALL our contracts, services and tendering activities.
2. Commissioning will continue to work in partnership with practice and strengthen the relationships further.
3. Re-configuration and re-tendering of the Youth Support Service to achieve better more efficient focusing of youth provision for all young people in GCC. The current contract comes to an end in March 2020 and until this time the contract will require extensive commissioning activity.

4. Development of a preventative pathway for young people in vulnerable circumstances, by working in partnership with Supporting People tendering process for young people aged 16 years and beyond.
5. Continue to work with colleagues across the partnership to implement the Joint Strategy for Children and Young People with Additional Needs ensuring seamless support for children and young people's needs. This will include a focus on improving transitions to adult services for children with additional needs by ensuring they are supported to make a smooth transition into early adulthood.
6. Implement the Positive Behaviour Support Social Impact Bond (SIB) for children with complex needs, to be commissioned and mobilised in 2020.
7. The implementation of the new statutory guidance for young people leaving care, as stated within the new Children and Social Work Act 2017, which was required from January 2019. Requirements include:
 - To publish an annual re-fresh of the authority's "Leaving Care Offer".
 - Timely allocation of a Personal Advisor for all care leavers up to the age of 25 years - regardless of whether the young person intends to pursue education or training.
 - A duty to carry out an assessment of the young person's needs and to provide the necessary advice and support.
 - Meeting the requirements for care leavers within the new Reducing Homelessness Act 2018.
 - To support practice to embed the new "Preparing for Independence" tools into practice.
 - To create Gloucestershire's Leaving Care Strategy, and monitor progress.
 - Support the implementation of Gloucestershire's Trail Blazer in schools.
 - Work in partnership to monitor the delivery of wider young peoples mental health services within Gloucestershire as described within the Clinical Commissioning Group's Long Term Plan. This will include extending the Mental Health in schools approach from Stroud into Gloucester City, working with partners on the self harm pathway and also looking at the mental health needs of children and young people who have suffered trauma and abuse.
8. Development of priorities in the NHS Long Term Plan, in particular,
 - Health screening and needs met for children and young people with a learning disability.
 - Working with partners to increase annual health checks for those over 14 years with a learning disability.
 - All children with learning disabilities and autism are supported by easily accessible ongoing care - this will encompass developing better pre diagnosis support, increased post diagnostic support and shorter waiting times for a diagnosis.
 - Working with partners to ensure that there is a digital flag in patient records to ensure staff know a patient has an LD and/or autism.
 - Children and young people with LD/autism with most complex needs have designated keyworker implementing Lenehan recommendations.
 - Reduction of waiting times in learning disability services.
 - Development of an agreed collaborative approach to funding packages of care across social care, health and education through PBENG (Personal Budget Exceptional Needs Group) and the Multi-agency Resource Panel.
 - Development of the services to support medical needs in schools provision.

9. Update of the Childcare Sufficiency Strategy and associated action plan to deliver the anticipated rise in demand following the roll out of the free 30 hours entitlement.
10. Supporting children and young people in care to promote their health and wellbeing, in particular ensuring:
 - Improved timeliness of initial and review health assessments.
 - A streamlined process across social care and health professionals to ensure timely health assessments.
 - A targeted approach to providing young people with a health passport to ensure they have their health information in one place.
 - The emotional wellbeing and mental health of children in care is fully addressed in health care assessments, reviews and health plans, and in doing so, conducting a review of the Strengths and Difficulty Questionnaire (SDQ) process and how this can be developed as part of a patient centred pathway for mental health.
11. Work with Public Health Nursing and Education, to ensure the 2 – 2½ years integrated checks are fully embedded across the county.
12. Continue to deliver the Council's statutory responsibilities for education which include:
 - A significant expansion of mainstream primary and secondary school provision in Cheltenham and Gloucester – mix of new schools and expansion of existing schools.
 - An expansion of maintained provision for children with SEMH (Social, Emotional and Mental Health) needs and Autism – new school bid submitted.
 - Shift of support for children with additional needs to early help and creation of primary hubs – passporting more high needs funding to schools. This is subject to Schools Forum agreement.
 - Implement the new School Place Commissioning Strategy, including capital builds and expansions.
13. Continue to embed ACE's (Adverse Childhood Experiences) within all new Children's Services contracts; rolling out the refined ACE's tools, within services and partner agencies.

Embed ACES across the Social Work Academy and build on trauma informed practices within commissioning and across Children's Services.
14. Pilot the Family Plus Outcome Star to review families open to Children and Family Centres Targeted Support offer in Stroud, Forest of Dean and Gloucester City areas to ensure they are meeting the threshold for support.
15. Set up a process that will review the step up and step down work of the commissioned Children and Family Centres. This will involve auditing 10% of cases that have been open for over six months and or themes identified each month.
16. To pursue the development of a Fostering Social Impact Bond (SIB) which will re-design fostering services in Gloucestershire and increase the number of foster carers recruited by the Council that will offer placements to children in Gloucestershire to enable children to stay close to their community, school and friends.
17. Continue to implement and monitor the suite of panels, moving on to develop commissioning frameworks which will ensure procurement and governance requirements are met as well as

achieving value for money and quality assurance.

18. Scope the development of community hubs within Children and Family Centres where midwifery, health visitors and family support services can be aligned and staff are co-located. This will support the development of family hubs emerging from the Early Help Strategy.
19. Embed a range of strategic changes within placements for children in care alongside the revamped panel work including:
 - Increase placement stability, continuity and sustainability throughout the child's life-long journey in care.
 - To have a sufficient number of beds in order to adequately meet the accommodation needs for the growing number of children in care.
 - To increase access and sustainability of more accommodation provisions, to further improve the quality of support required to better prepare children in care for their transition towards independence/leaving care.
 - To ensure that the voices, wishes and feelings of our children in care/care leavers that were ascertained throughout the development of the Sufficiency Strategy (Right Placement First Time), are embedded into practice to further improve the experiences children and young people are likely to encounter.
 - The implementation of measurable tools, i.e. (Young Peoples Outcome Star) is to be imbedded in placements so as to better monitor the outcomes for Children in Care/Care Leavers an to inform the commissioning of support packages so they are needs led to achieve good outcomes for our young people's journey to adulthood.
20. Children in Care and Edge of Care, our improvement plan includes building resilience by supporting families where appropriate to remain together with the right support:
 - Expansion of the Family Group Conference Services will support families earlier and be a county wide provision.
 - Additional resources will be available for special guardianships.
 - The Social Work Academy will continue to drive best practice, develop and grow our social work workforce, to give our children, young people and their families continuity in practice, stability and a good Children's Services offer.
21. SEND Commissioning Strategy to consider the development of additional specialist placements to meet increasingly complex needs.
22. Redesign of the alternative provision school system and approach for children at risk of exclusion from school.
23. A review of Speech and Language and Mental Health support provided to children and schools to identify and respond to emerging needs; including a review of the neurodisability diagnostic pathway.

Over the past year the Children and Families Integrated Commissioning Hub has developed a dynamic commissioning model that responds to both the longer term strategic needs of the departments as well as emerging needs of the service and complex individuals. This approach has allowed innovation to take place supporting Gloucestershire County Council's aspiration for a Good Children's Service.

Annex 1.3: Economy, Environment & Infrastructure Commissioning Intentions 2020/21

Context

Work delivered across Economy, Environment & Infrastructure is fundamentally important to the successful delivery of sustainable economic growth. We ensure communities can connect with, access and use local services, enable the delivery of new housing and employment sites, create opportunities for innovation and support both inclusive growth and inward investment. The total budget for 2019/20 is £124.272 million.

Essentially we ensure places are effective and efficient. We do this by:

- Helping to plan and provide the infrastructure and services needed to support business growth, jobs and prosperity;
- Supporting people and communities to feel safe and empowered by creating a sense of place;
- Enabling people and communities to access essential services locally;
- Delivering opportunities for training, learning and upskilling to support inclusive growth;
- Providing choices for how people connect with and access places either by driving, walking, cycling or using passenger transport;
- Managing the municipal waste stream to Reduce, Reuse, Recycle and Recover waste; and
- Leading the strategy and actions to help address the climate emergency whilst building the resilience to adapt to climate change, protect homes and businesses in emergencies, and recover quickly when they happen.

We along with our partners are not only responsible for delivering today's services, but also designing those services and infrastructure requirements necessary to provide for and enable communities in the future. We engage and help implement a range of strategies including: the Joint Core Strategy, Local Industrial Strategy, Municipal Waste Management Strategy, Gloucestershire Energy Strategy, Digital Strategy, Air Quality & Health Strategy, Local Transport Plan and the Gloucestershire 2050 Vision.

Work at regional level is also of increasing importance as we build resilience into our economy and we will continue to work with colleagues in the Great Western Gateway and the Sub-national Transport Body.

Strategic Direction

Climate breakdown is the biggest threat we face, globally and locally. It is imperative we take responsibility and demonstrate leadership in taking action. In May 2019 a climate emergency was declared and as an authority we committed to reduce our carbon emissions by at least 80 per cent by 2030; with the remaining being offset, resulting in being a "net zero" organisation.

Our new Climate Change Strategy includes a range of actions we will need to act upon to ensure we reduce carbon emissions at the rate we have committed to. This includes reducing transport emissions through the ongoing roll out of Electric Vehicle (EV) infrastructure. This will support the viability of electric vehicles as a realistic alternative to fossil fuelled vehicles and help to stimulate their take up. We are also seeking to reduce emissions from our own fleet and use cleaner vehicles on public and school transport contracts.

The planning of places is critical to successful developments and sustainable living and we will continue to work with our partners to support the production of long-term growth plans. It is not just how a development looks and feels, but how it connects and functions with its neighbouring areas when accessing education, culture, training and employment opportunities. If this is considered early on it can have a long term positive impact on an individual's health and wellbeing, creating vibrant and resilient communities which are less dependent upon stretched public services.

Recent growth policies have focused on urban extensions. An issue with this approach is quite often the development allocation is too small to generate sufficient funding to pay for the infrastructure required by the site – i.e. schools and transport. The underfunding of infrastructure and services creates a vicious circle that undermines how places function, often resulting in accessibility issues with residents becoming reliant on using the car or isolated. This subsequently creates a further range of issues impacting how places function including congestion and poor air quality. We need to think how and influence where strategic housing and employment developments are located.

During 2020/21 a number of strategically important long-term planning visions need to be developed or implemented including: the Joint Core Strategy (Review), Local Plan refreshes, Local Transport Plan including new rail investment strategy, Joint Municipal Waste Strategy and the Local Industrial Strategy. It is rare for the stars to align in this way and we will have a pivotal role managing the collaborative working process across different organisations to achieve alignment between the various plans and strategies. If successful these strategies will drive the economy and growth for the next 30 years.

At a regional level we are taking the lead on a number of multi-authority bodies intended to increase the scale of investment in the region. The Great Western Gateway is a cross-border economic partnership between local authorities along the M4 and M5 corridors in England and Wales. It intended to attract new and developing industries and improve transport links. Gloucestershire is located on the apex of this alliance and provides the gateway from the midlands and north into the powerhouse. Strategic transport investment is also being pursued through both the Western Gateway and Midlands Connect Sub-National Transport Bodies.

Our priorities across Communities and Infrastructure are shaped by understanding and working across different timescales. Generally we need to plan for the community and economic needs of 2050, whilst making sure someone disposes of your waste and opens your library or registration office for business tomorrow morning.

Our commissioning strategy is to:

- Take a leading role on regional and sub-regional partnerships such as the Great Western Gateway to ensure that the importance of Gloucestershire is recognised on the national stage and receives the resources commensurate with its role and position.
- Build positive relationships with partners, contractors and communities to enable us to deliver and transform our core services.
- Integrate our local industrial, economic and environmental strategies, to work with Government and to make the case for Gloucestershire
- Provide leadership to tackle the big challenges of climate change, demographics, community safety, housing and transport, harnessing the power of smart technology and big data.

Needs analysis¹

Gloucestershire has a prosperous and resilient economy set within a highly attractive natural environment, which offers a high standard of living for local residents. The population of Gloucestershire was estimated to be around 617,200 in 2015. Assuming current population trends continue, ONS projections suggest that the population in Gloucestershire will reach 657,600 by 2024 and 714,000 by 2039. As the population continues to grow it brings with it an increased demand for services, jobs, houses and more, and opportunities for increased productivity and investment.

The dominating feature of population projections for 2014 to 2039 is the sharp increase in population in the age group 65 or over, which is projected to increase from 123,800 in 2014 to 206,300 in 2039 (an increase of 66.6%). The working age population (aged 20-64) in Gloucestershire is projected to rise by only 1.4% over the same period. This growth is slower than the national trend for this group and means that by 2039 the working population in Gloucestershire will have fallen from 57.1% of the population to 49.6% of the population.

¹ All information in this section is based on the Understanding Gloucestershire – 2017 document produced as part of the Joint Strategic Need Assessment.

Although Gloucestershire generally benefits from a high standard of living, this is not evenly distributed across the county, and pockets of deprivation do exist particularly in the main urban areas and in some of the market towns.

A strong economy is essential if we are to realise the potential that employment has to improve the health of the local population. Gross Value Added (GVA) is a measure of the value of goods and services produced in an economy and is the main indicator used to monitor the overall economic wellbeing of an area. The total GVA of the Gloucestershire economy was approximately £15.97 billion in 2015, representing 13% of the value of output in the South West and 1% of the UK economy. According to latest figures, GVA per head in Gloucestershire was £25,872, which was above the South West (£23,031) and UK average (£25,601).

There are around 28,295 businesses in the county supporting a workforce of approximately 289,400 people. The majority of the businesses in the county are small, with 89% employing less than 9 people; this reflects the picture at national level. Both manufacturing and health are significant sectors in terms of employment accounting for 14.1% and 12.1% of employment respectively. Other major sectors include public administration and defence (e.g. GCHQ), education, construction and retail. There is a positive entrepreneurial culture in Gloucestershire, businesses starting up have very high survival rates with 88.7% of businesses born in 2010 surviving 1 year and 44.8% surviving 5 years, this compares to a national average of 86.7% and 41.4% respectively.

Essential services are those necessary to ensure the full social inclusion of people in society. Gloucestershire has 3,326 miles of roads and over a quarter of a million households. Over 40,000 households are without a car or van to enable them to access essential services.

The county's natural environment is a valuable resource. The rural nature of the county is what attracts many residents to the area and facilitates access to open space improving health and wellbeing; however it can also create problems of accessibility and isolation. This can affect all parts of the population, and is a particular problem for people who rely on public transport and the elderly. Managing bus service provision and ensuring internet access is essential to keep communities joined up to local essential services.

Pollution poses a threat to the natural environment and the health of the population. Air quality in Gloucestershire is generally good; however there are Air Quality Management Areas (AQMA) in place in all districts with the exception of Stroud. Whilst vehicles are getting cleaner vehicle trips have increased and little progress has been made towards reducing emissions here over the past decade. The AQMA's are located in urban areas or in the case of the Cotswold's at the A417 Air Balloon major road junction; three AQMA's are located in areas of high deprivation, with studies showing that those who pollute the least are affected the most.

There is evidence that noise pollution can lead to a range of health problems including increased stress, strokes, high blood pressure and heart attacks. The county has low levels of population exposed to road, rail and air transport noise pollution both during the day (3.3% of the population) and at night (5.5% of the population). This is broadly in line with regional average and below the national average.

Climate change predictions suggest incidences of flooding will become more frequent and pressure to provide more new housing means new housing developments are being built on land vulnerable to flooding. In addition to increasing the frequency of flood events predictions also suggest climate change will mean the UK will experience hotter, drier summers and warmer, wetter winters alongside more extreme weather events with floods, storms and heat waves of greater severity and frequency.

In 2014 Gloucestershire's carbon dioxide emissions stood at 6.5 tonnes per capita, this was slightly higher than the regional and national totals of 5.8 and 6.0 tonnes per capita. Considerable work has been undertaken in recent years to reduce carbon dioxide emissions to mitigate the impact of climate change; this action has seen emissions in Gloucestershire fall from 8.6 tonnes per capita in 2005 to 6.5 tonnes in 2014. However, the forecast of 52,000 new homes in the county by 2031 coupled with employment growth may make it challenging to sustain the reduction in carbon emissions.

The disposal of waste is an important environmental issue due to the pressures created by the use of transport and landfill sites, which includes the emission of methane, carbon dioxide and other greenhouse gases. Approximately 1.2 million tonnes of waste is produced in Gloucestershire each year. The projected increase in population and continued economic development means this figure is likely to increase over the coming years. Completion of the Javelin Park Energy from Waste facility will significantly reduce the county's dependence on landfilling, whilst recovering value from waste in the form of electricity, recyclable metals, and aggregate. A countywide recycling rate of 54% remains above the national average of 44%

Meeting the Challenge

While continuing to seek service efficiencies and delivering our savings plan, we will invest in initiatives that support inclusive growth by engaging with people and delivering improvements in social infrastructure (homes, education, library services and, vocational skills). This will ensure place based and wider social care services that are fit for today and prepared for the future. Similarly, we will continue to support the Employment and Skills Board to provide the workforce of the future, while attracting and retaining employers.

There is a need for strong collaborative partnerships with the Local Planning Authorities and G.First LEP to ensure that infrastructure investment supports and enables planned housing and employment land. However, the scale of growth needs to be delivered in the context of reducing and mitigating the impacts of climate change and the delivery of council services; therefore in parallel with promoting growth our approach will need to include measures to more effectively influence consumer behaviour and manage future demand.

To support this we need to continue to invest in business case development for large strategic transport projects designed to enable growth by removing existing pinch points and separating strategic travel demand from local transport networks. The challenge of attracting government funding for these types of schemes is only going to be more competitive as we compete nationally for investment.

Looking Forward

The national landscape is experiencing profound change and uncertainty as the impacts of the UK's exit from the EU remains unclear. To mitigate the impacts at a local level we must provide leadership when working with our partners to ensure local infrastructure, environment and industrial strategies align and strengthen the case for investment in Gloucestershire.

We will continue to work with government to make the case for investing in Gloucestershire - sharing our best practice to make a positive difference, creating solutions, bidding/securing funding advising and advocating where needed. Our positive relationships with partners, contractors and communities are enabling us to deliver and transform our services targeting investment based on need.

Commissioning Intentions 2020/21

Highways

- Continue to maintain and operate the highway and Public Rights of Way networks effectively and efficiently
- Deliver year three of the £150m highway improvements pledge
- Deliver major transport projects to enable economic growth
- Deliver cycling infrastructure as part of a countywide strategic cycling network
- Continue to support apprentices through the delivery of the Highways Skills Academy
- Strengthen governance arrangements between council and contractors to optimise collaborative working practices, improve delivery performance and increase customer satisfaction.

Strategic Infrastructure

- Support the LEP with the finalisation & adoption of Local Industrial Strategy
- Influence Strategic Road Network & Rail Investment decisions
- Ensure Cyber Park transport schemes are delivered to time and to budget
- Support the review of Local Plans including the Joint Core Strategy
- Deliver Broadband to isolated properties through Fastershire project
- Finalise, adopt and implement the Minerals Local Plan review & embark on a review of the Waste Local Plan
- Ensure that development is sustainable by protecting the natural and historic environment
- Take a leading role in the challenge and review of Community Infrastructure Levy policies with the districts to ensure that income from developments for the provision of strategic infrastructure and transport to mitigate against the negative impacts of development is maintained at an adequate level

Community Infrastructure

- Lead development of the Climate Change Strategy and action plan
- Develop a plan to reduce emissions from our council fleet and procured transport services
- Deliver phase one of on-street Electric Vehicle charging infrastructure
- Create a 'one-stop-shop' Thinktravel web portal for all transport information in the county
- Invest in new parking zones, review on-street charges and introduce a new Parking Enforcement Contract
- Upgrade the existing Urban Traffic Control system for Cheltenham and Gloucester
- Implement the Cabinet decision on Phase 4 of the Cheltenham Transport Plan

Library and Registration Service

- Rollout open+ system to library buildings in order to enable greater customer access to council services
- Expand promotion and marketing of The Growth Hub @ The Library enabling economic growth through the creation of new Innovation Labs
- Expand digital services available through Libraries
- Introduce a new Library Management System giving an expanded customer offer
- Create a strong network between schools/businesses and communities to support digital growth via a network of innovation labs
- Introduce a Scheduled Marriage system and Civil Partnerships for Heterosexual couples
- Promote ceremony packages to customers

Waste Management

- Deliver the Energy from Waste Facility at Javelin Park
- Review Household Recycling Centres
- Review and renew the Gloucestershire Joint Municipal Waste Management Strategy
- Develop a new Resources and Waste Partnership to replace the Joint Waste Committee
- Continue to deliver waste prevention and communications campaigns

Skills and Employment

- Develop a Local Digital Skills Partnership to support the cyber and digital priorities within the Gloucestershire Local Industrial Strategy
- Deliver European Social Fund funded employment, skills and social inclusion projects
- Provide continued Adult Education support to families of high needs students
- Implement operational plans supporting the priorities of the Gloucestershire Employment and Skills Board

Annex 1.4: Gloucestershire Fire and Rescue Service (GFRS) Commissioning Intentions 2020/21

Context

As the Fire and Rescue Authority, Gloucestershire County Council has a legal duty to ensure that a highly effective Fire and Rescue Service is available to our communities at all times. The 2019/20 net revenue budget to run this service was £16.3m.

The Government outlines expectations of English Fire & Rescue Services through the Fire and Rescue National Framework for England. The key priorities set out in the Framework include:

- Identifying and assessing the full range of foreseeable fire and rescue related risks that Gloucestershire faces.
- Making appropriate provision for fire prevention and protection activities and response to fire and rescue related incidents.
- Collaborating with emergency services and other local and national partners to increase efficiency and effectiveness of service provision.
- Being accountable to the communities of Gloucestershire for the service we provide.
- Developing and maintaining a workforce that is resilient, skilled, flexible and diverse.

Locally, the direction is set by the Council Strategy 2019-2022 'Working with Communities and Localities'. The priorities include:

- Encouraging and extending the use of our fire stations as community hubs.
- Targeting community safety advice and support to 'at risk' groups.
- Further developing the innovative work of the Fire and Rescue Service in identifying vulnerable people and helping them to stay safe and well in their homes.

The Fire and Rescue Integrated Risk Management Plan (IRMP) 2018-21 is a statutory document outlining how we match our resources to risks within the county and detailing our objectives which are to:

- Increase the focus on prevention and protection initiatives.
- Explore, further develop and maximise opportunities to collaborate with partners and other stakeholders.
- Reconfigure and reform our Service.

The Fire and Rescue service will build on the recommendations from both the comprehensive audit carried out by Gloucestershire County Council and the recent inspection by Her Majesty's Inspectorate of Constabularies and Fire and Rescue Services (HMICFRS).

Needs Analysis

Our risk information comes from a variety of sources. Currently, the National Fire Chiefs Council are leading a project on identifying data sets that allow us to assess all of the risks to our county to ensure we have resources that can respond most effectively. We will review our data sources and ensure it informs our professional judgment when we decide on the most suitable protection, prevention and emergency response arrangements to put in place to maintain risk at an acceptable level.

What are the risks?

- Injury or death to residents and visitors
- Damage to property
- Disruption to business impacting on the economy of Gloucestershire
- Loss of built and / or natural heritage
- Social impact on communities
- Firefighter safety
- Loss of infrastructure
- Impact on our environment

Gloucestershire is a diverse county covering 2,653 square km and hosting a population of approximately 633,600.

The county is divided into six districts, City of Gloucester, Cheltenham, Forest of Dean, Tewkesbury, Cotswold and Stroud with the main urban centres being Gloucester and Cheltenham where approximately 40% of the county's population live.

It is an extremely attractive place to live and work, with many residents spread across a number of small market towns, villages and hamlets in areas surrounded by countryside.

Population growth remains steady and is predicted to rise by another 7.1% between 2016 and 2036. Gloucestershire is also predicted to have a higher than average number of over 65 year olds, rising by 30,500 to reach 160,200 by 2026. This increase in a higher risk group, coupled with the Government's desire to deliver 'personalised' services to the elderly will have a direct impact on the county's ability to support and deliver services, such as nursing and social care that support safe and independent living.

While the county has some wealthy areas, there are pockets of significant deprivation in Cheltenham and Gloucester with rural deprivation found in the Forest of Dean. There is a proven link between social deprivation and the occurrence of fire.

Over the last 10 years, population growth has been concentrated in the urban areas although there is now a growing tendency towards residential development in more rural locations.

There are a number of factors which contribute to the county's risk profile including:

- National Risk Assessment

The National Risk Assessment is intended to capture the range of emergencies that might have a major impact on all, or significant parts, of the UK. It provides a national picture of the risks we face and is designed to complement our local Community Risk Register. The driver for this work is the Civil Contingencies Act 2004, which defines the meaning of 'emergencies' and what duties and responsibilities are placed on us so that we can prepare for them. Risks covered in the assessment include: severe weather, pandemics, animal disease, major accidents and malicious attacks including cyber-attack and acts of terrorism.

- Local Community Risk Register

Our Local Community Risk Register looks at the likelihood and potential impact of a range of hazards occurring in specific areas. It is approved and published by our Local Resilience Forum (LRF), which includes representatives from local emergency services, public, private and voluntary organisations. In order to produce the Community Risk Register, the LRF use a combination of local knowledge about each risk, as well as guidance provided by central government drawn from the National Risk Assessment.

- Critical National Infrastructure

With its national resilience capability, the Service is part of the response to maintain critical infrastructure in the event of any of the identified risks becoming a reality. Joint working with utility companies and private businesses has been carried out with the LRF and Fire Safety Enforcement, to provide advice to promote business continuity and resilience.

- Severe Weather

As the devastating flood of 2007 demonstrated, communities in Gloucestershire are at risk from the on-going effects of climatic change. Plans to deal with these events are in place and reviewed on a regular basis.

Looking Forward

How the Service develops in the future will be influenced by many factors including the outcome of the HMICFRS report. Although the HMICFRS report has not yet been released, there are two areas of concern which we will be looking to strengthen, our protection strategy and improving the culture of the Service by embedding new values identifying acceptable behaviours.

Our long-term expectations are captured in the national fire vision which all fire and rescue services are endeavouring to attain. This includes:

- Developing and broadening our role and partnerships, modernising the response, prevention and protection service for the 21st century.
- Increasing our range of interventions, building on experience in delivering prevention work based on local needs and risks.
- Continuing to play key roles in enforcing fire safety, maintaining a sustainable fire service and recognising the need for a staff establishment sufficient to manage fire risk.
- Recruiting, retaining and developing a workforce that reflects the communities it serves and developing an inclusive culture which supports everyone to do their best.
- Endeavouring to be the partner of choice, working with others to shape our places, delivering increasing value for money and exemplifying effective joint working to meet local and national risks efficiently.

Delivering change

Our commissioning intentions for 2020/21 are:

- Continued implementation of the Gloucestershire Fire and Rescue Service Integrated Management Plan (2018-21).
- Responding to the outcomes of the HM Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) report.
- Delivering against the GFRS audit action plans.

Specific planned activities for 2020/21 include:

- Further developing and maximising opportunities to collaborate with partners and other stakeholders.
- Implementation of a new structure which will enable the reintroduction of 17 frontline and operationally critical support posts, including investment in corporate capacity for performance, data and project management. This will allow the service to respond to the outcomes of the HMICFRS report, audit and deliver on the priorities within the IRMP.
- A complete review of risk across the county in order to publish an up to date IRMP in 2021.
- Responding to the outcomes of the HMICFRS report including reviewing and implementing our protection strategy and improving the risk-based inspection programme in order to address concerns raised.
- The replacement of mobile data terminals (MDT's) on appliances. This will provide improved communications with the Fire Control Room at HQ and enable the incident commander to obtain premises and risk information for the incidents they attend.
- Updating the fire control room mobilising technology. The update will increase functionality, improve data capture and utilisation of resources.
- Undertaking a comprehensive review of the operational fleet to ensure that it meets current and future operational needs aligned to risk.
- Establishing and implementing an organisational development strategy to support the needs of our staff and future requirements of the service.
- Strengthening links with the wider County Council, particularly Corporate Services.
- Improving the culture of the Service by embedding GCC core values and behaviours.

Annex 1.5: Prevention, Wellbeing and Communities (PWC) Commissioning Intentions 2020/21

Context

The three domains of public health; health improvement; health protection and health care public health, became part of local government's public health function in 2013. Gloucestershire County Council has a statutory duty to promote the health of the Gloucestershire population, and responsibility for commissioning specific public health services, supported by a ring-fenced grant, which was extended to include new responsibilities for 0-5 year olds (health visiting) in 2015.

In 2016 the commissioning hubs were formed and the public health function was aligned with the commissioning function for the provision of support for people in vulnerable circumstances. This provision had previously been commissioned both under the auspices of Public Health targeted services and the Supporting People Strategy 2011 – 2015 as overseen by the Supporting People Partnership Board, made up of district councils, health, Probation and the Council.

The learning and experience gained through the implementation of the Settled, Secure and Safe Lives in Gloucestershire Policy has informed the Council's approach to working with people, communities and partners to ensure provision of support to people in vulnerable circumstances and commits the Council to:

- a joined up and complementary approach to respond to need, providing information and support for people to do more for themselves and their families;
- investing in community capacity to provide support where people live;
- reconnecting adults with their community;
- using intensive support to promote recovery and long term stability; and making a lasting difference and targeting specialist help on those with complex needs.

The one year spending review in September 2019 extended the ring fence on the public health grant for a further year until March 2021 and increased the budget (subject to consultation) by £473,000. In 2020/21, the public health grant available will be £24.103m. The allocation is based on a national formula linked to health inequality and health need. The Prevention, Wellbeing and Communities Hub also holds £9,681,710 commissioning budget for people in vulnerable circumstances and wider hub activities.

The public health grant is spent on activities whose main or primary purpose is to positively impact on the health and wellbeing of the local population, with the aim of reducing health inequalities in local communities.

Specifically, Gloucestershire County Council is required to deliver a number of mandated functions:

- appropriate access to sexual health services
- health protection assurance functions delegated from the Secretary of State
- ensuring NHS commissioners receive population public health advice (CCG core offer)
- the National Child Measurement Programme (NCMP)
- ensuring those eligible are invited to receive an NHS Health Check
- five mandated points of contact through the health visiting (0-5) service

The conditions of the public health grant also identify further requirements, such as improving outcomes from drug and alcohol treatment services and oral health promotion.

The remaining budget is to ensure provision for those that have poor life experiences creating vulnerabilities from which they may or may not recover. The gap in living well, between them and others, can be wide and difficult to close without help from those around them to resolve issues and build on their strengths. This investment funds services which help support individuals and families to aspire to and achieve independent living and social and economic resilience; and being part of and sustained by their community connections and relationships.

Strategic Direction

Nationally, the strategy for Public Health in England was laid out in the Government's White Paper *Healthy Lives, Healthy People* (2010). More recently the Prevention Green Paper *Advancing Our Health – Prevention in the 2020s* (2019) and the *NHS Long Term Plan* (2019) drive the strategic direction.

Locally, our system's strategic ambition is reflected in the vision presented in Gloucestershire's Health and Wellbeing Strategy: that "Gloucestershire is a place where everyone can live well, be healthy and thrive". This strategy has been refreshed during 2019 and continues to focus on tackling inequalities but also maximising the resources available from the Health and Wellbeing Board member organisations to tackle 'wicked issues' in our system.

Another key strategic driver is the Integrated Care System. *One Gloucestershire: Transforming Care, Transforming Communities*, describes the vision for how publically funded health and social care services can support a healthier Gloucestershire, that is socially and economically strong and vibrant, to achieve an improved and more sustainable health and care system. The PWC Hub will continue to play a key role in influencing the Integrated Care System and will participate in the development and delivery of the Long Term Plan, in particular leading its prevention and self-care plan through both the commissioning of services that contribute to the prevention of health and care needs and providing systems leadership on key societal health issues. In addition the emerging enabling work stream of population health management means that all the constituent organisations are working together to better understand the data and intelligence they hold, how this can be used to manage demand on the health and care system and therefore target preventative services.

Recent national strategic drivers to prevent the (repeat) risk of harm to people in vulnerable circumstances include:

- Ending Violence Against Women and Girls Strategy 2016 – 19; and impending legislation for domestic abuse – including provisions for male victims;
- Serious Violence Prevention Strategy 2018 – focusing on prevention and early intervention as one of the four main themes. This is also underpinned by guidance on public health approach to reducing violence;
- Rough Sleepers Strategy 2018 - The rough sleeping strategy sets out the government's vision for halving rough sleeping by 2022 and ending it by 2027;
- Homelessness Reduction Act 2017 - modifies and extends existing homelessness protection;
- Children Social Care Act 2017 – extension of duties for care leavers up to 25

The Prevention, Wellbeing and Communities Hub is undertaking a piece of work to review our 'ways of working' including how we are configured as a team and how we allocate our officer resource. As part of this we have agreed the following vision and approach to guide our commissioning and wider influencing and enabling roles.

Our Vision:

Helping to make Gloucestershire a place where everyone can be healthy, feel safe, and flourish.

Our Approach:

1. Influencing and enabling colleagues, partners and communities to embed prevention, and reduce health inequalities, through all we do
2. Learning from experience and promoting evidence-based change
3. Collaborating with communities and other stakeholders to make the most of all of Gloucestershire's assets
4. Creative commissioning that enables individuals and communities to act for themselves; building confidence, aspiration and resilience
5. Tackling the root causes of problems to develop more sustainable solutions
6. Balancing the allocation of resources with delivering improved quality and outcomes
7. Adopting a proportionate approach; being clear about where we can and where we should add value

The Prevention, Wellbeing and Communities Hub have identified the following principles to guide our commissioning intentions:

- We prioritise prevention, self-help/self-care and early intervention, with a view to improving health and wellbeing and changing demand for services;
- We take a strengths-based approach, to make the most of assets and resources within communities, help build community capacity and develop community safeguarding and resilience;
- We work to ensure the best start in life;
- We give equal weight to physical and mental health and wellbeing;
- We focus resources where the need is greatest, helping to address avoidable health inequalities; prevent health, social care and housing crises; reduce risk of harm; targeting the most vulnerable;
- We work across the County Council and the wider system, with health, social care, housing and other partners.

The Local Government Association has identified that investment in public health leads to reduced pressure on national and local government and the NHS, saving money that can be further invested in prevention and early intervention. This, in turn, through improved health and wellbeing and health equality, leads to further reductions in pressure on care services. Systematic primary prevention is critical to reduce the overall burden of disease in the population. It is estimated that 80% of cases of heart disease, stroke and type 2 diabetes, and 40% of cases of cancer could be avoided if common lifestyle risk factors were eliminated (WHO, 2005). Secondary prevention, involving detecting the early stages of disease and intervening before full symptoms develop (for example through the NHS Health Check programme) is often cost effective, and if implemented at scale, would rapidly have an impact on life expectancy (Kings Fund, 2013).

Needs Analysis

The Joint Strategic Needs Assessment (JSNA) is a strategic planning tool that brings together the latest information on the health and wellbeing of people who live in Gloucestershire and people who use Gloucestershire public services and underpins the Health and Wellbeing Board's Strategy. It tells us that overall Gloucestershire is one of the healthiest counties in England. Health outcomes are above the national average and deaths from the major diseases like cancer, heart disease and strokes are below the national average and falling.

However the picture in Gloucestershire is not perfect. There are areas of Gloucestershire where residents experience poorer health than the England average. Additionally, the health of people living in Gloucestershire has not been improving over time as seen in other parts of the country. Although life expectancy at 65 years of age is better in Gloucestershire than the rest of England, it is not improving in line with the national trends for life expectancy, especially for females. The age to which men in Gloucestershire can expect to live with good health has been declining since 2010. This, coupled with the fact we have an ageing population, presents our biggest challenge.

The three leading causes of death in Gloucestershire are cancer (26%), circulatory disease (28%) and respiratory disease (15%). However, there are differences across the districts of Gloucestershire. For example, residents of Cotswold district have significantly lower mortality rates than the rest of the county for all three causes of death, whilst residents of Gloucester city have a significantly higher mortality rate for respiratory disease.

Lifestyle factors such as smoking, poor nutrition, physical inactivity and alcohol misuse are important contributors to most preventable diseases. Unless we take early action to support individuals, families and communities to take steps to improve their own health and wellbeing now, we will not be able to resource the increases in people with ongoing care needs in the future.

Through the improved co-ordination of services and monitoring of targeted services we have been able to identify a cohort of people in vulnerable circumstances with entrenched behaviours resulting from historic and/or long term adverse experiences. We have observed how this group often move in and out of services; have high level of involvement of health and the Police, and those who repeatedly fail to sustain accommodation due to their very high and complex needs. A co-ordinated partnership response to this evidence has resulted in attracting additional investment to jointly commission a person led and outcomes based response to better meet the needs of this cohort. We continue to explore in partnership opportunities to design and commission a model that could meet shared objectives of managing demand across the wider health, social care and housing system with a targeted focus on prevention and community capacity building.

Meeting the Challenge 2019/20

Public health savings were realised in 2017/18 and 2018/19 from the recommissioned adult drug and alcohol and healthy lifestyles services and two major change projects in the reshaping of sexual health services and the public health nursing service (health visiting and school nursing). Further savings were made from the healthy lifestyles service in 2018/19. These programmes will continue to deliver savings during 2019/20.

These major recommissioning projects make up a significant portion of the allocated public health grant and, in 2019/20, the team's focus will continue the shift from recommissioning and remodelling activity to overseeing the implementation of new services, the 'core business' activity of contract management and developing the systems leadership role of public health and prevention, for example, working with the police to lead our local approach to addressing Adverse Childhood Experiences (ACEs) and implementing a whole systems approach to obesity prevention building on our learning as partners in the national whole systems obesity programme. This learning will also be applied to other agendas including the development of an oral health promotion strategy and supporting the implementation of Gloucestershire Moves, the countywide approach to improving physical activity levels, led by Active Gloucestershire.

Savings in the wider hub's commissioning activity have been realised through the continued reshaping of services that shifts towards developing more flexible, generic services that will help the programme to adapt to shifts in the pattern of needs; with a reduced reliance on accommodation-based services.

Looking Forward

The public health grant allocation is a ring-fenced grant and the expectation is that it will be fully spent. However, the Comprehensive Spending Review (CSR) in 2015 brought about a reduction in the public health grant over the four-year period to 2019/20. Whilst the four major public health recommissioning projects were completed during 2019/20, further reductions will need to be met through the review of individual elements of spend in 2020/21 and will continue to focus on the PwC Hubs influencing and knowledge management and decision-making support roles. Helping people to stay healthy and live independently for longer and ensuring children have the best start in life are major contributors to reducing cost pressures in the medium and longer term. As such, our prevention activity plays a key role in supporting the Council Strategy and therefore the commissioning intentions of other parts of Gloucestershire County Council, including children's and adult social care, as well as the wider system.

Contract arrangements for Community Based Support (CBS) and Accommodation Based Support (ABS) end dates have been aligned so that we can remodel and retender the entire provision of ABS and CBS to take a 'whole system approach' to develop those services and pathways that enable independent living and prevent homelessness. Savings will be realised during the programme through reductions in community based support in line with utilisation and reduce capacity of accommodation based support in line with demand. This will be undertaken in parallel with key partners regarding the opportunities to align investment and models to achieve shared outcomes and objectives.

Delivering Change

Our commissioning intentions for 2020/21 are:

1. Deliver mandated functions:
 - NHS Health Checks, Sexual Health, National Child Measurement Programme, Health Protection, Core Offer to the CCG & Health Visiting service
2. Deliver our driving change projects:

- Establishment of multi-purchaser, multi provider pseudo framework for Community and Accommodation Based Support services (CABS).
- 3. Engage and influence partners to improve the public's health and ensure support for people in vulnerable circumstances and the building and harnessing of communities' capacity
- 4. Develop and embed health and wellbeing in GCC business

Specific planned activities for 2020/21 include:

1. Delivering our mandated functions:
 - NHS Health Checks –monitor the more targeted approach to the delivery of NHS Health Checks via GP practices
 - Sexual Health –monitor the reshaped sexual health service
 - National Child Measurement Programme
 - Health Protection functions
 - Core Offer to the CCG – supporting the implementation, monitoring and evaluation of initiatives delivered as part of the shadow integrated care system
 - Health Visiting service – embed the reshaped public health nursing service
2. Deliver our driving change projects:
 - Continue to embed the integrated healthy lifestyles service including the implementation of targeted lifestyle support to pregnant women and young children (first 1001 days), the development of a healthy workplace accreditation scheme and rolling out the schools based peer support programme aiming to build resilience and reduce the uptake of 'risky' behaviours including smoking, drug taking and gambling. We will continue to offer Making Every Contact Count (MECC) and health coaching training. We are also undertaking a review of the overall adult weight management offer (including CCG commissioned elements) with a view to improving the offer to meet wider needs.
 - Embed the re-commissioned Public Health Enhanced Services (PHES) from General Practices and community pharmacy, including a more targeted approach to delivering the NHS Health Checks programme and strengthening sexual health and contraception services in Primary Care to support access for those who will no longer be seen in the Specialist Service.
 - Work with the CCG to explore the opportunities arising from the introduction of Primary Care Networks for the delivery of Public Health Enhanced Services (PHES) in general practice (covering sexual health and contraceptive services; smoking cessation; and NHS Health Checks). Recommission PHES services from community pharmacy to secure continuity of service from April 2021.
 - Embed the Maternity Contraception pilot in mainstream commissioning; enabling vulnerable women to access contraception postnatally as part of the maternity pathway.
 - Recommission the Sexual Health: prevention service ('Developmental Services') focused on the provision of behaviour change and health education interventions for groups at risk of poor sexual health.
 - Implement and evaluate the community based (tier 2) children's weight management services (joint commissioning activity with GCCG).
 - Implement the new contract for the Pupil Wellbeing Survey (formally Online Pupil Survey) and support the delivery of the survey in 2020.
 - Continue to work with the Children and Families Hub and the CCG to scope out a health and care model for children and young people aged 0-19.

- Implementation and mobilisation of call off contracts from community and accommodation based support framework.
- Consolidate the changes made to drug and alcohol recovery services in 2017, with a particular focus on ensuring that there is a coordinated harm reduction offer and a clear pathway for those with co-existing substance misuse and mental health conditions.
- Work with the Education Hub to review the Gloucestershire Healthy Living and Learning offer.
- Review our breastfeeding support offer, incorporating the outputs from the Breastfeeding Social Marketing project (October 2019 - September 2020).
- Review the services available across the county that support people who self-harm or are at risk of self-harming to align commissioning and ensure efficiency.

3. Engage and influence partners to improve the public's health.

- Actively working with the Clinical Commissioning Group and other partners to support the implementation of the NHS Long Term Plan including steps to embed prevention and to reduce health inequalities.
- Support the implementation of the new Health and Wellbeing Strategy.
- Work with community organisations to develop innovative approaches to addressing health inequalities in key population groups.
- Continue to work across the system to implement a whole systems approach to reducing obesity.
- Continue to support the implementation and evaluation of 'We Can Move' (formerly Gloucestershire Moves) countywide physical activity programme.
- Supporting the development and implementation of Gloucestershire Moves – Gloucestershire's programme to promote active lifestyles.
- Supporting the Health and Wellbeing Board as it seeks to embed our approach to Adverse Childhood Experiences (ACEs) and how an ACEs informed approach should be taken forward in Gloucestershire.
- Lead the implementation of the countywide oral health promotion strategy and plan.
- Work with our regional and national partners, such as Public Health England and the Association of Directors of Public Health, to support delivery of the national agenda to promote mental wellbeing and prevent suicide.
- Support the development of the ICS staff health and wellbeing agenda via the ICS OD delivery group.
- Implementation and mobilisation of call off contracts from Domestic abuse multi purchaser and provider framework.
- Continue to work across the system to implement our whole systems approach to supporting people in vulnerable circumstances.
- Support the Children and Families Hub and wider agencies, to deliver a Gloucestershire strategy for children and young people, underpinned by a collaborative governance framework.

4. Develop and embed health and wellbeing in GCC business:

- Build on the feedback from the 2018 LGA Peer Review of Prevention to co-ordinate and develop the community offer across the whole care sector. Working within prevention and early intervention elements of the operating model and being cognisant of how the system works and how changes to the community offer can affect demand elsewhere.
- Further develop our growing influence on the wider determinants of health, specifically planning policy and the planning of new housing developments and the development and delivery of the Local Industrial Strategy.
- Continue to support implementation of GCC's workplace health and wellbeing plan.

Annex 2 – Budget Movements by Service Area

2020/21 Adults Budget including the National Adult Social Care Levy

	Cost Increases	Cost Reductions
	£000	£000
Approved MTFS 2019/20 Budget		136,677
Removal of 2019/20 One Off Budget Increase		-
Additional Ring Fenced Grant Funding now rolled into Base Budget		8,260
Agreed Service Budget Transfers		1,654
Starting Budget (2019/20 Revised Budget)		<u>146,591</u>

Budget Changes:

Cost Increases

Pay Inflation	712
National Living Wage Inflation (Providers)	2,060
Bed Based & Community Based Inflationary Assumptions	1,926
Demand pressures linked to demographic growth	4,975
LD Transforming Care Programme	917
Adult Safeguarding	269

Cost Reductions

Adult Single Programme: supporting the strategic direction of keeping people safe and independence, ideally within their own home.	-4,799
Continuing supporting prevention to delay and avoid more expensive care support and supporting the integration of Health and Social Care to deliver positive outcome for individuals. There are continued targets to manage future demand expanding the model of reablement, working in a multi-disciplinary way and also investing in social care to avoid crisis. As well as listening to our service users and improving the customer journey through the three tier conversation at the frontline of adult services.	

Funding Changes

Removal of one-off initiatives funded from Social Care Grant in 2019/20. This grant is now within the base budget and used to fund ongoing pressures in 2020/21.	-2161
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TOTAL NET CHANGE	8,698	-4,799	3,899
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2020/21 Adults Budget including National Adult Social Care Levy

150,490

2020/21 Children and Families Budget - Vulnerable Children

	Cost Increases £000	Cost Reductions £000	£000
<u>Budget Changes:</u>			
Approved MTFS 2019/20 Budget			84,194
Additional Ring Fenced Grant Funding now rolled into Base Budget			2,161
Removal of 2019/20 One Off Budget Increase			-2,390
Agreed Service Budget Transfers			3,730
Starting Budget (2019/20 Revised Budget)			87,695
<u>Cost Increases</u>			
Pay Inflation (2%)	724		
External Agency Placement Budget	4,894		
Child Protection Conference Chairs	180		
Fostering/Adoption/SGO & Child Arrangement Allowances	241		
SGOs - Increased Numbers	349		
Fostering - In House Fostering Service - Staff	838		
Over recruitment of ASYEs (newly qualified social workers)	406		
Family Group conferencing	150		
Contact Centre	52		
Social Work Academy (incl. apprentices)	608		
Social Work Capacity	1,642		
Social work not paperwork - ICT support	185		
Young People's expenses	500		
S17 and discretionary payments	550		
Legal Costs	100		
Vulnerable Children's Reserve	2,000		
<u>One off Cost Increases</u>			
Agency Social Workers -One Off Expenditure	1,356		
Interim Commissioning /Operational Staff -One Off Expenditure	282		
One off investment in the provision of Youth services (£1,000 for each member)	53		
One off investment in the provision of WIFI for Care Leavers	20		
One off investment in the provision of driving lessons for Care Leavers	20		
One off investment to tackle Holiday Hunger	30		
<u>Funding Changes</u>			
Removal of one-off initiatives funded from Social Care Grant in 2019/20. This grant is now within the base budget and used to fund on-going pressures in 2020/21.		-2,161	
<u>Cost Reductions</u>			
Reduction in the number of Child Arrangement Orders		-20	
TOTAL NET CHANGE	13,019	-20	12,999
Children & Families - Vulnerable Children Budget 2020/21			100,694

2020/21 Children and Families Budget - Other Services

	Cost Increases £000	Cost Reductions £000	Cost £000
Approved MTFS 2019/20 Budget			19,715
Removal of 2019/20 One Off Budget Increase			-
Agreed Service Budget Transfers			-3,245
Starting Budget (2019/20 Revised Budget)			<u>16,470</u>
<u>Budget Changes:</u>			
<u>Cost Increases</u>			
Pay Inflation (2%)	189		
Home to School Transport Inflation	111		
Post 16 Education Plan	109		
Supporting children with SEND	332		
Diverting children from statutory services through early help	89		
Home to school transport	162		
School capital programme project management capacity	44		
Education Business Support	33		
Early Years - Improving Outcomes for children	917		
Early Years - Additional Capacity to Improve Outcomes	65		
<u>Cost Reductions</u>			
Pensions			-150
Reduce the budget on an assessment of the reduction in no of pensioners & spouses-based on age and trends to be at risk.			
Home to School Transport			-150
Reduce bespoke travel arrangements through independent travel training, increased vehicle capacity to Special Schools (including use of buses and bus stops) & the use of individual Personal Travel Allowances for CYP with complex needs.			
Schools and Early Years			-250
Reduce capacity for intervention and support for maintained schools			
TOTAL NET CHANGE	2,051	-550	1,501
Children & Families - Other Services Budget 2020/21			<u>17,971</u>

* This budget excludes the ringfenced Dedicated Schools Grant (DSG).

2020/21 Economy, Environment and Infrastructure Budget

	Cost Increases	Cost Reductions	
	£000	£000	£000
Approved MTFS 2019/20 Budget			65,570
Removal of 2019/20 One Off Budget Increase			-55
Agreed Service Budget Transfers			-315
Starting Budget (2019/20 Revised Budget)			65,200
<u>Budget Changes:</u>			
Cost Increases			
Pay Inflation (2%)	305		
NLW Inflation (Providers)	6		
Contract Inflation	2,465		
Smart Places and Signals Engineer/Traffic Signals Maintenance	100		
Joint Core Strategy Annual Membership	60		
Climate change and energy strategy development	188		
EE&I Structure change to deliver GCC's growth agenda	609		
Specialist technical advice to planning applications	75		
Revenue costs associated with C&I Capital Bids	7		
Railway Partnership	150		
Community Maintenance Gang	415		
Additional budget support to Think Travel Co-ordinator	15		
One Off Cost Increases			
Railway Station Investment	50		
Climate Action Fund	1,000		
Business Case Development fund for grant applications	2,000		
Ash Die Back investigation & targeted action	500		
ITU – Air Quality and School travel	60		
Utilities and Road Works Permits	50		
Additional one off contribution of £15,000 per member for the Highways Local Scheme (£100,000 of which is to be funded as part of the Capital Programme)			695
Footways- One off study in mobility barriers for People with a Disability	30		
One off Investment in Bus Shelter Improvements	50		
One Off Investment to Traffic Regulation Order Fund	50		
One Off Investment to increase grants to community libraries	20		
Cost Reductions			
Re-procurement of the Garden Waste Treatment Contract	-500		
Capitalise Highways Local funding	-400		
Highways cost recovery	-100		
Cost recovery from transport modelling	-20		
Libraries - Adjustment of pattern of opening hours and staff efficiency savings	-150		
Registration Services - review fees and charges	-69		
Review Food Waste Agreements payments to WCAs.	-175		
Inflationary increase in Parking and Street Works charges	-133		
TOTAL NET CHANGE	8,900	-1,547	7,353
Economy, Environment and Infrastructure			72,553

2020/21 Prevention & Wellbeing Budget

	Cost Increases	Cost Reductions
	£000	£000
Approved MTFS 2019/20 Budget		33,082
Removal of 2019/20 One Off Budget Increase		-100
Agreed Service Budget Transfers		-765
Starting Budget (2019/20 Revised Budget)		<u>32,217</u>

Budget Changes:

Cost Increases

Supporting People - Pay Inflation	9
Supporting People - NLW Providers / Contract Inflation	371
Cost pressures in Sexual health, substance misuse and a shortfall in early years funding	2,002
Public Health - Staffing Costs	54
One off investment in prevention of period poverty	10
One off additional investment to provide Suicide Prevention Training	50

Cost Reductions

Public Health & Other Prevention Activities

Identify efficiencies in health improvement services and through the re-commissioning of the self-harm helpline. -147

Supporting People

Identify efficiencies through the recommissioning of the community and accommodation based support services contracts to meet local need. -180

TOTAL NET CHANGE

2,496 -327 2,169

Prevention & Wellbeing Budget 2020/21

34,386

2020/21 Gloucestershire Fire & Rescue Service and Regulatory Services

	Cost Increases £000	Cost Reductions £000	£000
Approved MTFS 2019/20 Budget			18,235
Removal of 2019/20 One Off Budget Increase			-
Agreed Service Budget Transfers			89
Starting Budget (2019/20 Revised Budget)			<u>18,324</u>
<u>Budget Changes:</u>			
<u>Cost Increases</u>			
Pay Inflation	306		
Fire pension schemes employer contribution increases	125		
Reintroduction of frontline critical posts	716		
SkillZONE - subsidised travel for key stage 2 and 3 children	48		
<u>Cost Reductions</u>			
TOTAL NET CHANGE	1,195	-	1,195
Gloucestershire Fire & Rescue Service & Regulatory Services Budget 2020/21			<u>19,519</u>

2020/21 Corporate Resources Budget

	Cost Increases	Cost Reductions	
	£000	£000	£000
Approved MTFS 2019/20 Budget			30,919
Removal of 2019/20 One Off Budget Increase			-
Agreed Service Budget Transfers			1,573
Starting Budget (2019/20 Revised Budget)			<u>32,492</u>
<u>Budget Changes:</u>			
<u>Cost Increases</u>			
Pay Inflation (2%)	537		
AMPS			
Revenue Costs of Accommodation Developments	200		
Increased Utility Costs	101		
Rates increase for 2021	90		
Increased Car Parking Costs	170		
Trevone multi-agency children's facility revenue running costs	156		
One Off Cost Increases			
Print contract set up costs one off mobilisation/demobilisation	130		
ICT			
Increasing in-house core ICT capabilities & aligning to service needs	150		
L&D to ensure that GCC is able to use the new ICT toolset effectively	50		
Critical Core Systems Upgrade	276		
One Off Cost Increases			
Increasing in-house core ICT capabilities & aligning to service needs	525		
L&D to ensure that GCC is able to use the new ICT toolset effectively	50		
Developing & procuring the right ICT service for the future	1,000		
Upgrading remote sites connectivity (previously called 'standardised unified communications service offerings')	60		
BSC			
One Off Cost Increases			
Consultancy to support the SAP review	75		
HR			
One Off Cost Increases			
New proactive work to improve wellbeing in the workplace	100		
Developing workforce skills & agile working - inv in L&D	100		
Pay & grading phase 2-review job redesign, job structure & JE	70		
Planning, Performance & Change			
Increased demand for data & performance support for CSC & ASC	189		
Democratic Services			
Support for expanded for new scrutiny arrangements	44		
Webcasting facilities for Cabinet Suite at request of members	9		
Legal Services			
Additional Child Protection Legal resource	346		
Cost Reductions			
Efficiencies/additional Income across all support services	-704		
Commercial Approach - Additional interest income generated by having a more diverse investment portfolio	-700		
Additional income from Quayside House phase one	-350		
ICT Savings from WAN upgrade	-100		
TOTAL NET CHANGE	4,428	-1,854	2,574
Corporate Resources Budget 2020/21			<u>35,066</u>

2020/21 Technical and Countywide Budget

	Cost Increases	Cost Reductions	
	£000	£000	£000
Approved MTFS 2019/20 Budget			41,269
Removal of 2019/20 One Off Budget Increase			-558
Agreed Service Budget Transfers			-2,721
Starting Budget (2019/20 Revised Budget)			<u>37,990</u>
<u>Budget Changes:</u>			
<u>Cost Increases</u>			
Pay Inflation (2%)	20		
MRP - Highways	920		
MRP - Cheltenham School	22		
<u>Cost Reductions</u>			
<u>Customer - Property Disposals</u>			
Revenue savings generated from the utilisation of the proceeds of property disposals to reduce debt and/or support financing of the capital programme			-950
One off budget saving from Treasury Management as a result of a £10 million early payment of pension contributions			-498
TOTAL NET CHANGE	962	-1,448	-486
Technical and Countywide Budget 2020/21			<u>37,504</u>

Annex 3 – Budget Summary by Service Area

Medium Term Financial Strategy – 2020/21 Budget – Overall Summary

	2019/20 Employee Related Budget	2019/20 Non - Employee Expenditure Budget	2019/20 Gross Expenditure Budget	2019/20 Income	2019/20 MTFS Base Budget	Pay Inflation Costs	Cost Increases	Cost Reductions	Proposed 2020/21 Budget	Cash Increase / Decrease	Percentage Increase / Decrease
Budget Area	£'000's	£'000s	£'000s	£'000s	£'000s	£'000	£'000	£'000	£'000	£'000	%
Adults	36,648	145,061	181,709	-35,118	146,591	712	7,986	-4,799	150,490	3,899	2.7%
Vulnerable Children	37,901	50,369	88,270	-575	87,695	724	12,295	-20	100,694	12,999	14.8%
Other Children Services	9,331	8,026	17,357	-887	16,470	189	1,862	-550	17,971	1,501	9.1%
Economy, Environment & Infrastructure	15,434	65,084	80,518	-15,318	65,200	305	8,595	-1,547	72,553	7,353	11.3%
Prevention & Wellbeing	2,071	30,246	32,317	-100	32,217	63	2,433	-327	34,386	2,169	6.7%
GFRS & Regulatory Services	15,432	3,511	18,943	-619	18,324	306	889	-	19,519	1,195	6.5%
Corporate Resources	24,070	15,556	39,626	-7,134	32,492	537	3,891	-1,854	35,066	2,574	7.9%
Technical and Countywide	10,056	30,470	40,526	-2,536	37,990	20	942	-1,448	37,504	-	486
Total Budget	150,943	348,323	499,266	-62,287	436,979	2,856	38,893	-10,545	468,183	31,204	7.1%

- The split of the 2020/21 proposed budget to employee and non employee budget areas is estimated based on initial plans, however this is subject to further change when these initiatives have been developed further.

Adults MTFS 2020/21

	2019/20 Employee Related Budget	2019/20 Non - Employee Expenditure Budget	2019/20 Gross Expenditure Budget	2019/20 Income	2019/20 Revised MTFS Base Budget	Pay Inflation Cost Cost Increases Reductions	Proposed 2020/21 Budget	2020/21 Proposed Employee Related Budget	2020/21 Proposed Non - Employee Expenditure Budget	2020/21 Proposed Gross Expenditure Budget	2020/21 Proposed Income Budget	2020/21 Proposed MTFS Budget		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
Budget Area														
Services for Older People	15,985	61,240	77,225	-22,455	54,770	303	1,828	-2,108	54,793	16,288	60,960	77,248	-22,455	54,793
Services for People with Physical Disability	1,882	11,346	13,228	-1,574	11,654	37	624	-511	11,804	1,919	11,459	13,378	-1,574	11,804
Services for People with a Learning Disability	6,540	55,332	61,872	-10,024	51,848	124	4,169	-2,180	53,961	6,664	57,321	63,985	-10,024	53,961
Services for People with Mental Health Issues	-	9,348	9,348	-	9,348	-	826	-	10,174	-	10,174	10,174	-	10,174
Community Equipment/Telecare	2,863	1,187	4,050	-250	3,800	55	83	-	3,938	2,918	1,270	4,188	-250	3,938
Adults Safeguarding	1,014	236	1,250	-60	1,190	20	296	-	1,506	1,303	263	1,566	-60	1,506
Carers Services	-	1,160	1,160	-	1,160	-	-	-	1,160	-	1,160	1,160	-	1,160
Occupational Therapy Service	-	2,279	2,279	-	2,279	-	54	-	2,333	-	2,333	2,333	-	2,333
Other Direct Services	2,517	774	3,291	-	3,291	48	-	-	3,339	2,565	774	3,339	-	3,339
Adults Management,Commissioning & Support Services	5,687	749	6,436	-755	5,681	125	106	-	5,912	5,812	855	6,667	-755	5,912
Funding for Allocation	160	1,410	1,570	-	1,570	-	-	-	1,570	160	1,410	1,570	-	1,570
Total: Adults	36,648	145,061	181,709	-35,118	146,591	712	7,986	-4,799	150,490	37,629	147,979	185,608	-35,118	150,490

Children & Families MTFS 2020/21

	2019/20 Employee Related Budget	2019/20 Non - Employee Expenditure Budget	2019/20 Gross Expenditure Budget	2019/20 Income	2019/20 Revised MTFS Base Budget	Pay Inflation Costs	Cost Increases	Cost Reductions	Proposed 2020/21 Budget	2020/21 Proposed Employee Related Budget	2020/21 Proposed Non - Employee Expenditure Budget	2020/21 Gross Expenditure Budget	2020/21 Proposed Income	2020/21 Proposed MTFS Budget
Budget Area	£000	£000	£000	£000	£'000	£000	£000	£000	£'000	£000's	£000's	£000's	£000's	£000's
Vulnerable Children	37,901	50,369	88,270	-575	87,695	724	12,295	-20	100,694	43,160	58,109	101,269	-575	100,694
Other Children Services	9,331	8,026	17,357	-887	16,470	189	1,862	-550	17,971	10,564	8,294	18,858	-887	17,971
Total: Children & Families	47,232	58,395	105,627	-1,462	104,165	913	14,157	-570	118,665	53,724	66,403	120,127	-1,462	118,665

Economy, Environment & Infrastructure MTFS 2020/21

	2019/20 Employee Related Budget	2019/20 Non - Employee Expenditure Budget	2019/20 Gross Expenditure Budget	2019/20 Income	2019/20 Revised MTFS Base Budget	Pay Inflation Costs	Cost Increases	Cost Reductions	Proposed 2020/21 Budget	2020/21 Proposed Employee Related Budget	2020/21 Proposed Non - Employee Expenditure Budget	2020/21 Gross Expenditure Budget	2020/21 Proposed Income	2020/21 Proposed MTFS Budget
Budget Area	£000	£000	£000	£000	£'000	£000	£000	£000	£'000	£000	£000	£000	£000	£'000
Community Infrastructure	755	10,457	11,212	-764	10,448	19	1,796	-	12,263	844	12,183	13,027	-	764
Libraries & Registration Services	4,967	789	5,756	-2,452	3,304	92	20	-219	3,197	4,909	809	5,718	-2,521	3,197
Adult Education	40	20	60	-60	-	-	-	-	-	40	20	60	-60	-
Highways	6,069	15,285	21,354	-2,568	18,786	72	2,467	-500	20,825	6,191	17,202	23,393	-2,568	20,825
Parking	278	1,898	2,176	-5,609	-3,433	5	275	-133	-3,286	283	2,173	2,456	-5,742	-3,286
Waste	825	31,879	32,704	-3,215	29,489	14	1,280	-675	30,108	839	32,484	33,323	-3,215	30,108
Strategic Infrastructure	1,732	3,130	4,862	-504	4,358	19	2,075	-20	6,432	1,751	5,205	6,956	-524	6,432
Flood Alleviation	291	1,025	1,316	-146	1,170	5	-	1,175	-	296	1,025	1,321	-146	1,175
EE&I Central Costs	477	601	1,078	-	1,078	79	682	-	1,839	1,165	674	1,839	-	1,839
Total: Economy Environment & Infrastructure	15,434	65,084	80,518	-15,318	65,200	305	8,595	-1,547	72,553	16,318	71,775	88,093	-15,540	72,553

Prevention & Wellbeing MTFS 2020/21

Budget Area	2019/20 Employee Related Budgets	2019/20 Non Employee Expenditure Budgets	2019/20 Gross Expenditure Budgets	2019/20 Income	2019/20 Revised MTFS Base Budget	Pay Inflation	Cost Increases	Cost Reductions	Proposed 2020/21 Budget	2020/21 Proposed Employee Related Budget	2020/21 Proposed Non - Employee Expenditure Budget	2020/21 Proposed Gross Expenditure Budget	2020/21 Proposed Income Budget	2020/21 Proposed MTFS Budget
	£000	£000	£000	£000	£'000	£000	£000	£000	£'000	£000	£000	£000	£000	£'000
Public Health - Ringfenced Grant (See below for Service Breakdown)	1,630	22,100	23,730	-100	23,630	54	2,052	-117	25,619	1,719	24,000	25,719	-100	25,619
Supporting People	49	7,922	7,971	-	7,971	1	371	-180	8,163	50	8,113	8,163	-	8,163
Other Prevention & Wellbeing Activities	392	224	616	-	616	8	10	-30	604	400	204	604	-	604
Total: Prevention & Wellbeing	2,071	30,246	32,317	-100	32,217	63	2,433	-327	34,386	2,169	32,317	34,486	-100	34,386

Public Health - Ring Fenced Grant 2020/21

Budget Area	2019/20 Employee Related Budget	2019/20 Non Employee Budget	2019/20 Gross Expenditure Budget	2019/20 Income	2019/20 Revised MTFS Base Budget	Pay Inflation	Cost Increases	Cost Reductions	Proposed 2020/21 Budget	2020/21 Proposed Employee Related Budget	2020/21 Proposed Non - Employee Expenditure Budget	2020/21 Proposed Gross Expenditure Budget	2020/21 Proposed Income Budget	2020/21 Proposed MTFS Budget
	£000	£000	£000	£000	£'000	£000	£000	£000	£'000	£000	£000	£000	£000	£'000
Sexual Health	-	3,475	3,475	-	3,475	-	172	-	3,647	-	3,647	3,647	-	3,647
Health Behaviours	-	1,942	1,942	-	1,942	-	-	-25	1,917	-	1,917	1,917	-	1,917
Drugs and Alcohol	-	5,932	5,932	-100	5,832	-	285	-10	6,107	35	6,172	6,207	-100	6,107
Children 0-19 (incl. Health Visiting & School Nursing)	-	9,287	9,287	-	9,287	-	1,545	-36	10,796	-	10,796	10,796	-	10,796
Public Mental Health	-	270	270	-	270	-	50	-20	300	-	300	300	-	300
NHS Health Checks	-	470	470	-	470	-	-	-	470	-	470	470	-	470
PH function incl. staffing and intelligence	1,630	724	2,354	-	2,354	54	-	-26	2,382	1,684	698	2,382	-	2,382
Total: Public Health	1,630	22,100	23,730	-100	23,630	54	2,052	-117	25,619	1,719	24,000	25,719	-100	25,619

GFRS & Regulatory Services MTFS 2020/21

	2019/20 Employee Related Budget	2019/20 Non - Employee Expenditure Budget	2019/20 Gross Expenditure Budget	2019/20 Income	2019/20 Revised MTFS Base Budget	Pay Cost Inflation Cost Increases Reductions	Proposed 2020/21 Budget	2020/21 Proposed Employee Related Budget	2020/21 Proposed Non - Employee Expenditure Budget	2020/21 Gross Expenditure Budget	2020/21 Proposed Income	2020/21 Proposed MTFS Budget
Budget Area												
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fire & Rescue Service	13,709	3,022	16,731	-388	16,343	272	889	-	17,504	14,822	3,070	17,892
Coroners	731	419	1,150	-	1,150	14	-	-	1,164	745	419	1,164
Trading Standards	992	70	1,062	-231	831	20	-	-	851	1,012	70	1,082
Total: GFRS & Regulatory Services	15,432	3,511	18,943	-619	18,324	306	889	-	19,519	16,579	3,559	20,138

Corporate Resources MTFS 2020/21

	2019/20 Employee Related Budget	2019/20 Non - Employee Expenditure Budget	2019/20 Gross Expenditure Budget	2019/20 Income	2019/20 Revised MTFS Base Budget	Pay Cost Inflation Cost Increases Reductions	Proposed 2020/21 Budget	2020/21 Proposed Employee Related Budget	2020/21 Proposed Non - Employee Expenditure Budget	2020/21 Gross Expenditure Budget	2020/21 Proposed Income	2020/21 Proposed MTFS Budget
Budget Area												
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Asset Management & Property Services	3,043	5,160	8,203	-2,919	5,284	60	847	-480	5,711	3,103	5,527	8,630
ICT	-1,101	10,673	9,572	-167	9,405	40	2,111	-135	11,421	-861	12,449	11,588
Strategic Procurement	809	88	897	-	897	16	-	-	913	825	88	913
Communications & Engagement	859	39	898	-90	808	17	-	-17	808	859	39	898
Head of Trading Services	544	-566	-22	-69	-91	11	-	-75	-155	555	-641	-86
Business Service Centre	2,702	-608	2,094	-714	1,380	53	75	-56	1,452	2,731	-565	2,166
HR & Occupational Health	3,340	330	3,670	-602	3,068	66	270	-33	3,371	3,457	516	3,973
Strategic Finance	2,556	-187	2,369	-34	2,335	50	-	-29	2,356	2,577	-187	2,390
Audit Shared Services	993	-94	899	-346	553	19	-	-6	566	1,012	-100	912
Pensions	1,009	65	1,074	-1,108	-34	20	-	-	-14	1,029	65	1,094
Strategic Planning, Performance & Change	2,512	-371	2,141	-169	1,972	49	189	-21	2,189	2,730	-372	2,358
Executive Support & Information	2,875	60	2,935	-234	2,701	55	-	-18	2,738	2,918	54	2,972
Archives	690	167	857	-213	644	13	-	-5	652	703	162	865
Democratic Services Unit	349	31	380	-101	279	7	53	-3	336	400	37	437
Legal Services	2,548	746	3,294	-288	3,006	50	346	-42	3,360	2,944	704	3,648
SHE Unit	264	-96	168	-80	88	5	-	-2	91	269	-98	171
Unallocated Budgets	78	119	197	-	197	6	-	-932	-729	-114	-615	-729
Total: Corporate Resources	24,070	15,556	39,626	-7,134	32,492	537	3,891	-1,854	35,066	25,137	17,063	42,200

Technical & Countywide MTFS 2020/21

Budget Area	2019/20 Employee Related Budget	2019/20 Non - Employee Expenditure Budget	2019/20 Gross Expenditure Budget	2019/20 Income Budget	2019/20 Revised MTFS Base Budget	Pay Inflation Costs	Cost Increases	Cost Reductions	Proposed 2020/21 Budget	2020/21 Proposed Employee Related Budget	2020/21 Proposed Non - Employee Expenditure Budget	2020/21 Gross Expenditure Budget	2020/21 Income Budget	2020/21 Proposed MTFS Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
County Council Contingencies	9,909	2,344	12,253	-	12,253	-	-	498	11,755	9,909	1,846	11,755	-	11,755
Corporately Controlled Budgets	-	1,646	1,646	-	1,646	-	-	-	1,646	-	1,646	1,646	-	1,646
Capital Financing & Interest Credits	-	25,285	25,285	-2,536	22,749	-	942	-950	22,741	-	25,277	25,277	-2,536	22,741
Members and Elections	147	1,195	1,342	-	1,342	20	-	-	1,362	167	1,195	1,362	-	1,362
Total: Technical & Countywide	10,056	30,470	40,526	-2,536	37,990	20	942	-1,448	37,504	10,076	29,964	40,040	-2,536	37,504

Context

The purpose of the Medium Term Financial Strategy (MTFS) is to give financial expression to the Council Strategy for the next three year period. The MTFS sets out the Council's high-level funded plan, for achieving its goals and priorities, balancing available financing and spending ambitions. It highlights the financial projections for financing, spending (revenue and capital), and reserves. The MTFS is prepared annually and covers the three year period 2020/21 to 2022/23. It links decisions on resource allocation with decisions on policy priorities as set out in the Council Strategy.

Principles

The principles underlying the MTFS are:

- Stable and sustainable budgets.
- Ensures resources are focused on the Council's highest priorities.
- Demonstrates value for money.
- Recognises risk and ensures an adequate level of financial protection against risk by maintaining a prudent, but not excessive, level of financial reserves.
- Secure understanding of sources of potential finance.
- Builds financial capacity for organisational change.
- Is flexible – to allow shifts in spending should circumstances change.
- Does not overburden the Council with future financial commitments, with a key aim being to continue to reduce debt over the period of the new MTFS, thereby releasing on-going debt related revenue savings.
- Aligns on-going financing resources with on-going spending commitments.

Budget Assumptions

The 2020/21 Budget and MTFS has been produced using the following assumptions

- Council tax will increase by 1.99%.
- The Adult Social Care Levy of 2% will be applied in 2020/21
- The pay increase of 2% plus any National Living Wage impact will apply to all Council employees (with the exception of Firefighters where current negotiations are on-going)
- Inflation – budgets will only be adjusted for inflation where there is a contractual commitment
- Fees and charges will be increased by 3% and any subsidies removed.
- External Borrowing will be repaid as it matures and no new external borrowing is anticipated during the lifetime of this MTFS
- A limited amount of central contingency will be held to cover potential risk of unachievable savings targets.

Annex 5: Reserves & Balances Analysis

Forecast of Projected Reserve Balances for 31st March 2020

Reserve Detail	Balance at 31st March 2019	Forecast Transfers Out 2019/20	Forecast Transfers In 2019/20	Forecast Balance at 31st March 2020	Notes
	£,000s	£,000s	£,000s	£,000s	
Earmarked Reserves					
Capital Fund	15,740	-5,387	2,204	12,557	1
Strategic Waste Reserve	40,858	-38,671	-	2,187	2
Transformation Reserve	5,612	-3,638	-	1,974	3
Invest to Save	2,278	-1,212	399	1,465	4
Insurance Fund	13,248	-	-	13,248	5
Active Communities	352	-200	-	152	6
Public Health	875	-875	-	-	7
County Elections	515	-	200	715	8
Fire Service Pensions	127	127	-	-	9
Fire Joint Training Centre	1,082	-45	-	1,037	10
Economic Stimulus Reserve	4,461	-2,688	-	1,773	11
Fire PFI Reserve - GFRS	3,540	-	195	3,735	12
Revenue Grant Reserves	20,702	-	-	20,702	13
Rates Retention Reserve	9,631	-4,517	-	5,114	14
Education Funding Risk Reserve	500	-200	-	300	15
Vulnerable Children Reserve	386	-386	1,000	1,000	16
Home to School Transport Reserve	164	-136	-	28	17
A417 Missing Link	2,926	-2,926	-	-	18
Adult Care	5,419	-2,053	-	3,366	19
Economy, Environment & Infrastructure Reserve	1,084	-646	-	438	20
Traded Services & Shared Audit Service Reserves	410	-225	-	185	21
LED Renewables Reserve	463	-110	212	565	22
Other Reserves	338	-50	-	288	23
Growing Our Communities	1,212	-574	-	638	24
People Services Reserve	-	-558	558	-	25
Minimum Wage Reserve	1,000	-	-	1,000	26
Highways Act - Commuted Sum Reserve	2,091	-	-	2,091	27
Earmarked Reserves (Non School)	135,014	-	65,224	4,768	74,558
Schools Related					
School Balances	19,062	-	-	19,062	28
Other Schools Related	18	-	-	18	28
Dedicated Schools Reserve	-817	-9,644	-	-10,461	28
School Related	18,263	-9,644	-	8,619	
Earmarked Reserves Total	153,277	-74,868	4,768	83,177	
General Fund Balances	18,520	-	-	18,520	29
Total Revenue Reserves	171,797	-74,868	4,768	101,697	
Earmarked Capital Reserves					
Capital Grant & Contributions Reserves	92,476	-	-	92,476	30
Capital Receipts Reserve	29,894	-	-	29,894	31
Total Capital Reserves	122,370	-	-	122,370	
Useable Reserves Total	294,167	-74,868	4,768	224,067	

Notes on Reserves

1. The capital fund balance assumes that £5.39 million will be used to fund approved capital programme expenditure during the year.
2. The strategic waste reserve's estimated balance as at 31st March 2020 is £2.19 million, following a proposed transfer of £38.67 million to meet contract payments due on construction /completion of the energy from waste project.
3. The transformation reserve was set up in 2009/10 to fund liabilities to pay for redundancy and one-off transformation costs associated with the MtC programme.
4. The invest to save reserve supports projects that are designed to deliver on-going savings in the future by providing "pump priming" funding. It is proposed that a transfer of £1.0 million will be made from this reserve to the vulnerable childrens reserve.
5. It is anticipated that the insurance fund will remain at current levels in line with recommended actuarial valuations and assessment of potential liabilities.
6. The purpose of the reserve is to provide capacity to engage and build active communities as part of the Council's Strategic Plan. Commitments against the reserve are likely to be spread over a number of years.
7. The public health reserve holds any unused balances from the Public Health Grant received by Government.
8. The county elections reserve acts as a smoothing reserve to fund the costs associated with county council elections held every four years. A budgeted annual contribution of £0.2 million is annually made to this fund.
9. The fire pensions reserve was established to support any potential liabilities under the fire service pension schemes. The cost of early retirements due to ill health result in additional employers' liabilities and the intention of this reserve is to offset any impact of these costs on the revenue budget if required. It is proposed to utilise this reserve to offset the additional costs incurred in year following increases in employer pension contribution rates applicable under the Fire Pension Scheme.
10. The fire joint training reserve acts as an equalisation fund to smooth out revenue implications over the course of the PFI contract. PFI credits are received within the early years of the contract and need to be held to fund anticipated costs in the later years of the contract. Reserve balances are now expected to slowly reduce for the remaining of the contract to 2028.
11. The economic stimulus reserve is committed to fund a series of initiatives to support economic growth within Gloucestershire i.e. fastershire rural broadband and apprenticeship initiative.
12. The fire PFI reserve acts as an equalisation fund to smooth out revenue implications over the course of the PFI contract. PFI credits are received within the early years of the contract and need to be held to fund anticipated costs in the later years of the contract. Reserve balances are therefore expected to peak in 2025, but then reduce over the next 13 years to zero in 2038.
13. The revenue grants reserve is a technical reserve established, as required under accounting policies, for specific unapplied revenue grants where conditions related to the grant have been fully met.

14. The Council receives part of its base funding through the Business Rates Retention system (BRR). As a result the Council is subject to volatility around Business Rate collections. To smooth this volatility this reserve was created to top up any deficits. This reserve is also used to manage the operation of the Business Rates Pool (and Pilot during 2018/19). Surplus cash generated, or deficits needing to be funded, are managed via this reserve to ensure that there is no in year impact on the Budget. Part of this reserve is ring fenced for economic development projects across the county, funded from surplus Pool money allocated to the Strategic Economic Development Fund, held by the Council on behalf of all Pool members. It is proposed to transfer £2.04m to support the 2019/20 revenue budget and a further £1.53 million in 2020/21.
15. The education funding smoothing reserve was established to finance any in-year funding adjustments made in relation to Academies. A proposal was agreed at Cabinet in Jan 19 to use this reserve balance to pump prime hubs in 2019/20. The seven primary Local Inclusion Clusters have produced proposals to deliver inclusion projects across their local areas. For example, Tewkesbury District Partnership will run a pilot project that will focus upon improving pupil wellbeing, achievement and attendance through support programmes targeted at identified mental health needs that are most prevalent for the vulnerable pupils within primary schools. The programme will provide training to build and develop local expertise in 'build happy hidden needs', focussing specifically on dealing with loss, handling emotions and hidden needs. The proposals are being evaluated in early Nov and will start before Christmas. It is anticipated that we will use £0.200m in this financial year, with the remainder being accessed in 2020/21.
16. The vulnerable children's reserve was established to cover the budgetary risks associated with the fluctuations in demand led Children Services, such as agency placements, fostering allowances, special guardianship and care allowances. It is proposed that as part of the 2020/21 revenue budget a transfer of an additional £2.0 million will be made to this reserve, in addition to a further £1.0 million transfer from the Invest to Save Reserve.
17. The home to school transport reserve was created in order to smooth out the budgetary pressures caused by the fluctuations in school transport days between financial years.
18. This reserve was established to support the upgrading of a section of the A417.
19. Adult care reserve was established to cover the budgetary risks associated with the fluctuations in demand led adult services.
20. This reserve was created to hold a number of small revenue carry forwards for Economy, Environment and Infrastructure services.
21. The traded services & shared audit reserve was created to support activities to generate further traded income.
22. This is the smoothing reserve for the repayment of the SALIX/SEELs repayments over 7 years.
23. This relates to a small number of specific reserves.
24. The Growing our Communities Reserve was established in 2018/19 to provide an annual contribution of £10,000 to each councillor to fund community based investments over a three year period (2018/19 to 2020/21).
25. Reserve was established in 2017/18 to mitigate volatility risk to the service budgets within Adult and Children Services.

26. Reserve was established in 2017/18 to mitigate volatility risk to the Adult Services budgets following Government changes to minimum wage legislation.
27. This Reserve holds Highways Act Commuted sums and will be used to support future years revenue costs.
28. It has been assumed that balances for Schools will remain at similar levels to those held at 31st March 2019. Following considerable funding pressures relating to the high needs services it is forecast that the Dedicated Schools Grant Reserve will be in a £10.5 million deficit at the end of 2019/20. A recovery plan is currently being developed and consulted with Schools Forum to rectify this position.
29. Assuming a balanced outturn position on the revenue budget for 2019/20 general reserves are forecast to remain at £18.55 million at 31 March 2020. In the event of an over spend position a draw down on general reserves will be required.
30. The capital grants & contributions reserve is a technical reserve established, as required under accounting policies, for specific unapplied capital grants & contributions where conditions related to the grant have been fully met. These fully committed funds will be used to support the capital programme from 2019/20 onwards.
31. The capital receipts reserve holds capital receipts which have been received from approved property disposals. These receipts are held to finance the approved capital programme.

Annex 6 Revenue Budget Forward Projections

MTFS 2020/21 – 2022/23 – Forecast draft budgets based on funding assumptions

	2020/21 Forecast £m	2021/22 Forecast £m	2022/23 Forecast £m
Base Budget	436.98	468.18	479.70
Pay Inflation	2.86	2.91	2.96
Other Pressures (Estimated)	38.89	27.14	19.99
One off Budget Adjustments		-7.41	0.00
Savings & Efficiencies	-10.55	-11.12	-10.00
Net Operating Budget	468.18	479.70	492.65
Funded by:-			
Core Grant Funding	-90.41	-89.67	-91.17
Other Non Ring Fenced Grant Funding	-36.37	-36.39	-36.39
Public Health Grant	-24.29	-24.30	-24.30
Council Tax Surplus	-2.12	-4.00	-4.00
Reserve Movements	-1.53	0.00	0.00
Council Tax Requirement	313.46	325.34	336.79
Council Tax Calculation			
Council Tax Base (Est) Council Tax Band D Equivalent)	233,000 £1,345.32	237,114 £1,372.09	240,671 £1,399.40
% Increase in Council Tax	3.99%	1.99%	1.99%

Capital Strategy 2020/21

Introduction

This capital strategy was introduced as a new requirement from 2019/20, giving a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.

Capital Expenditure and Financing

Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In local government, this includes spending on assets owned by other bodies and loans / grants to other bodies enabling them to buy assets. Subject to all Financial Regulations and Accounting Instructions, Directors have the authority to incur expenditure on schemes included in the capital programme approved by County Council.

Expenditure may not be incurred if it is contrary to, or not wholly in accordance with, the Policy Framework or approved Capital Programme. Variations and changes to approved capital schemes can be made in accordance with the Accounting Instructions.

In 2020/21 the Budget set for planned capital expenditure is £200.7 million (excluding PFI and lease liabilities) – planned capital expenditure for other financial years is summarised below. Total capital expenditure from PFI and Finance Leases totals £576.7 million in 2020/21. The Energy from Waste scheme became operational in 2019/20, and a change in accounting for operational leases results in these leases coming onto the Council's Balance sheet as well.

Table 1: Estimates of Capital Expenditure

Estimates of Capital Expenditure	2018/19 Actual £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m
General Fund services	93.235	110.317	200.668	40.059	7.678
PFI and Finance Leases	19.138	594.625	576.651	552.363	527.811
TOTAL	112.373	704.942	777.319	592.422	535.489

Governance:

For the majority of service areas service managers bid annually to include projects in the Council's capital programme. The Council's project appraisal process will be the methodology employed to evaluate schemes included in the MTFS. The elements are:

- Scheme description
- Fit against the Council's priorities
- Costs including whole life costs and scheme phasing
- Available funding and source
- Revenue consequences
- Risk assessment
- VAT issues
- Planning and site issues
- Target dates

Analysis of existing approved schemes is carried out during the MTFS setting process to identify all “non-committed” schemes. Where necessary these will be re-prioritised against other priority schemes awaiting approval. Capital resources will also be made available to deliver schemes that meet the Council’s “invest to save” criteria.

All Highways related projects, with a few limited exceptions, are subjected to a mathematical assessment process applicable to the area of the service involved. The exceptions are the allocations that are set aside for reactive works which relates to urgent work necessary to keep the network in a safe and operational state, Community Offer where the Council matches contributions from the community and low cost minor works where we react on a local basis to needs.

The Council has a statutory obligation to ensure there are sufficient local school places available across the County. The capital and grant funding it receives is prioritised against schemes which have been identified to meet forecast growth (basic need) in areas where additional places are required and where the condition of the school’s infrastructure needs updating and replacing. Annual monitoring of pupils forecasts and housing, together with annual inspections of school sites ensures the information is up to date to inform planning and capital allocation decisions. The Council has produced a School Places Strategy document (2018-23). This strategy, which was approved by Cabinet in December 2018, is a key framework document for the Council in considering any statutory proposals for changes to school organisation including the commissioning of new schools and will inform future capital investment priorities.

The final capital programme is presented to Cabinet in January and to County Council in February each year. Full details of the Council’s current capital programme can be found in the MTFS.

Financing Capital Expenditure

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council’s own internal resources (revenue, reserves and capital receipts) or debt (including internal borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

Table 2: Financing the Capital Programme

Capital Financing	2018/19 Actual £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m
External Sources	63.990	72.278	123.188	5.965	0.043
Internal Resources	19.245	26.054	50.832	21.177	7.635
Debt	10.000	11.985	26.648	12.917	0.000
Sub Total	93.235	110.317	200.668	40.059	7.678
PFI and Finance Leases	19.138	594.625	576.651	552.363	527.811
Total	112.373	704.942	777.319	592.422	535.489

Debt is only a temporary source of finance and is therefore replaced over time by other financing - loans must be repaid (usually from revenue which is known as the minimum revenue provision - MRP) and leased PFI assets are financed via lease payments. Alternatively, proceeds from selling capital assets (known as capital receipts) may be

used to replace debt finance. Planned MRP, PFI and lease payments to finance debt are as follows (there are no plans to use capital receipts in this way at the current time):

Table 3: Replacement of Debt Finance

	2018/19 Actual £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m
Minimum Revenue Provision	6.200	6.600	7.079	7.873	8.211
PFI and Finance Leases	0.688	10.438	24.474	24.288	24.552
Total	6.888	17.038	31.554	32.161	32.763

The significant increase in 2019/20 is due the impact of the lease for Javelin Park Energy from Waste scheme coming onto the Council's balance sheet from October 2019. This results in a first year lease liability of £9.8 million with a full year impact from 2020/21. The Council's full MRP statement is available within the Treasury Management Strategy, Annex 10 below.

The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP payments, annual lease payments and capital receipts (which are used to replace debt). Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 4: Capital Financing requirement

Capital Financing Requirement	2018/19 Actual £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m
General Fund services	286.051	291.436	311.004	316.049	307.838
PFI and Finance Leases	19.138	594.625	576.651	552.363	527.811
TOTAL CFR	305.188	886.061	887.655	868.411	835.648

The capital financing requirement for 2020/21 and subsequent years includes a £6.5m increase due to a technical change in the accounting for leases. In addition as mentioned previously, PFI and Finance Leases increased significantly due to Javelin Park Energy from Waste scheme coming onto the Councils Balance sheet.

Asset management:

To ensure that capital assets continue to be of long-term use, the Council has an asset management strategy in place. This document seeks to align the asset portfolio with the needs of the Council. The Council's asset management strategy is available on the Council's website.

Asset disposals:

When a capital asset is no longer needed, it may be sold and the proceeds, known as capital receipts, can be spent on new assets or used to repay debt. The Council is currently also permitted to spend capital receipts on service transformation projects – however the Council currently has no plans to use this flexibility in 2020/21. Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive £19.7 million of capital receipts in the coming financial year as follows:

Table 5: Capital Receipts

Capital receipts	2018/19 Actual £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m
Asset sales	8.455	12.200	19.675	11.795	6.963
Local Authority Mortgage Scheme	1.000	0.000	0.000	0.000	0.000
TOTAL	9.455	12.200	19.675	11.795	6.963

Flexible Use of Capital Receipts

Since 2016/17 new capital receipts can be used to fund the revenue costs of transformation projects designed to generate ongoing revenue savings in the delivery of public services and / or to transform service delivery in a way that reduces costs or demand for services in the future. This is in addition to normal use to repay debt or fund further capital spend. Plans for utilising capital receipts in this way need to be approved by County Council as part of the normal approval of the Capital Programme. The proposed budget 2020/21 does not anticipate the use of capital receipts in this way. However, given the expected size and scale of the transformation programme required to balance the budget over the coming years, it is likely the facility to use capital receipts in this flexible manner may be required in future.

Treasury Management

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

Due to decisions taken in the past, the Council currently has £269.8 million borrowing as at the end of March 2020 at an average interest rate of 4.76% and £242.6 million treasury investments at an average rate of 1.27%.

Borrowing strategy:

The Council is currently holding all new long term borrowing requirements internally. However, should the Council need to externalise this debt, take out new external debt or take short term debt for cash flow purposes the main objectives when borrowing will be to achieve a low but certain cost of finance, while retaining flexibility should plans change in future. These objectives are often conflicting and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.75%) and long-term fixed rate loans where the future cost is known but higher (currently 2.5 to 3.5%). For example, a 25 year fixed term loan would currently cost 3.24%.

Projected levels of the Council's total outstanding debt (which comprises borrowing and PFI liabilities) are shown below, compared with the capital financing requirement (see above).

Table 6: Gross Debt and the Capital Financing Requirement

Gross Debt and the Capital Financing Requirement	2018/19 Actual £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m
Debt (incl. Other Liabilities)	296.788	864.411	838.474	804.241	767.589
Capital Financing Requirement	305.188	886.061	887.655	868.411	835.648

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Council expects to comply with this in the medium term.

Liability benchmark:

To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing minimum level of borrowing required to keep investments at a minimum level. This benchmark is currently £21.1 million and is forecast to rise to £41.3 million over the next three years. In effect, this is saying that if we had no investment balances / surplus cash during 2019/20 the Council would only need borrowing of £21.1 million to support the capital programme. The reason the benchmark is increasing is due to the borrowing that the Council is planning to hold internally over the next few years.

Table 7: Borrowing and the Liability Benchmark

Borrowing and the Liability Benchmark	2018/19 Actual £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m
Outstanding borrowing	277.650	269.786	261.823	251.878	239.778
Liability benchmark	-48.649	21.136	46.904	49.549	41.257

The table shows that the Council expects to remain borrowed above its liability benchmark. This is because the Council has a large historic debt portfolio and, due to the high premiums that would be incurred on the early repayment of this debt, it is not currently feasible to reduce the level of borrowing. Any new debt requirements are currently held internally, reducing the cost of carry. This debt would only be externalised if it becomes uneconomical to hold it internally.

The purpose of the liability benchmark is to assist the Council when making decisions about affordability of the capital programme and the need to borrow in the future.

Affordable borrowing limit:

The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

Table 8: Authorised Limit and Operational Boundary for External Debt

Authorised limit and operational boundary	2018/19 Limit £m	2019/20 Limit £m	2020/21 Limit £m	2021/22 Limit £m	2022/23 Limit £m
Total Authorised Limit for External Debt and Other Liabilities	380.000	950.000	990.000	950.000	910.000
Split: External Debt	360.862	355.375	413.349	397.637	382.189
Other Liabilities	19.138	594.625	576.651	552.363	527.811
Total Operational Boundary for External Debt	360.000	930.000	970.000	930.000	890.000
Split: External Debt	340.862	335.375	393.349	377.637	362.189
Other Liabilities	19.138	594.625	576.651	552.363	527.811

The authorised limit and operational boundary for 2020/21 and subsequent years include a £6.5m increase due to a technical change in the accounting for leases. Further details on borrowing are available within the treasury management strategy at Annex 10 below. The Council's proposed capital programme will be contained within these affordable limits.

Treasury Investment strategy:

Treasury investments arise from receiving cash before it needs to be spent. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management however MHCLG guidance requires that a non treasury management Investment Strategy is maintained and can be included as part of the Treasury Management Strategy.

The Council's policy on treasury investments is to prioritise security and liquidity over yield that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss and maintain liquidity. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to enable a higher yield whilst still balancing the risk of loss against the risk of receiving returns below inflation.

Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice. Following the Motion agreed by Council in November 2019 the Council has developed and will implement a Responsible Investment Policy, which will rule out new investments in fossil fuel companies. As a result, a Treasury Policy amendment is included as Appendix C to the Treasury Management Strategy (Annex 10).

Table 9: Treasury Management Investments

Treasury Management Investments	2018/19 Actual £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m
Near-term investments	204.4	126.8	93.0	80.4	76.6
Longer-term investments	121.9	121.9	121.9	121.9	121.9
TOTAL	326.3	248.7	214.9	202.3	198.5

Further details on treasury investments are within the Treasury Management and Investment strategy, Annex 10.

Governance:

Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Section 151 Officer and staff, who must act in line with the treasury management strategy approved annually by Council in February. Regular reports on treasury management activity are presented to Audit and Governance Committee. The Audit and Governance Committee is responsible for scrutinising treasury management decisions.

Investments for Service Purposes

The Council can make investments to assist local public services; this could include making loans to local service providers, small businesses to promote economic growth and Council subsidiaries that provide services. In light of the public service objective, the Council is willing to take more risk than with treasury investments, however the objective is still for such investments to break even after all costs.

Governance:

Decisions on service investments are made by the relevant service manager in consultation with the Section 151 Officer and must meet the criteria and limits laid down in Accounting Regulations and the Treasury Management and Investment Strategy. Most loans and shares are capital expenditure and significant purchases will be approved as part of the capital programme.

Further details on service investments are within the Treasury Management and Investment Strategy, Annex 10.

Commercial Activities

With central government financial support for local public services declining, many local authorities have invested in commercial property for financial gain.

With financial return being the main objective, Council's will generally accept higher risk on commercial investment, in line with business cases, than it would for treasury investments. The principal risk exposures include gaps in rental income, falls in capital value, delays in occupation. Should the Council choose to pursue commercial activities; the risks will be managed in line with a comprehensive business case.

Governance:

Decisions on commercial investments will be made by the Section 151 Officer in line with the criteria and limits approved by full Council in the Treasury Management and Investment Strategy. Property and most other commercial investments are also capital expenditure and purchases will therefore also be approved as part of the capital programme.

Further details on commercial activities are within the Treasury Management and Investment Strategy, Annex 10.

Revenue Budget Implications

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans, lease payments and MRP payments are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants. The reason for the large increase in Table 10 below is the Waste contract liability and the impact of a technical change in the accounting for leases. Further details on the revenue implications of capital expenditure are within Annex 10 of the MTFS.

Table 10: Proportion of financing costs to net revenue stream

	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Proportion of Financing Costs to Net Revenue Stream	5.97%	10.51%	17.53%	17.22%	16.92%

Sustainability:

Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Section 151 Officer is satisfied that the proposed capital programme is prudent, affordable and sustainable because new schemes are robustly challenged through the capital bid process.

Knowledge and Skills

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. The Council pays for staff to study towards relevant professional qualifications.

Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers.

Asset valuations are co-ordinated internally by the Council's Valuation Service Team, with valuations carried out through a combination of the Council's internal valuers and, where necessary, external valuers (RICS qualified). The Valuation Service Team ensures all valuations are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Annex 8a

Capital Programme 2020/21

MEDIUM TERM CAPITAL PROGRAMME - COUNTY COUNCIL SERVICES FINANCING STATEMENT

	Profiled Budget					Total Still Required £000	Prior Years Actual £000	Total Scheme Investment £000
	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Future Years £000			
GROSS PAYMENTS								
Adults	7,637	15,851	0	0	0	23,488	7,519	31,007
Children & Families	22,245	73,670	14,497	0	0	110,412	49,479	159,891
Economy, Environment & Infrastructure :								
Highways	57,971	62,757	10,702	350	500	132,280	127,627	259,907
Strategic Infrastructure	2,144	3,969	3,784	507	426	10,830	8,423	19,253
Waste Disposal	830	328	253	0	0	1,411	574	1,985
Libraries	297	1,034	0	0	0	1,331	1,159	2,490
Fire & Rescue	1,281	1,657	1,550	1,543	0	6,031	894	6,925
Corporate Resources:								
AMPS	9,852	31,433	6,258	5,228	1,000	53,771	20,849	74,620
ICT Projects	6,586	8,457	2,235	50	50	17,378	6,665	24,043
Archives & Information Management	759	2	0	0	0	761	2,820	3,581
Customer	184	970	500	0	0	1,654	642	2,296
Corporate Resources Miscellaneous	531	540	280	0	0	1,351	0	1,351
Total	110,317	200,668	40,059	7,678	1,976	360,698	226,651	587,349
AVAILABLE RESOURCES								
Revenue Contributions	1,857	375	0	0	0	2,232		
Section 106 Contributions	4,546	4,412	236	0	0	9,194		
Capital Fund	3,231	8,658	2,639	1,894	766	17,188		
Other External Contributions	307	93	30	43	0	473		
External Grant - including Government	67,425	118,683	5,699	0	0	191,807		
Other Reserves	2,307	2,160	0	0	0	4,467		
Capital Receipts	18,659	39,639	18,538	5,741	1,210	83,787		
Internal Borrowing	11,985	26,648	12,917	0	0	51,550		
Other - including Borrowing	0	0	0	0	0	0		
Total	110,317	200,668	40,059	7,678	1,976	360,698		
Surplus/deficit (-)	0	0	0	0	0	0		

Capital Programme 2020/21		Total Scheme Budget										Financing for Total Scheme Budget									
Scheme Name	Total Scheme Budget £000	Prior Years Actuals £000		2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Future Years £000	Revenue Contrib £000	S106 External Contrib £000	Capital Fund £000	Other External Contrib £000	External Grant £000	Other Reserves £000	Capital Receipts £000	Internal Borrowing £000	Other incl. Borrowing £000	Total for Remaining Life £000	Prior Years Funding £000	Funding of budget total £000	
				2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Future Years £000													
Summary by service area																					
Adults	31,007	7,519	7,637	15,851	0	0	0	0	0	0	0	76	19,608	0	3,804	0	0	23,488	7,519	31,007	
Children & Families	159,891	49,479	22,245	37,670	14,497	0	0	0	1,114	4,978	1,501	0	86,888	0	931	15,000	0	110,412	49,479	159,891	
Highways	259,907	127,627	57,971	62,757	10,702	350	500	1,097	3,959	2,887	324	83,051	0	11,962	29,000	0	132,280	127,627	259,907		
Strategic Infrastructure	19,253	8,423	2,144	3,969	3,784	507	426	1	0	1,751	73	436	3,792	4,777	0	0	0	10,830	8,423	19,253	
Waste Disposal	1,985	574	830	328	253	0	0	0	0	0	0	0	0	581	830	0	0	1,411	574	1,985	
Libraries	2,490	1,159	297	1,034	0	0	0	0	247	0	0	25	0	1,059	0	0	1,331	1,159	2,490		
Fire & Rescue	6,925	894	1,281	1,657	1,550	1,543	0	0	0	246	0	149	81	5,555	0	0	6,031	894	6,925		
AMPS	74,620	20,849	9,852	31,433	6,258	5,228	1,000	0	10	4,886	0	1,649	2	39,674	7,550	0	53,771	20,849	74,620		
ICT Projects	24,043	6,665	6,586	8,457	2,235	50	50	0	0	5,896	0	1	0	11,481	0	0	17,378	6,665	24,043		
Archives & Information Management	3,581	2,820	759	2	0	0	0	20	0	1	0	0	11	729	0	0	761	2,820	3,581		
Customer	2,296	642	184	970	500	0	0	0	0	20	0	0	0	1,634	0	0	1,654	642	2,296		
Corporate Resources Miscellaneous	1,351	0	531	540	280	0	0	0	0	0	0	0	0	1,351	0	0	1,351	0	1,351		
Total Capital Programme	587,349	226,651	110,317	200,668	40,059	7,678	1,976	2,232	9,194	17,188	473	191,807	4,467	83,787	51,550	0	360,698	226,651	587,349		
Adults																					
ERIC Replacement	1,897	1,122	440	335	0	0	0	0	0	0	0	775	0	0	0	0	775	1,122	1,897		
Community Capacity Grant	1,527	0	0	1,527	0	0	0	0	0	0	0	1,527	0	0	0	0	1,527	0	1,527		
Supported Living Accommodation Fairford	730	0	15	715	0	0	0	0	0	0	0	730	0	0	0	0	730	0	730		
H.O.L.D. Scheme	654	122	0	532	0	0	0	0	0	0	0	532	0	0	0	0	532	122	654		
Transitions for Life	450	0	0	450	0	0	0	0	0	0	0	450	0	0	0	0	450	0	450		
Disabled Facilities Grant 18/19	7,256	4,147	3,109	0	0	0	0	0	0	0	0	3,109	0	0	0	0	3,109	4,147	7,256		
Community Capacity 19/20	750	0	0	750	0	0	0	0	0	0	0	0	0	750	0	0	750	0	750		
Disabled Facilities Grant 19/20	6,031	0	3,740	2,291	0	0	0	0	0	0	0	6,031	0	0	0	0	6,031	0	6,031		
Schemes under £250,000 19/20 onwards	2,632	2,128	333	171	0	0	0	0	0	0	0	76	424	0	4	0	504	2,128	2,632		
New Starts 2020/21 onwards																					
Market Management	3,050	0	0	3,050	0	0	0	0	0	0	0	0	0	0	3,050	0	0	3,050	0	3,050	
Disabled Facilities Grant 2020/21 (estimate)	6,030	0	0	6,030	0	0	0	0	0	0	0	6,030	0	0	0	0	6,030	0	6,030		
Total Adults	31,007	7,519	7,637	15,851	0	0	0	0	0	0	76	19,608	0	3,804	0	0	23,488	7,519	31,007		
Children & Families																					
Special Provision Fund 18/19 - 20/21	811	0	500	0	311	0	0	0	0	0	0	811	0	0	0	0	811	0	811		
High Needs Specialist Provision	588	0	0	588	0	0	0	0	0	0	0	588	0	0	0	0	588	0	588		
New SEMH Special School	7,500	0	500	6,500	500	0	0	0	0	0	0	7,500	0	0	0	0	7,500	0	7,500		
Balcarres School expansion	350	0	350	0	0	0	0	0	0	0	0	350	0	0	0	0	350	0	350		
Chipping Campden School Performing Arts	434	0	434	0	0	0	0	0	434	0	0	0	0	0	0	0	434	0	434		
Rednock School sports hall	285	0	285	0	0	0	0	0	285	0	0	0	0	0	0	0	285	0	285		
Pittville School expansion	325	0	325	0	0	0	0	0	0	0	0	325	0	0	0	0	325	0	325		
The Cotswold School expansion	3,500	0	300	3,200	0	0	0	0	0	0	0	3,500	0	0	0	0	3,500	0	3,500		
Winchcombe School expansion	2,000	0	250	1,750	0	0	0	0	119	0	0	1,881	0	0	0	0	2,000	0	2,000		
Barnwood Park School 1FE expansion	3,500	2,248	1,052	200	0	0	0	0	17	0	0	1,235	0	0	0	0	1,252	2,248	3,500		
New Secondary School, Cheltenham	30,000	183	760	20,140	8,917	0	0	0	0	0	0	14,817	0	0	0	15,000	0	29,817	183	30,000	
Cheltenham Secondary growth	700	0	0	700	0	0	0	0	0	0	0	700	0	0	0	0	700	0	700		
Basic Need Grant 2018/19	1,847	0	82	1,765	0	0	0	0	0	0	0	1,847	0	0	0	0	1,847	0	1,847		
Basic Need provision 18/19	799	0	300	499	0	0	0	0	0	0	0	799	0	0	0	0	799	0	799		
Healthy Pupils Capital Fund 18/19	409	0	0	409	0	0	0	0	0	0	0	409	0	0	0	0	409	0	409		
Basic Need Provision 19/20	1,230	0	300	930	0	0	0	0	0	0	0	1,230	0	0	0	0	1,230	0	1,230		
Feasibility 19/20	250	0	250	0	0	0	0	0	0	0	0	250	0	0	0	0	250	0	250		
Ashchurch Primary replace temps	751	27	386	300	38	0	0	0	230	0	0	494	0	0	0	0	724	27	751		
Bourton-on-the-Water Primary expansion	1,000	0	400	600	0	0	0	0	0	0	0	1,000	0	0	0	0	1,000	0	1,000		
Brockworth Primary Academy 1FE Expansion	1,000	444	500	56	0	0	0	0	0	0	0	556	0	0	0	0	556	444	1,000		
Cirencester Primary replace classrooms	1,915	203	1,400	260	52	0	0	0	0	0	0	1,712	0	0	0	0	1,712	203	1,915		
Parton Manor Junior additional classbase	300	17	250	33	0	0	0	0	0	0	0	283	0	0	0	0	283	17	300		
Fairford Primary 2 classrooms	3,438	1,324	1,900	214	0	0	0	0	47	0	0	2,067	0	0	0	0	2,114	1,324	3,438		

Capital Programme 2020/21		Total Scheme Budget										Financing for Total Scheme Budget										Total for Remaining Life		Prior Years Funding £000		Funding of budget total £000							
		Total Scheme Budget		Prior Years Actuals £000		2019/20 £000		2020/21 £000		2021/22 £000		2022/23 £000		Future Years £000		Revenue Contrib £000		S106 External Contrib £000		Capital Fund £000		Other External Contrib £000		External Grant £000		Other Reserves £000		Capital Receipts £000		Internal Borrowing £000		Other incl. Borrowing £000	
Scheme Name																																	
Innsworth Infant new reception classroom		483	161	304	18	0	0	0	0	10	0	0	0	0	312	0	0	0	0	0	0	0	0	0	0	322	161	483					
Warden Hill Primary expansion		5,503	0	50	3,000	2,453	0	0	0	0	0	0	0	0	5,503	0	0	0	0	0	0	0	0	0	0	5,503	0	5,503					
St. David's Primary expansion		1,500	6	40	1,000	454	0	0	0	0	1,194	0	0	0	300	0	0	0	0	0	0	0	0	0	0	1,494	6	1,500					
Prestbury St. Mary's Primary expansion		270	0	140	130	0	0	0	0	0	0	0	0	0	270	0	0	0	0	0	0	0	0	0	0	0	270	0	270				
Slimbridge Primary expansion		350	0	250	50	50	0	0	0	0	0	0	0	0	350	0	0	0	0	0	0	0	0	0	0	0	350	0	350				
The John Moore Primary expansion		2,100	6	1,068	1,000	26	0	0	0	0	1,194	0	0	0	900	0	0	0	0	0	0	0	0	0	0	2,094	6	2,100					
Winchcombe Abbey Primary expansion		1,500	0	200	1,300	0	0	0	0	0	0	0	0	0	1,500	0	0	0	0	0	0	0	0	0	0	0	1,500	0	1,500				
Leckhampton Primary expansion		4,217	187	1,400	2,513	117	0	0	0	32	0	0	0	0	3,998	0	0	0	0	0	0	0	0	0	0	0	4,030	187	4,217				
Hunts Grove, ICT/FFE		406	16	200	190	0	0	0	0	0	0	0	0	0	390	0	0	0	0	0	0	0	0	0	0	0	390	16	406				
Bishops Cleeve area primary places		8,000	0	250	6,250	1,500	0	0	0	0	0	0	0	0	8,000	0	0	0	0	0	0	0	0	0	0	0	8,000	0	8,000				
Tidenham area primary provision		1,500	0	0	1,500	0	0	0	0	0	0	0	0	0	1,500	0	0	0	0	0	0	0	0	0	0	0	1,500	0	1,500				
Winchcombe area primary provision		4,000	0	0	4,000	0	0	0	0	0	0	0	0	0	4,000	0	0	0	0	0	0	0	0	0	0	0	4,000	0	4,000				
Finlay Primary 1FE expansion		1,347	102	1,188	57	0	0	0	0	0	0	0	0	0	1,245	0	0	0	0	0	0	0	0	0	0	0	1,245	102	1,347				
Trevone House		2,802	0	1,052	1,750	0	0	0	0	671	0	1,200	0	0	0	0	931	0	0	0	0	0	0	0	0	0	2,802	0	2,802				
Capital Maintenance Programme 19/20		2,232	0	2,232	0	0	0	0	0	389	0	0	0	0	1,843	0	0	0	0	0	0	0	0	0	0	0	2,232	0	2,232				
Schemes under £250,000 19/20 onwards		49,608	44,555	3,347	1,627	79	0	0	0	12	1,458	301	0	0	3,282	0	0	0	0	0	0	0	0	0	0	5,053	44,555	49,608					
New Starts 2020/21 onwards																																	
Basic Need Grant 2020/21		6,441	0	0	6,441	0	0	0	0	0	0	0	0	0	6,441	0	0	0	0	0	0	0	0	0	0	0	6,441	0	6,441				
Schools Condition Allocation 2020/21 (Estimate)		4,700	0	0	4,700	0	0	0	0	0	0	0	0	0	4,700	0	0	0	0	0	0	0	0	0	0	0	4,700	0	4,700				
Total Children & Families		159,891	49,479	22,245	73,670	14,497	0	0	1,114	4,978	1,501	0	86,888	0	931	15,000	0	110,412	49,479	159,891													
Highways																																	
A4173 Safety Scheme		701	11	690	0	0	0	0	0	0	0	0	0	0	690	0	0	0	0	0	0	0	0	0	0	0	690	11	701				
Lydney Highway Strategy		1,305	415	890	0	0	0	0	0	0	0	0	0	0	890	0	0	0	0	0	0	0	0	0	0	0	890	415	1,305				
Highways Locals Capital 2019-20		455	0	455	0	0	0	0	0	0	0	0	0	0	0	0	0	0	455	0	0	0	0	0	0	0	0	0	455				
A38 Canal Bridges		4,500	0	1,200	3,300	0	0	0	0	0	0	0	0	0	4,500	0	0	0	0	0	0	0	0	0	0	0	4,500	0	4,500				
Gloucester South West Bypass - Llanthony		4,935	984	2,453	1,498	0	0	0	0	0	0	0	0	0	3,951	0	0	0	0	0	0	0	0	0	0	0	3,951	984	4,935				
Cross Keys Roundabout Improvements		3,997	635	3,167	195	0	0	0	0	0	0	0	0	0	3,362	0	0	0	0	0	0	0	0	0	0	0	3,362	635	3,997				
Cheltenham to Bishops Cleeve Cycle Track		747	220	244	283	0	0	0	0	527	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	747				
Honeybourne Cycle ext A40 Lansdown		400	50	150	200	0	0	0	0	290	0	0	0	0	60	0	0	0	0	0	0	0	0	0	0	0	0	0	0	400			
A419 Improvements (Stonehouse to M5)		5,155	1,468	3,651	36	0	0	0	0	0	0	0	0	0	3,687	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,687			
WCTIS - Highways LEP funding		2,495	30	2,465	0	0	0	0	0	0	0	0	0	0	2,465	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,495			
Arle Court - WCTIS Ph1		9,568	338	1,576	7,654	0	0	0	0	0	0	0	0	0	9,230	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9,568			
Junction 11 - WCTIS Ph2		4,757	277	0	4,480	0	0	0	0	0	0	0	0	0	4,480	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,757			
Gloucester to Quedgeley Canal Cycletrack		847	513	0	334	0	0	0	0	334	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	847			
A435 Bishops Cl' to Racecourse Capacity		1,034	105	400	529	0	0	0	0	929	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,034			
LED Streetlighting Major Project		23,924	17,760	1,355	2,100	2,709	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	23,924			
Concrete Column Replacement-LED Project		3,390	2,790	600	0	0	0	0	0	0	0	0	0	0	600	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,390		
Carriageways Unallocated 2019-20 Budget		2,067	0	2,067	0	0	0	0	0	0	0	0	0	0	2,067	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,067		
GIRR London Road Junction 2 TS-132		261	0	261	0	0	0	0	0	0	0	0	0	0	261	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	261		
Traffic Signals Unallocated		1,000	0	0	1,000	0	0	0	0	0	0	0	0	0	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,000		
Minor Works		2,602	0	2,602	0	0	0	0	0	55	0	0	0	0	2,547	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,602		
C'Ways - Class A Roads: Struct Maint		9,063	0	8,063	1,000	0	0	0	0	0	0	0	0	0	2,126	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9,063		
C'Ways - Class B Roads: Struct Maint		5,017	0	5,017	0	0	0	0	0	0	0	0	0	0	2,908	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,017		
C'ways - Class 3 Roads: Struct Maint		6,512	0	6,497	15	0	0	0	0	0	0	0	0	0	3,362	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6,512		
C'ways - Unclassified: Struct Maint		869	0	869	0	0	0	0	0	0	0	0	0	0	65	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	869		
Footways: Structural Maintenance	</td																																

Capital Programme 2020/21		Total Scheme Budget										Financing for Total Scheme Budget									
Scheme Name	Total Scheme Budget £000	Prior Years Actuals £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Future Years £000	Revenue Contrib £000	S106 External Contrib £000	Capital Fund £000	Other External Contrib £000	External Grant £000	Other Reserves £000	Capital Receipts £000	Internal Borrowing £000	Other incl. Borrowing £000	Total for Remaining Life £000	Prior Years Funding £000	Funding of budget total £000		
ICT Projects																					
ICT Strategy - Telephony	1,967	1,691	188	88	0	0	0	0	0	0	0	1	0	275	0	0	276	1,691	1,967		
ICT Strat - Network Strategy Upgrade	1,296	184	200	912	0	0	0	0	0	931	0	0	0	181	0	0	1,112	184	1,296		
ICT Strat - End User Device O/S	2,100	216	500	1,384	0	0	0	0	0	1,884	0	0	0	0	0	0	1,884	216	2,100		
Audio Visual Conferencing Eqt	280	23	92	165	0	0	0	0	0	0	0	0	0	257	0	0	257	23	280		
Secure WiFi Solution 2 All Council Sites	2,200	0	700	1,500	0	0	0	0	0	0	0	0	0	2,200	0	0	2,200	0	2,200		
Endpoint Devices Replacement	5,200	0	3,000	800	1,400	0	0	0	0	0	0	0	0	5,200	0	0	5,200	0	5,200		
Contact Centre solution enhancement	368	0	164	204	0	0	0	0	0	0	0	0	0	368	0	0	368	0	368		
Hware Refresh Unsupported Servers	272	0	272	0	0	0	0	0	0	0	0	0	0	272	0	0	272	0	272		
Windows Server 2008 upgrade	435	0	270	165	0	0	0	0	0	0	0	0	0	435	0	0	435	0	435		
Microsoft databases upgrade	367	0	139	228	0	0	0	0	0	0	0	0	0	367	0	0	367	0	367		
C&F ICT Systems Rationalisation	500	0	0	500	0	0	0	0	0	500	0	0	0	0	0	0	500	0	500		
Schemes under £250,000 19/20 onwards	5,889	4,551	1,061	277	0	0	0	0	0	472	0	0	0	866	0	0	1,338	4,551	5,889		
New Starts 2020/21 onwards																					
ICT critical and core systems upgrade	1,685	0	0	1,400	285	0	0	0	0	1,685	0	0	0	0	0	0	1,685	0	1,685		
ICT Cyclical Maintenance of peripheral Hardware	200	0	0	50	50	50	50	0	0	200	0	0	0	0	0	0	200	0	200		
ICT Capital - Library People's Network PC upgrade	224	0	0	224	0	0	0	0	0	224	0	0	0	0	0	0	224	0	224		
Upgrading remote site connectivity	1,060	0	0	560	500	0	0	0	0	0	0	0	0	1,060	0	0	1,060	0	1,060		
Total ICT Projects	24,043	6,665	6,586	8,457	2,235	50	50	0	0	5,896	0	1	0	11,481	0	0	17,378	6,665	24,043		
Archives & Information Management																					
Alvin Street Extension - For the Record	3,524	2,794	730	0	0	0	0	0	0	1	0	0	0	729	0	0	730	2,794	3,524		
Schemes under £250,000 19/20 onwards	57	26	29	2	0	0	0	20	0	0	0	0	11	0	0	0	31	26	57		
Total Archives & Information Management	3,581	2,820	759	2	0	0	0	20	0	1	0	0	11	729	0	0	761	2,820	3,581		
Customer																					
Digital Transformation Unallocated	1,450	0	0	950	500	0	0	0	0	0	0	0	0	1,450	0	0	1,450	0	1,450		
Schemes under £250,000 19/20 onwards	846	642	184	20	0	0	0	0	0	20	0	0	0	184	0	0	204	642	846		
Total Customer	2,296	642	184	970	500	0	0	0	0	20	0	0	0	1,634	0	0	1,654	642	2,296		
Corporate Resources Miscellaneous																					
Procure to Pay Digital Project	900	0	300	320	280	0	0	0	0	0	0	0	0	900	0	0	900	0	900		
Schemes under £250,000 19/20 onwards	451	0	231	220	0	0	0	0	0	0	0	0	0	451	0	0	451	0	451		
Total Corporate Resources Miscellaneous	1,351	0	531	540	280	0	0	0	0	0	0	0	0	1,351	0	0	1,351	0	1,351		

Annex 8b

Capital Programme New Schemes 2020/21 onwards funded from Reserves and Capital Receipts						
Scheme Name	Total Scheme Budget £000	2020/21 £000	2021/22 £000	2022/23+ £000	Scheme Description	
Economy, Environment & Infrastructure						
Coleford Flood Alleviation Scheme	350	0	20	330	179 properties at significantly reduced risk of flooding.	
Nailsworth Flood Alleviation Scheme	153	49	104	0	50 properties at significantly reduced risk of flooding.	
Pittville Flood Alleviation Scheme	450	0	0	450	70 properties at significantly reduced risk of flooding.	
Stroud Rural SuDS	120	0	30	90	Properties at significantly reduced risk of flooding across the Stroud Valleys. Additional benefits associated with biodiversity, sustainable farming practices, and public amenity.	
Bamfurlong replacement highway depot	4,629	1,730	2,899	0	Replacement site of highways depot delivering highway maintenance operations in Tewkesbury and Cheltenham.	
Strategic Transport Model	100	100	0	0	The GCC strategic traffic model requires updating every 5 years.	
Public Rights of Way capital works	750	150	150	450	Renewal of footbridges and bridlebridges on the County's extensive public rights of way network.	
A430 Metz Way, Gloucester – Highmast Replacement	687	75	612	0	Reduce the impact that the high mast lighting has on the environment, increase reliability of equipment and allow the implementation of LED Lighting.	
Life Expired Steel Lighting Columns	800	200	200	400	Asset replacement programme for "life expired" steel street lighting columns that have exceeded their useful service life.	
Highways Locals	100	100	0	0		
Economy, Environment & Infrastructure Total	8,139	2,404	4,015	1,720		
Asset Management & Property Services						
Corporate Property Condition Data works	4,150	2,010	1,080	1,060	Investment to address capital maintenance works and improve user accessibility	
Refurb & Reconfig County Offices Chelt	8,000	1,000	2,000	5,000	Substantial capital maintenance to ensure that the building is fit for purpose and meets statutory compliance.	
Social Care Service Remodelling	2,000	0	2,000	0	Remodelling of service - Children's Social Care	
Asset Management & Property Services Total	14,150	3,010	5,080	6,060		
ICT						
ICT critical and core systems upgrade	1,685	1,400	285	0	Ensure the council has a fit for purpose technology environment	
ICT Cyclical Maintenance of peripheral Hardware	200	50	50	100	Avoidable system outages and to provide an improved turnaround when outages do occur.	
ICT Capital - Library People's Network PC upgrade	224	224	0	0	Libraries provided with a strong technological infrastructure.	
Upgrading remote site connectivity	1,060	560	500	0	Provide a consistent end user experience to ALL SERVICE AREAS delivered by Standardised Unified Communications Service Offerings.	
ICT Total	3,169	2,234	835	100		
Adults						
Market Management	3,050	3,050	0	0		
Adults Total	3,050	3,050	0	0		
Total New Schemes 2020/21 onwards	28,508	10,698	9,930	7,880		

Schools Formula

<u>Schools and academies budget allocations before de-delegation</u>	<u>Units</u>	<u>Rate £</u>	<u>Primary £</u>	<u>Secondary £</u>	<u>Total £</u>	<u>% of delegated budget</u>
Pupil led Factors:						
Basic Entitlement Primary (Age Weighted Pupil Unit)	27,535	£2,874.97	136,660,287		136,660,287	36.5%
Basic Entitlement KS3 (Age Weighted Pupil Unit)	20,711	£4,043.27		83,740,232	83,740,232	22.4%
Basic Entitlement KS4 (Age Weighted Pupil Unit)	12,668	£4,589.69		58,142,176	58,142,176	15.5%
Total AWPU (October 2019 pupils)	80,914		136,660,287	141,882,408	278,542,695	74.4%
Deprivation Primary (FSM ever 6)	8,722	£563.52	4,915,126		9,915,476	2.6%
Deprivation Secondary (FSM ever 6)	6,097	£820.13		5,000,350		
Deprivation Primary (FSM)	6,192	£452.83	2,803,825		4,461,184	1.2%
Deprivation Secondary (FSM)	3,660	£452.83		1,657,360		
IDACI F Primary	4,169	£211.32	881,042		1,671,245	0.4%
IDACI F Secondary	2,618	£301.89		790,203		
IDACI E Primary	3,744	£251.57	941,860		1,892,647	0.5%
IDACI E Secondary	2,333	£407.55		950,787		
IDACI D Primary	1,893	£377.36	714,239		1,264,439	0.3%
IDACI D Secondary	1,022	£538.37		550,200		
IDACI C Primary	1,869	£407.55	761,764		1,408,442	0.4%
IDACI C Secondary	1,108	£583.65		646,678		
IDACI B Primary	2,291	£437.74	1,002,960		1,822,239	0.5%
IDACI B Secondary	1,303	£628.93		819,279		
IDACI A Primary	316	£603.77	190,493		357,088	0.1%
IDACI A Secondary	197	£845.28		166,596		
Prior Attainment (Y1-6 Early Years Foundation Stage Profile)	15,540	£1,071.70	16,654,253		27,118,489	7.2%
Prior Attainment (Y7 - Y11 LPA)	6,459	£1,620.13		10,464,236		
English as Additional Language (3 year EAL)	2,398	£538.37	1,291,092		1,785,957	0.5%
English as Additional Language (3 year EAL)	342	£1,449.06		494,865		
Mobility Primary	417	£880.50	366,847		404,231	0.1%
Mobility Secondary	30	£1,257.86		37,384		
Total Pupil Led delegations			167,183,788	163,460,344	330,644,132	88.3%
School Leds Factors:						
Lump Sum	246	£115,120	28,319,416			8.8%
Lump Sum	40	£115,120		4,604,783	32,924,199	0.0%
Sparsity	30	£26,164	606,792			0.2%
Sparsity	4	£68,025		178,793	785,584	0.0%
Total Other Formula factors			28,926,207	4,783,576	33,709,783	9.0%
Premises:						
Split Sites	3 schools @ £45,507.81 + £60.70 / pupil			162,685	162,685	0.0%
Rates	Currently based on 20/21 estimates + 19/20 adjustments			2,491,868	1,184,895	3,676,763
Exceptional Premises Factor - Rents	Based on 20/21 estimates			136,783	0	136,783
Total Premises			2,791,336	1,184,895	3,976,231	1.1%
Total budget allocations before MFG, minimum pupil funding uplift and de-delegation			198,901,332	169,428,815	368,330,147	98.4%

<u>Minimum Per Pupil Funding Uplift</u>			£	£	£
Additional funding due to minimum per pupil funding (primary pupils)	31	£3,750	1,456,103	1,456,103	0.4%
Additional funding due to minimum per pupil funding (Secondary schools with KS3 & KS4 pupils)	17	£5,000	3,894,202	3,894,202	1.0%
Additional funding due to minimum per pupil funding (Secondary schools with KS4 pupils only)	0	£5,300	0	0	0.0%
Total Minimum Pupil Funding Uplift			1,456,103	3,894,202	5,350,305
<u>Minimum Funding Guarantee</u>			£	£	£
MFG protections	1.84%		574,562	76,592	651,154
Total Minimum Funding Guarantee			574,562	76,592	651,154
Total budget allocations after MFG, Minimum Per Pupil Funding Uplift but before De-delegations			200,931,996	173,399,609	374,331,605
<u>Proposed de-delegation for maintained schools only (takes into account anticipated conversions by 6/1/20)</u>					
	Maintained Pupils	Rate £	Primary £	Secondary £	Total £
Targeted Intervention & Support Primary	35,659	£9.27	330,559		330,559
Targeted Intervention & Support Secondary	4,051	£0.00		0	0.1%
Union Facilities Primary	35,659	£3.05	108,760		108,760
October Pupil Increases (above threshold)	35,659	£8.32	296,683		296,683
Education Functions Primary (statutory duties previously covered by ESG general duties)	35,659	£5.00	178,295		178,295
Education Functions Secondary (statutory duties previously covered by ESG general duties)	4,051	£5.00		20,255	0.0%
Total de-delegation funds available to maintained schools		39,710		914,297	20,255
Total budget allocations after MFG, Minimum Per Pupil Funding Uplift and De-delegations			200,017,700	173,379,354	373,397,054
99.8%					

Annex 10

Treasury Management and Investment Strategy Statement
2020/21

Introduction

Treasury management is the management of the Council's cash flows, borrowing and investments and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

Investments held for service purposes or for commercial profit are considered within this Strategy as per MHCLG guidance.

External Context

Economic background

The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Council's treasury management strategy for 2020/21. The General Election has removed some uncertainty within the market, however following the expected Withdrawal Bill, uncertainties around the future trading relationship with the EU remain.

GDP growth rose by 0.4% in the third quarter of 2019 from -0.2% in the previous three months with the annual rate falling further below its trend rate to 1.1% from 1.2%. Services, construction and production added positively to growth, by 0.5%, 1.2% and 0.1% respectively, while agriculture recorded a fall of 0.1%. Looking ahead, the Bank of England's Monetary Policy Report (formerly the Quarterly Inflation Report) forecasts economic growth to pick up during 2020 as Brexit-related uncertainties dissipate and provide a boost to business investment helping GDP reach 1.6% in Q4 2020, 1.8% in Q4 2021 and 2.1% in Q4 2022.

The headline rate of UK Consumer Price Inflation remained the same in November 2019 at 1.5% year-on-year, the same as October 2019, however continuing to fall from highs of 2.1% in July and April 2019 as accommodation services and transport continued to contribute to a level of inflation below the BOE target of 2%. Labour market data continues to be positive. The ILO unemployment rate continues to hold at historic lows at 3.8%, its lowest level since 1975. The 3-month average annual growth rate for pay excluding bonuses rose to 3.5% in November 2019 providing some evidence that a shortage of labour is supporting wages. However, adjusting for inflation this means real wages were only up by 0.9% in October 2019 and only likely to have a moderate impact on household spending.

Domestic inflationary pressures have abated, as domestic gas and electricity price freezes have taken effect until 2020. The price of oil has fallen through the year, despite a rise in prices in December 2019. The limited inflationary pressure from real wages will likely keep inflation below the Bank of England target of 2%. The Bank of England maintained Bank Rate to 0.75% in November following a 7-2 vote by the Monetary Policy Committee. Despite keeping rates on hold, MPC members did confirm that if Brexit uncertainty drags on or global growth fails to recover, they are prepared to cut interest rates as required. Moreover, the downward revisions to some of the growth projections in the Monetary Policy Report suggest the Committee may now be less convinced of the need to increase rates even if there is a Brexit deal.

Credit Update

The recent Bank of England stress tests assessed all seven UK banking groups. The tests scenarios include deep simultaneous recessions in the UK and global economies that are more severe overall than the global financial crisis, combined with large falls in asset prices and a separate stress of misconduct costs. All seven banks passed the test on both a CET1 ratio and a leverage ratio basis. Major banks have steadily increased their capital for many years now. However, there are a number of shortcomings in the Bank of England's approach;

- timeliness as the results are over 11 months out of date when they are published, being based on end-2018 balance sheets;
- ringfencing, as the tests ignore the restrictions on transferring capital between ringfenced "retail" banks and non-ringfenced "investment" banks within the larger groups;
- coverage - the tests don't cover the full range of UK banks and building societies.

The Bank of England will seek to address some of these issues in 2020, when Virgin Money / Clydesdale will be added to the testing group and separate tests will be included for ringfenced banks.

Challenger banks (smaller and often recently established retail banks set up to compete with long established banks) hit the news headlines in 2019 with Metro Bank and TSB Bank both suffering adverse publicity and falling customer numbers.

Looking forward, the potential for a "no-deal" Brexit and / or a global recession remain the major risks facing banks and building societies in 2020/21 and a cautious approach to bank deposits remains advisable.

Interest Rate Forecast

The Council's treasury management adviser Arlingclose is forecasting that Bank Rate will remain at 0.75% until the end of 2022. The risks to this forecast are deemed to be significantly weighted to the downside given the continuing uncertainty about the final Brexit deal and the continuing global economic slowdown. The Bank of England, having previously indicated interest rates may need to rise if a Brexit agreement was reached, stated in its November Monetary Policy Report and its Bank Rate decision (7-2 vote to hold rates) that the MPC now believe this is less likely even in the event of a deal.

Gilt yields have risen but remain at low levels and only some very modest upward movement from current levels are expected based on Arlingclose's interest rate projections. The central case is for 10-year and 20-year gilt yields to rise to around 1.00% and 1.40% respectively over the time horizon, with broadly balanced risks to both the upside and downside. However, short-term volatility arising from both economic and political events over the period is a near certainty.

A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix A.

Local Context

At 31st March 2020 the Council's underlying need to borrow for capital purposes as measured by the Capital Financing Requirement (CFR) is £886.1 million, while usable reserves and working capital which are the underlying resources available for investment were £263.8 million. This is set out in further detail at Appendix B. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

The Council currently has £269.8 million of external borrowing, a £594.6 million lease liability (including PFI and the Waste liability) and £346.1 million (as at 15th November 2019) of internal investments. This is set out in further detail at Appendix B, and forecast changes in these sums are shown in the balance sheet analysis at Table 1 below.

The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing. CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Council expects to comply with this recommendation during 2020/21.

Table 1: Balance Sheet Summary and Forecast

Balance Sheet Summary	2018/19 Actual £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m
General Fund CFR	305.188	886.061	887.655	868.411	835.648
Less: Other debt liabilities	19.138	594.625	576.651	552.363	527.811
Loans CFR	286.051	291.436	311.004	316.049	307.838
Less: External borrowing	277.650	269.786	261.823	251.878	239.778
Internal (over) borrowing	8.401	21.650	49.181	64.171	68.060
Less: Usable reserves	294.200	223.300	223.600	226.000	226.100
Less: Working capital	40.500	40.500	40.500	40.500	40.500
(Investments) or New borrowing	(326.299)	(242.150)	(214.919)	(202.329)	(198.540)

Liability benchmark

To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated and presented in the Capital Strategy, showing the lowest risk level of borrowing. This benchmark is currently £21.1 million and is forecast to rise to £41.3 million over the next three years as the Council seeks to hold new capital borrowing requirements internally.

Borrowing Strategy

The total borrowing requirement at the end of 2019/20 is forecast to be £886.1 million (equivalent to the CFR). This is financed by historic external borrowing and a lease liability. The Council's aim is to both repay maturing debt and where possible some of the existing debt if opportunities to do this arise. The Council also considers new borrowing where it can be shown to be prudent and financial beneficial to do so. In 2019/20 £7.9 million maturing external debt was repaid with £8.0 million being forecast to be repaid in 2020/21.

The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

The Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely that in the event that the Council needed to borrow it would be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. Whilst such a strategy is most likely to be beneficial over the next 2-3 years as official interest rates remain low, it is unlikely to be sustained in the medium-term. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis.

In addition, the Council may borrow short-term loans (normally for up to one month) to cover unexpected cash flow shortages.

Sources of Borrowing and Portfolio Implications

The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board and any successor body
- UK local authorities
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except Gloucestershire Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local Council bond issues

In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback.

The Council has previously raised the majority of its long-term borrowing from the Public Works Loan Board, but it continues to investigate other sources of finance especially in light of the increase made to PWLB rates in October 2019, such as local Council loans and bank loans, that may be available at more favourable rates.

The UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject to approval by the s151 Officer.

The Council holds £33.050 million of Lender's Option Borrower's Option (LOBO) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBO's have options during 2020/21, however lenders are unlikely to exercise their options in the current low interest rate environment. The situation with these LOBOs will be kept under regular review and the Council will take the option to repay LOBO loans at no cost if it has the opportunity to do so. Previously a further £8.0 million of loans with Barclays were classified as LOBOs, however Barclays have now fixed the interest rates on these loans until maturity. These are now classified as fixed rate market loans.

Short-term and variable rate loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see Financial Derivatives section below).

Debt Rescheduling

The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Some bank lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall saving or reduction in risk..

Borrowing and rescheduling activity will be reported to the Audit and Governance Committee in the Annual Treasury Management Report, the Mid Year Report and any other treasury management reports presented to Audit & Governance Committee.

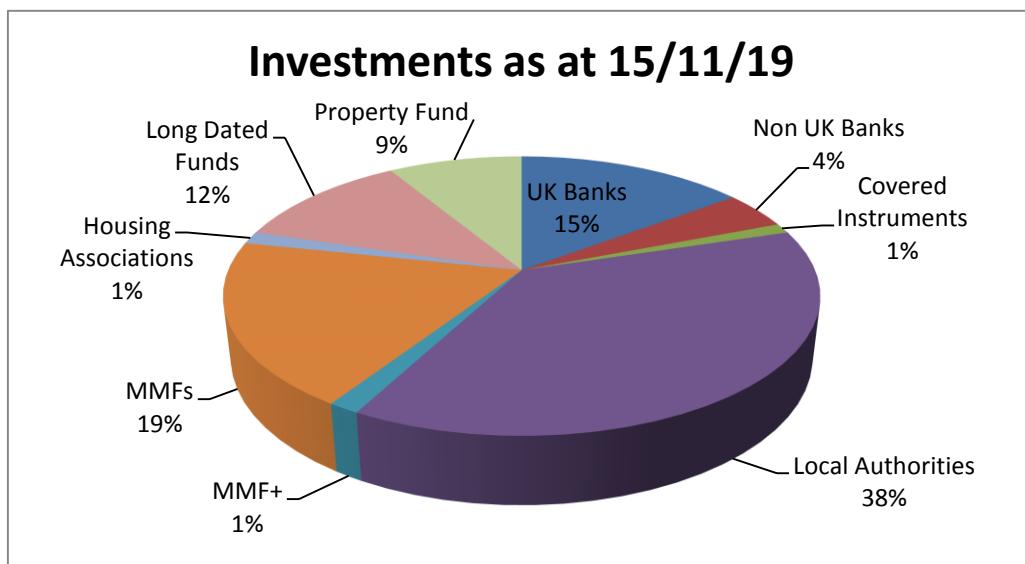
Treasury Investment Strategy

The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2019/20 the Council's internal investment balance has ranged between £309.0 million and £389.0 million. Balances are expected to start falling as the planned use of internal borrowing increases.

The CIPFA Code requires the Council to invest its funds prudently and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

If the UK enters into a recession in 2020/21, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Given the increasing risk and very low returns from short-term unsecured bank investments, the Council aims to continue its strategy of diversifying into more secure and / or higher yielding asset classes during 2020/21. This is especially the case for funds available for longer-term investment. The pie chart below shows how Councils surplus cash is currently invested.



Under the new IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

The Council may invest its surplus funds with any of the counterparty types in table 2 below, subject to the cash limits (per counterparty), the time limits shown and the Responsible Investment Policy (once developed).

Table 2: Approved Investment Counterparties

Credit rating	Banks unsecured	Banks Secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£15m 5 years	£30m 20 years	£30m 50 years	£15m 20 years	£15m 20 years
AA+	£15m 5 years	£30m 10 years	£30m 25 years	£15m 10 years	£15m 10 years
AA	£15m 4 years	£30m 5 years	£30m 15 years	£15m 5 years	£15m 10 years
AA-	£15m 3 years	£30m 4 years	£30m 10 years	£15m 4 years	£15m 10 years
A+	£15m 2 years	£30m 3 years	£30m 5 years	£15m 3 years	£15m 5 years
A	£15m 13 months	£30m 2 years	£30m 5 years	£15m 2 years	£15m 5 years
A-	£15m 6 months	£30m 13 months	£30m 5 years	£15m 13 months	£15m 5 years
None	£1m 6 months	n/a	£30m 25 years	£10m 7 years	£15m 5 years
Pooled funds and real estate investment trusts				£30m per fund or trust	

Table 2 should be read in conjunction with the notes below:

- Credit Rating:**

Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

- Banks Unsecured:**

Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

- Banks Secured:**

Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

- **Government:**

Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

- **Corporates:**

Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. This category will be used by the Council to allow the flexibility to invest in “green” initiatives as opportunities arise. Loans to these unrated companies will only be made following an external credit assessment, additional due diligence and with the approval of the s151 Officer up to a maximum of £10 million per company as part of a diversified pool in order to spread the risk widely.

- **Registered Providers:**

Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing (in England). As providers of public services, they retain the likelihood of receiving government support if needed.

- **Pooled Funds:**

Shares or units in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risk, coupled with the services of a professional fund manager in return for a fee. Short Term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

- **Real estate investment trusts:**

Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties. Investments in REIT shares cannot be withdrawn but can be sold on the stock market to another investor.

Other information on the security of investments:

The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default

swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

Investment Limits

The Council's holds general revenue reserves which would be available to cover investment losses. However, in order to limit this risk, in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £30.0 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 3: Investment Limits

	Cash limit
Any single organisation, except the UK Central Government	£30m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£30m per group
Any group of pooled funds under the same management	£50m per manager
Negotiable instruments held in a broker's nominee account	£100m per broker
Foreign countries	£30m per country
Registered providers and registered social landlords	£40m in total
Unsecured investments with building societies	£10m in total
Loans to unrated corporates	£30m in total
Money market funds	£150m in total
Real estate investment trusts	£30m in total

Treasury Management Indicators

The Council measures and manages its exposures to treasury management risks using the following indicators.

Security: The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target
Portfolio average credit rating	A

Liquidity: The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three month period, without additional borrowing.

Liquidity risk indicator	Target
Total cash available within 3 months	£50m

Interest rate exposures: This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% rise / fall in interest rates	£643,000

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates.

Maturity structure of borrowing: This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	25%	0%
12 months and within 24 months	25%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	100%	0%
10 years and above	100%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Principal sums invested for periods longer than a year: The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Table 5: Upper Limit

	2018/19 Actual £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m
Upper Limit for total principal sums invested over 364 days	200.000	200.000	200.000	200.000	200.000

Non Treasury Investment Strategy

The Council invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- to support local public services by lending to or buying shares in other organisations (**service investments**), and
- to earn investment income (known as **commercial investments** where this is the main purpose).

This section of the report is concerned with meeting the requirements of statutory guidance issued by the government in January 2018, and focuses on the second and third of these categories, service and commercial investments.

Service Investments: Loans

The Council can lend money to support local public services and stimulate local economic growth. The Council has previously made a £100,000 investment in the Funding Circle platform, designed to support local businesses and economic growth within Gloucestershire.

The main risk when making service loans is that the borrower will be unable to repay the principal lent and / or the interest due where charged. Within the Funding Circle Platform a loss allowance is reported monthly, and income is shown net of this. Due to the nature of the investment and in order to limit this risk, a maximum loan size of £2,500 per business has been set.

Where loans are made for service purposes accounting standards require the Council to set aside loss allowance for loans, reflecting the likelihood of non-payment. Following changes to Accounting Standards the figures for loans in the Council's statement of accounts from 2018/19 onwards will be shown net of this loss allowance, where material. Within the Funding Circle Platform there is a rigorous credit control arrangement in place and if losses do occur there is a comprehensive loss collection arrangement designed to make every reasonable effort to collect the full sum lent.

Before entering into lending via the Funding Circle Platform extensive research was carried out, including liaising with our Treasury Management Advisors and extensive discussions with Funding Circle to assess the controls in place around the credit checking of businesses entering into arrangements on the platform.

Service Investments: Shares

The Council holds shares costing £1 in Ubico Ltd. The fair value of the council's interest in the company at 31st March 2019 is considered to be nil, since it is a wholly local authority owned not-for-profit 'Teckal' company. As a 'Teckal' company it is treated as if it were an in house department and the shareholder councils are able to enter into service contracts with the company without undertaking an EU compliant procurement process.

Commercial Investments: Property

The Council has not invested in Commercial Property to date for solely commercial returns. It has however invested in Gloucestershire based regeneration projects which have a commercial element and will continue to look at similar regeneration projects in future. Should the Council identify such a regeneration opportunity it will require a detailed business case prior to investment and will do so in accordance with government guidance. The Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

The Council will assess the risk of loss before entering into such investments by producing a comprehensive business plan and monitoring performance on an ongoing basis.

Loan Commitments and Financial Guarantees

Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Council and are included here for completeness.

The Council has guaranteed to cover the liabilities associated with the pensions of ex-employees following the transfers of council services to external bodies. These arrangements are monitored and assessed to ensure that any provision for possible liabilities are made, and included within the Statement of Accounts.

Capacity, Skills and Culture

The Council provides training from our Treasury Management Advisors to members of the Audit and Governance Committee on an annual basis, to ensure that they are fully aware of the investments included in the Treasury Management Strategy and Investment Strategy. This training will also cover the requirements of the Capital Strategy and the non Treasury Management investments. This ensures that members can take informed decisions on the investments being included in the strategies, and have the opportunity to challenge their use to ensure that they fully understand the implications of the investment.

Where commercial deals are to be negotiated, Finance will be involved to ensure that the core principles of the prudential framework and of the regulatory regime within which local authorities operate is taken into account.

Investment Indicators

The Council has set the following quantitative indicators to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.

The first indicator shows the Council's total exposure to potential investment losses. This includes amounts the Council is contractually committed to lend but have yet to be drawn down, and guarantees the Council has issued over third party loans, if any. It assumes that balances for treasury investments reduce as reserves reduce.

Table 1: Total Investment Exposure

Total investment exposure	2018/19 Actual £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m
Treasury management investments	326.2	248.7	214.9	202.3	198.5
Service investments: Loans	0.1	0.0	0.0	0.0	0.0
Commercial investments: Property	0.0	0.0	0.0	0.0	0.0
Total Exposure	326.3	248.7	214.9	202.3	198.5

Government guidance is that these indicators should include how investments are funded. Since the Council does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Council's investments are funded by usable reserves and income received in advance of expenditure.

Table 2: Investments funded from Borrowing

Investments funded by borrowing	2018/19 Actual £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m
Treasury management investments	-8.5	-15.1	-49.2	-64.2	-68.1
Commercial investments: Property	0.0	0.0	0.0	0.0	0.0
Total Funded by Borrowing	-8.5	-15.1	-49.2	-64.2	-68.1

Rate of return received: This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred. Where a negative return is shown, this has occurred as costs are greater than investment income received.

Table 3: Investment RoR

Investments net rate of return	2018/19 Actual %	2019/20 Estimate %	2020/21 Estimate %	2021/22 Estimate %	2022/23 Estimate %
Treasury management investments	1.80	1.78	1.82	1.86	1.90
Service investments: Loans	5.10	4.50	0.00	0.00	0.00

Other items

The CIPFA Code requires the Council to include the following in its treasury management strategy.

Financial Derivatives

Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment). The CIPFA Code requires authorities to clearly detail their policy on the use of derivatives in the annual strategy.

The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

Markets in Financial Instruments Directive

The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, this is the most appropriate status.

2020/21 Minimum Revenue Provision Statement

The Minimum Revenue Provision (MRP) was introduced when the Local Government Capital Finance System was changed on 1 April 1990. CLG's Guidance on MRP places

a duty on local authorities to make a prudent provision for debt redemption. Guidance has been issued by the Secretary of State and local authorities are required to “have regard” to such Guidance under section 21(1A) of the Local Government Act 2003. The MRP Statement must be submitted to Council before the start of the financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement would be put to Council at that time.

In line with Council policy on the repayment of debt, and with the continuation of capital grants by government, the Council has not borrowed externally to fund the capital programme over the last 8 years. Opportunities are now limited for the repayment of debt early due to the low interest rate environment, meaning that high premiums would need to be paid should the Council wish to restructure or repay external debt early. Maturing debt will continue to be redeemed over the next few years, and where opportunities present to repay internal borrowing this will be by way of a voluntary revenue provision.

In order to ensure that the MRP charge remains prudent, the Council regularly reviews its Capital Financing Requirement. To reduce the amount of excess MRP set aside, the Council changed its policy for supported capital expenditure in 2015/16. The method used is similar to other local authorities and sets aside a fixed sum of MRP each year. For Gloucestershire the fixed sum to cover existing debt was set at £8.2m. As new borrowing is undertaken additional MRP is added to the base budget.

Following further review of the Capital Financing Requirement and the Prudential Indicators, and discussions with the Council's treasury advisors (Arlingclose) and external auditor (Grant Thornton) the MRP charge was further reduced during 2017/18 for existing debt to £6.2 million. This change still allows for a prudent provision for the repayment of existing debt and ensures that Prudential Indicators are not breached.

The asset life of capital assets obtained through the capital programme will form the basis of calculating an annual MRP provision for any new borrowing requirement going forward. For any commercial related investments a business case review will be carried out and an appropriate provision for the repayment of any debt taken, set aside.

MRP in respect of PFI and finance leases brought on Balance Sheet under the IFRS-based Code of Practice will match the annual principal repayment for the associated deferred liability.

Appendix A

Arlingclose's Economic and Interest Rate Forecast

	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.21
Arlingclose Central Case	0.75													
Downside risk	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.73
3-month money market rate														
Upside risk	0.10	0.10	0.25	0.25	0.25	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.30	0.25
Arlingclose Central Case	0.75													
Downside risk	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.73
1yr money market rate														
Upside risk	0.10	0.20	0.20	0.20	0.20	0.20	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.23
Arlingclose Central Case	0.85													
Downside risk	-0.30	-0.50	-0.55	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.60
5yr gilt yield														
Upside risk	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.45	0.45	0.37
Arlingclose Central Case	0.50	0.50	0.50	0.55	0.60	0.57								
Downside risk	-0.35	-0.50	-0.50	-0.55	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.56
10yr gilt yield														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.45	0.45	0.37
Arlingclose Central Case	0.75	0.75	0.80	0.80	0.85	0.85	0.90	0.90	0.95	1.00	1.00	1.00	1.00	0.88
Downside risk	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.45
20yr gilt yield														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.45	0.45	0.37
Arlingclose Central Case	1.20	1.20	1.25	1.25	1.25	1.30	1.30	1.35	1.35	1.40	1.40	1.40	1.40	1.30
Downside risk	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.50	-0.50	-0.45
50yr gilt yield														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.45	0.45	0.37
Arlingclose Central Case	1.20	1.20	1.25	1.25	1.25	1.30	1.30	1.35	1.35	1.40	1.40	1.40	1.40	1.30
Downside risk	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.50	-0.50	-0.45

*PWLB Certainty Rate (Maturity Loans) = Gilt yield + 1.80%

*PWLB Local Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Underlying Assumptions:

- The global economy is entering a period of slower growth in response to political issues, primarily the trade policy stance of the US. The UK economy has displayed a marked slowdown in growth due to both Brexit uncertainty and the downturn in global activity. In response, global and UK interest rate expectations have eased.
- Some positivity on the trade negotiations between China and the US has prompted worst case economic scenarios to be pared back. However, information is limited, and upbeat expectations have been wrong before.
- Brexit has been delayed until 31 January 2020. While the General Election has maintained economic and political uncertainty, the opinion polls suggest the Conservative position in parliament may be strengthened, which reduces the chance of Brexit being further frustrated. A key concern is the limited transitional period following a January 2020 exit date, which will maintain and create additional uncertainty over the next few years.

- UK economic growth has stalled despite Q3 2019 GDP of 0.3%. Monthly figures indicate growth waned as the quarter progressed and survey data suggest falling household and business confidence. Both main political parties have promised substantial fiscal easing, which should help support growth.
- While the potential for divergent paths for UK monetary policy remain in the event of the General Election result, the weaker external environment severely limits potential upside movement in Bank Rate, while the slowing UK economy will place pressure on the MPC to loosen monetary policy. Indeed, two MPC members voted for an immediate cut in November 2019.
- Inflation is running below target at 1.7%. While the tight labour market risks medium-term domestically-driven inflationary pressure, slower global growth should reduce the prospect of externally driven pressure, although political turmoil could push up oil prices.
- Central bank actions and geopolitical risks will continue to produce significant volatility in financial markets, including bond markets.

Forecast:

- Although we have maintained our Bank Rate forecast at 0.75% for the foreseeable future, there are substantial risks to this forecast, dependant on General Election outcomes and the evolution of the global economy.
- Arlingclose judges that the risks are weighted to the downside.
- Gilt yields have risen but remain low due to the soft UK and global economic outlooks. US monetary policy and UK government spending will be key influences alongside UK monetary policy.
- We expect gilt yields to remain at relatively low levels for the foreseeable future and judge the risks to be broadly balanced.

EXISTING PORTFOLIO PROJECTED FORWARD

	Portfolio 15 Nov 2019	Average Rate	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23
	Actual £m	%	Estimate £m	Estimate £m	Estimate £m	Estimate £m
External Borrowing						
Fixed Rate – PWLB	236.599	5.05	228.736	220.773	210.828	198.728
Fixed Rate – Market	33.050	4.23	33.050	33.050	33.050	33.050
Variable Rate – PWLB	0.000	0.00	0.000	0.000	0.000	0.000
Variable Rate – Market	8.000	5.00	8.000	8.000	8.000	8.000
Total External Borrowings	277.649	4.76	269.786	261.823	251.878	239.778
Other long-term liabilities (PFI)	19.138		18.465	17.688	17.096	16.241
Total External Debt	296.787		288.251	279.511	268.974	256.019
Investments:						
<i>Managed in house</i>						
- Short term deposits and monies on call and Money Market Funds	254.658	1.15	151.205	123.469	110.880	107.091
- Long Term investments (over 12 months)	21.430	1.48	21.430	21.430	21.430	21.430
<i>Managed externally</i>	70.000	1.78	70.000	70.000	70.000	70.000
Total Investments	346.088	1.27	242.635	214.899	202.310	198.521
Net (Borrowing) / Investment Position	49.301		(45.616)	(64.611)	(66.664)	(57.498)

TREASURY MANAGEMENT POLICY STATEMENT 2020/21 – AMENDMENT

As a result of the motion passed by Council in November 2019 it has been necessary to update the Treasury Management Policy Statement in order to develop and implement a Responsible Investment Policy, which rules out new investments in fossil fuel companies. The following amendment will therefore be inserted within the existing Policy Statement:

The Council's Approach to Responsible Investment

The Council has implemented a Responsible Investment Policy for future Treasury Management investment. As a result, the Council commits to take the following approach:

- I. For direct investments, the Council will seek to ensure that counterparties (excluding the UK Government and other UK Local Authorities) have no direct investment in Fossil Fuel companies prior to investing.
- II. For investments into Pooled Funds the Council will seek to ensure that any fund used does not have exposure to Fossil Fuel investments prior to investing.



Strategy

2018-2021



Gloucestershire County Council (GCC) recognises that Risk Management is one of the key principles of effective Corporate Governance. It is also a key contributor to a sound internal control environment and the Annual Governance Statement.

The Council seeks to adopt recognised best practice in the identification, evaluation and cost effective/proportional control of risks and opportunities to ensure that they are managed at acceptable levels. Risk management within GCC is about managing our threats and opportunities and striving to create an environment of 'no surprises'. By managing our threats effectively we will be in a stronger position to deliver our business objectives. By managing our opportunities we will be in a better position to demonstrate improved services and better value for money.

Risk is unavoidable. It is an important part of life that allows us all to move forward and develop. As an organisation it can impact in many ways, whether financially, politically, on our reputation, environmentally or to our service delivery. Successful risk management is about ensuring that we have the correct level of control in place to provide sufficient protection from harm, without stifling our development. As an organisation, with a range of different stakeholders, each with differing needs and expectations, this can be a challenge. We must ensure that the decisions we take as a Council reflect a consideration of the potential implications for all our stakeholders. We must decide whether the benefits of taking our actions outweigh the risks.

The Council's overriding attitude to risk is to operate in a culture of creativity and innovation, in which risks are identified in all areas of the business, are understood and proactively managed, rather than avoided. Risk management therefore needs to be taken into the heart of the Council and our key partners. We need to have the structures and processes in place to ensure the risks and opportunities of daily Council activities are identified, assessed and addressed in a standard way. We do not shy away from risk but instead seek to proactively manage it. This will allow us not only to meet the needs of the community today, but also be prepared to meet future challenges.

The Cabinet and the Corporate Management Team are fully committed to effective risk management and see it as part of our responsibility to deliver an effective public service to the communities within Gloucestershire.

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Risk Management Strategy

This strategy recognises that the next few years will present unprecedented challenges for the Council in delivering its services and corporate priorities.

Risk Management is a central part of the Council's strategic management. It is a cyclical process whereby the Council identifies, evaluates, monitors and controls potential opportunities and adverse effects that challenge the assets, reputation and objectives of the organisation. It enables the Council to effectively manage strategic decision-making, service planning and delivery, to safeguard the wellbeing of our customers and stakeholders.

The Council should not be afraid of identifying a risk or feel that identifying a risk is a failure. Identification of a risk provides an opportunity for improvement and success!

What are the real benefits of managing risk?

Risk Management will strengthen the ability of the Council to achieve its corporate objectives and enhance the value of services provided by:

- Informing strategic and operational decision-making;
- Safeguarding all persons to whom the Council has a duty of care;
- Increasing our chances of success and reducing our chances of failure;
- Enhancing stakeholder value by minimising losses and maximising opportunities;
- Increasing knowledge and understanding of exposure to risk;
- Enabling not just backward looking review, but forward looking thinking;
- Contributing towards social value and sustainable development;
- Reducing unexpected and costly surprises;
- Minimising our vulnerability to fraud and corruption;
- Freeing up management time from 'fire-fighting' ;
- Providing management with early warnings of problems;
- Ensuring minimal service disruption;
- Ensuring statutory compliance;
- Better targeting of resources i.e. focus scarce resources on high risk activity;
- Reducing the financial costs due to, e.g. service disruption, litigation, insurance premiums and claims, and bad investment decisions;
- Delivering creative and innovative projects; and
- Protecting our reputation.

Our Strategic Risk Management Objectives

- Strategic approach to risk management to make better informed decisions which is vital to successful transformational change;
- Setting the ‘tone from the top’ on the level of risk we are prepared to accept on our different service delivery activities and priorities. Understanding our ‘risk appetite’ and acknowledging that how we ‘think about risk’ will be different depending on the context of corporate impact and sensitivity;
- Risk management enables us to be more consistent in options appraisals and more flexible/agile in delivering change. Risk aversion can result in the bar being set much higher for commissioning a change compared with maintaining the status quo;
- Acknowledging that even with good risk management and our best endeavours, things can go wrong. Where this happens we use the lessons learnt to try to prevent it from happening again;
- Developing leadership capacity and skills in having a clear understanding of the risks facing the Council and how we manage them;
- Risk management should be integral to how we run Council business/services. Risk management processes provide effective arrangements that identify and achieve successful local and national priority objectives;
- Supporting a culture of well-measured risk taking throughout the Council’s business, including strategic, programme, partnership, project and operational. This includes setting risk ownership and accountabilities and responding to risk in a balanced way, considering the level of risk, reward, impact and cost of control measures;
- Ensure that the Council continues to meet all statutory and best practice requirements in relation to risk management and continues to be a key and effective contributor to Corporate Governance and a satisfactory Annual Governance Statement;
- Effective monitoring and Board intelligence on the key risks facing the Council; and
- Good practice tools to support the Council in the management of risks and opportunities.

What is the Council's Risk Appetite?

There are numerous definitions of organisational 'risk appetite', but it all boils down to how much of what sort of risk an organisation is willing to take. The HM Treasury definition being: '*The amount of risk that an organisation is prepared to accept, tolerate or be exposed to at any point in time.*' So why do we need to determine our risk appetite?

If managers are running the business with insufficient guidance on the levels of risk that are legitimate for them to take, or not seizing important opportunities due to a perception that taking on additional risk is discouraged, then business performance will not be maximised. At the other end of the scale an organisation constantly erring on the side of caution (or one that has a risk-averse culture) is one that is likely to stifle creativity and not necessarily encouraging innovation, nor seek to exploit opportunities.

A framework has been developed and implemented to enable risk judgements to be more explicit, transparent and consistent. By enhancing our approach to determining risk appetite we are able to raise the Council's capability to deliver on challenging targets to raise standards, improve service quality, system reform and provide more value for money.

This framework is considered by all levels of the business, from strategic decision making, to operational delivery.

How are our objectives going to be met?

The Council's objectives will be achieved by:

- Adopting good practice risk management principles, in line with the Institute of Risk Management Professional Standards 2015 and the International Risk Management Standard (ISO 31000 - 2009). The application of the standards and principles within it will be reviewed annually and amended accordingly to reflect key changes;
- Establishing clear roles and responsibilities and reporting lines within the Council for risk management;

- Incorporating risk management into the council's decision making and strategic management processes;
- Incorporating risk management into service/business planning, option appraisals, programme and project management, partnerships and procurement processes;
- The provision of risk management training, advice, detailed guidance and support and providing opportunities for shared learning; and
- The provision of a risk governance framework to ensure the adequacy and effectiveness of the identification, assessment, control, monitoring and review arrangements in place to manage risk. The framework will ensure that risk management is dynamic and responsive to change.

Monitoring and Review of Risk Management Activities (minimum requirements)

- A quarterly review of the Strategic Risk Register;
- A quarterly review of service area risk registers;
- A monthly review of programme/project/partnership risk registers;
- An annual review of the corporate Risk Management Policy Statement and Strategy;
- An annual report on risk management activity; and
- An annual review and report on the overall effectiveness of risk management and internal control by Internal Audit, which feeds into the Annual Governance Statement.

Accountabilities, Roles and Responsibilities

There needs to be clarity in terms of 'who does what' otherwise we will be exposed to risks being unmanaged, causing us damage or loss that we could otherwise influence, control or avoid. The key roles and responsibilities are outlined below:

Cabinet / Portfolio Holders

- Endorse the Risk Management Policy Statement and Strategy;
- Endorse the content of the Strategic Risk Register and proposed risk mitigation plans, and monitor implementation;
- Be aware of the risk management implications of decisions;
- Monitor key performance results including the production of an annual report on strategic risk management activity; and
- Nominate a Lead Member Risk Management Champion to be responsible for the championing, scrutiny and oversight of the risk management activities.

Scrutiny

- Ensure that risks and opportunities within their portfolio are identified and effectively managed through discussions with Directors and Service Heads;
- Facilitate a risk management culture across the council;
- Contribute to the Cabinet review of risk and being proactive in raising risk from the wider Gloucestershire area and community; and
- Monitor and challenge key risk controls and actions.

Audit and Governance Committee

- Provide independent assurance to the Council of the adequacy and effectiveness of the risk management arrangements and associated control environment; and
- Receive an annual report on risk management activity.

Corporate Management Team (CoMT)

- Provide corporate leadership of risk management throughout the council;
- Agree an effective council-wide framework for the management of risks and opportunities;
- Advise Members on effective risk management and ensure Members receive relevant risk information;
- Ensure that the council complies with the corporate governance requirements relating to risk management;
- Own the council's Strategic Risk Register and ensure that risks are reviewed as part of the wider council's performance arrangements;
- Ensure that reports to support strategic and/or policy decisions include a risk assessment;
- Monitor the implementation of key mitigation plans and controls assurance programmes;
- Ensure processes are in place to report any perceived new/emerging (key) risks or failures of existing control measures; and
- Nominate a Director to be responsible for the championing, scrutiny and oversight of risk management activities.

Directors

- Ensure that risk management within their areas of responsibility is implemented in line with the council's Risk Management Strategy;
- Assist in the preparation of the council's Annual Governance Statement by providing an assurance statement for the internal control framework operating within their service(s);
- Ensure that risks associated with the delivery of outcomes are identified and effectively managed by owning risk registers;
- Ensure regular review of the risk registers as part of wider council performance;
- Challenge relevant Lead Commissioners and Service Heads on relevant risks relating to their areas of responsibility;
- Proactively raise risk issues at management team meetings and with Portfolio Holders; and
- Nominate a Risk Champion to work alongside the Corporate Risk Management Team, who will be the key interface in supporting the application of risk management principles within their service.

Lead Commissioners/Service Heads

- Ensure that risk management, within their areas of responsibility, is implemented in line with the council's Risk Management Strategy;
- Own their risk register and identify cross-cutting risks as well as risks arising from their areas of responsibility; prioritising and initiating mitigating actions;
- Ensure regular review of the service risk register as part of wider council performance;
- Report to Directors on any perceived new and emerging risks or, failures of existing control measures;
- Promote and share good practice across service areas;
- Liaise with their service Risk Champion; and
- Challenge risk owners and actions to ensure that controls are operating as intended.

Managers

- Ensure that risk management within their areas of responsibility is implemented in line with the council's Risk Management Strategy;
- Communicate the risk management arrangements to staff;
- Liaise with their service Risk Champion;
- Identify training needs and report these to their service Risk Champion;
- Take accountability for actions and, report to their Lead Commissioner or Service Head; and
- Report any perceived new and/or emerging risks or, failure of control measures to their Lead Commissioner or Service Head.

Staff/Other Stakeholders

- Maintain risk awareness, assessing and managing risks effectively in their job and, report risks to their manager.

Corporate Risk Management Team

Strategic and Operational Risk

- Lead on the development and manage the implementation of an integrated risk management framework, strategy and process on behalf of the council;
- Undertake an annual review of the council's Corporate Risk Management Strategy and update accordingly, presenting any revisions to COMT for approval;
- Spread the ethos and, promote the effectiveness of good risk management throughout the council;
- Facilitate the review and update of the Strategic Risk Register;
- Identify and address cross-cutting risks and risk management issues;
- Support the development of the council's service, programme, project and partnership risk registers;
- Provide the council with guidance, toolkits, advice and support on the application of risk management principles and, support the Risk Champions in delivering their role;
- Lead, co-ordinate and develop risk management activity across the council with the support of the Risk Champions;
- Ensure that all relevant staff and Members are adequately trained in risk management and risk assessment techniques;
- Moderate and challenge the application of risk management principles accordingly;
- Liaise with external consultants and risk management organisations and review national standards to identify, share and maintain best practice within the council; and
- Liaise with both internal and external audit with regard to risk management.

Risk Financing and Insurance

- Lead on the development and implementation of the council's insurance programme;
- Provide advice and guidance with regards to insurance requirements, indemnities and legal liabilities;
- Lead on claims management and investigation services for claims made against the council; and
- Provide an insurance programme to maintained schools, who buy-back the traded service.

Corporate Risk Management Group

The group is made up of senior officers within the following:

- Corporate Risk Management;
- Performance and Improvement;
- Information Management;
- Health and Safety;
- Civil Protection;
- Risk/Insurance Services;
- Commercial Services;
- Asset Management and Property Services, and
- Service area risk champions.

The key aims of the group are to:

- Act as the main risk management contact/advisor for their service areas, ensuring that corporate information and requirements are communicated throughout the service areas and that key service risk information is escalated, to enable appropriate action to be taken by the Corporate Risk Management Team i.e. 'top down – bottom up' approach;
- Support the development and implementation of the council's Risk Management Policy and Strategy;
- Support the development of the Strategic Risk Register;
- Support the development of and advise on the adequacy of the service, programme, project and partnership risk registers;
- Identify and address cross cutting risks and risk management issues;
- Provide support on risk management to Directors, Service Heads and other managers within their service area;
- Promote the benefits of risk management across their service areas;
- Identify their service areas training needs and notify the Corporate Risk Management Team;
- Maintain, on behalf of their services, risk registers that comply with corporate guidelines;
- Promote and share best practice/lessons learned across the service areas; and
- Report on the progress and development of the risk management strategy within the council.

Internal Audit

The role of Internal Audit in respect of risk management is to:

- Provide an annual independent, objective assessment/opinion of the effectiveness of the risk management and control processes operating within the council which feeds into the council's Annual Governance Statement;
- Provide advice and guidance on risk and control; and
- Ensure that the Internal Audit activity is focused on the key risks facing the council.

